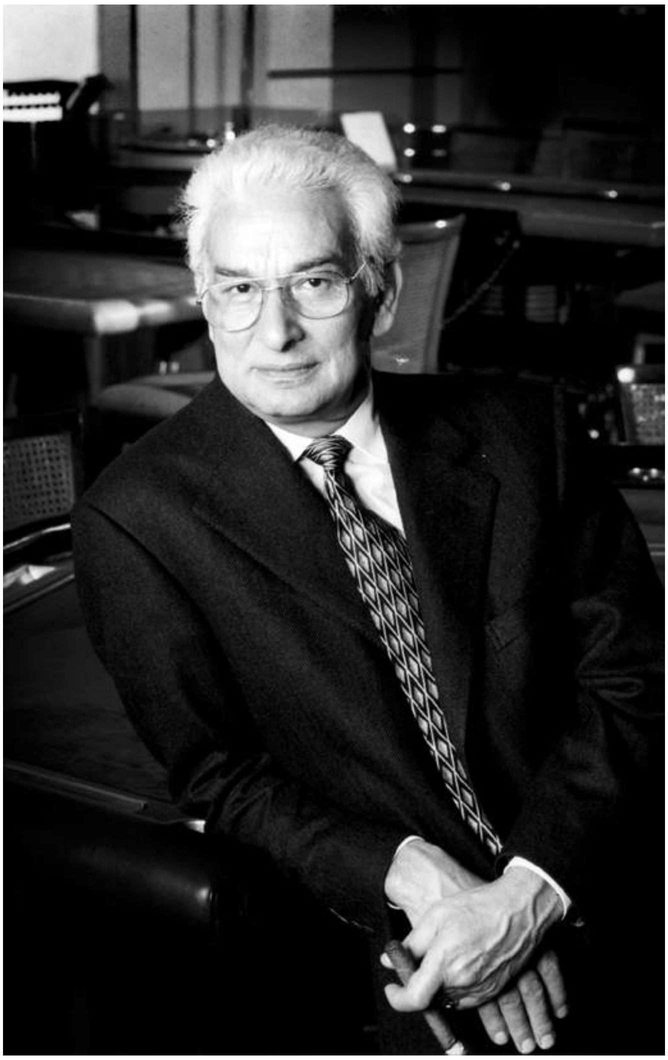
GROUPE PARTOUCHE

2018 ANNUAL REPORT

A WORD FROM THE FOUNDER
FINANCIAL REPORT 2018

This document is a free translation into English of the original French "Rapport annuel 2018", hereafter referred to as the "2018 Annual Report".

It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.



A WORD FROM THE FOUNDER

Dear friends,

The time has come to show what we're made of. Our businesses are suffering the effects of a prevailing gloom that is making it difficult for our customers to treat themselves to the entertainment we offer. And yet, a visit to one of our establishments offers a means of escape that is all the more appreciated at times like this.

While growth was lacking last year, we nevertheless stood our ground in the face of income erosion, in spite of an acceleration in the downward trend over the final quarter of the year.

The continued push to renovate our sites, with a focus on the Group's signature innovation, demonstrates that we know how to respond to changing customer expectations. The challenge we had set ourselves to refresh the casino experience is bearing fruit. Each new opening has been a big success, inspiring us to believe in a brighter future.

If we are strong, determined, united and committed, we will be ready to enthusiastically embrace the upturn we are all eagerly awaiting.

Isidore Partouche

CONTENTS

01

PERSONS RESPONSIBLE

1.1 1.1 PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Fabrice Paire, Chairman of the Executive Board.

1.2 CERTIFYING STATEMENT BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

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

To the best of my knowledge, I certify that the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the company's assets, financial position and profit or loss, as well as those of all consolidated companies, and that the information in the management report (see 'Reconciliation Table' on page 221 of this document) presents a true and fair view of the development of the business, results and financial position and those of all consolidated companies, as well as describing the main risks and uncertainties to which they are exposed.

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

Paris, 19 February 2019

Fabrice Paire

Chairman of the Executive Board

02

AUDITORS

2.1 STATUTORY AUDITORS

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

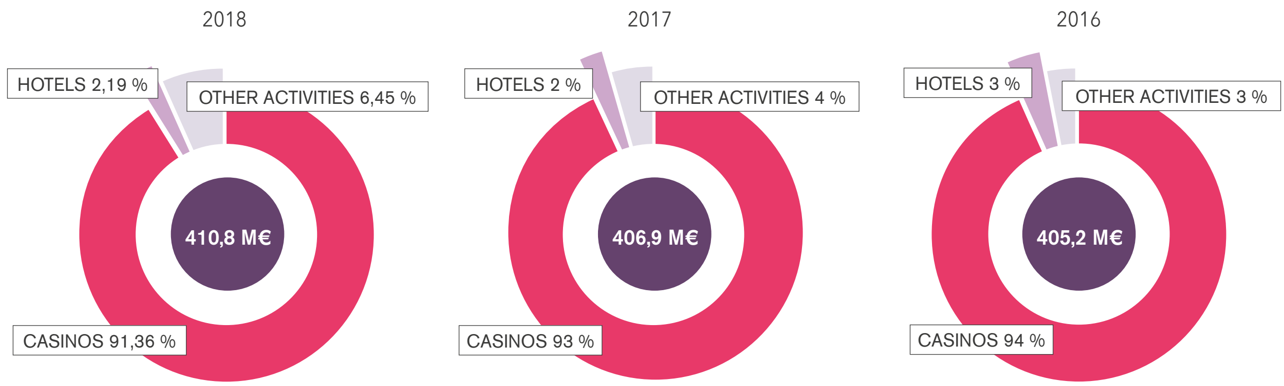
03

SELECTED FINANCIAL INFORMATION

The tables below present extracts of the Group's consolidated balance sheet and income statement for the financial years ended 31 October 2016, 2017 and 2018, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

BUSINESS ACTIVITY

BREAKDOWN OF TURNOVER



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

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

CASINOS €000 AT 31 OCTOBER	2018	2017	2016
Gross Gaming Revenue from table games	114 552	109 642	96 179
Gross Gaming Revenue from sports betting	15 759	10 075	9 146
Gross Gaming Revenue from slot machines	508 421	519 068	530 434
TOTAL GROSS GAMING REVENUE	**638 732**	**638 784**	**635 759**
Levies	318 057	317 978	318 537
As % of GGR	49,8 %	49,8 %	50,1 %
NET GAMING REVENUE	**320 675**	**320 807**	**317 222**
Number of casinos	43	43	43
o/w Number of casinos in France	39	39	39
Number of slot machines in France	5 113	5 112	5 074

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

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

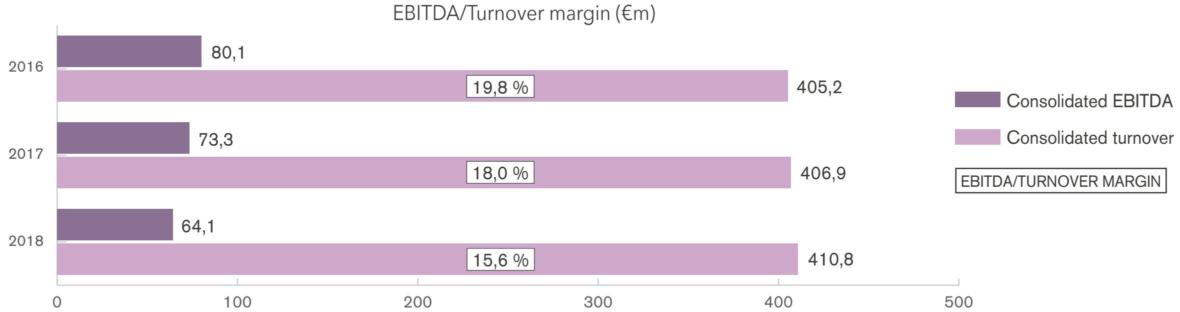
HOTELS AT 31 OCTOBER	2018	2017	2016
Number of hotels	13	12	13
Number of rooms	726	726	831
Occupancy rate	66,12 %	63,11 %	60,71 %

PROFITABILITY

INCOME STATEMENT €000 AT 31 OCTOBER (EXCEPT DATA PER SHARE)	2018	2017	2016
Turnover	410 844	406 885	405 203
Current operating profit	26 647	36 358	41 286
Operating profit	20 907	46 512	22 084
Total net profit	**12 593**	**45 542**	**18 647**
o/w Group share	6 233	37 430	11 144
Net earnings per share attributable to the Group	0,65	3,89	1,16
Dividend distributed per share	-	(0,31)	-

EBITDA €000 AT 31 OCTOBER	2018	2017	2016
Consolidated EBITDA	64 141	73 318	80 073
As % of turnover	15,6 %	18,0 %	19,76 %

EBITDA/Turnover margin (€m)



BALANCE SHEET AND FINANCIAL STRUCTURE

ASSETS €000 AT 31 OCTOBER	2018	2017	2016
Non-current assets	553 618	530 292	511 227
Current assets	168 487	168 191	194 465
TOTAL ASSETS	**722 105**	**698 583**	**705 692**

LIABILITIES AND EQUITY €000 AT 31 OCTOBER	2018	2017	2016
Equity attributable to the Group	349 068	343 409	310 962
Minority interests	22 859	24 509	24 197
Total equity	371 926	367 918	335 159
Total non-current liabilities	184 922	178 274	214 158
Total current liabilities	165 257	152 391	156 375
TOTAL LIABILITIES AND EQUITY	**722 105**	**698 583**	**705 692**

CASH LESS GAMING LEVIES

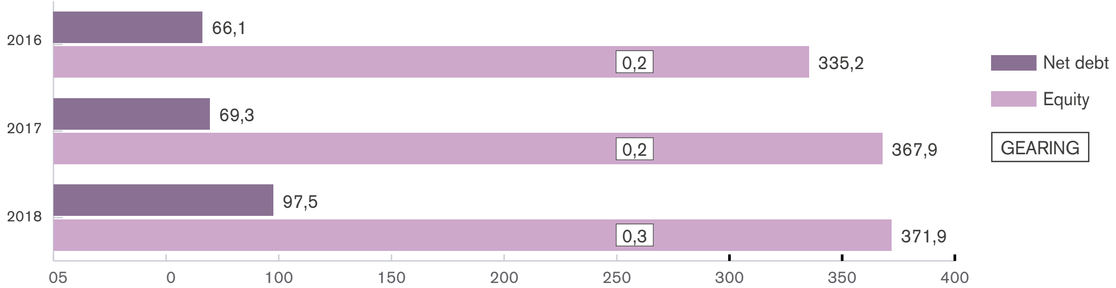
€000 AT 31 OCTOBER	2018	2017	2016
Cash and cash equivalents (assets)	109 932	116 406	152 492
- Gaming levies	(30 239)	(30 708)	(32 136)
= CASH LESS GAMING LEVIES	**79 694**	**85 698**	**120 356**

DEBT AND RATIOS

€000 AT 31 OCTOBER	2018	2017	2016
Equity	371 926	367 918	335 159
Consolidated EBITDA	64 141	73 318	80 073
Gross debt	177 169	155 037	186 455
Available cash less gaming levies*	79 694	85 698	120 356
Net debt	97 475	69 339	66 099
Net debt to equity ("gearing") ratio	0.3	0.2	0.2
Net debt to consolidated EBITDA ("leverage") ratio	1,5x	0.9x	0.8x

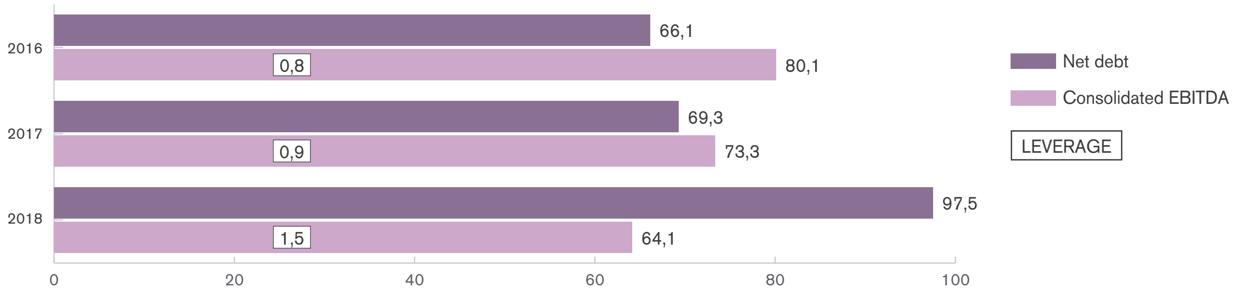
(*) See Section 20.2.1, Note 9.2.

NET DEBT / EQUITY (€M)



03 SELECTED FINANCIAL INFORMATION

NET DEBT / EBITDA (€M)



CASH FLOW

CASH FLOW €000 AT 31 OCTOBER	2018	2017	2016
Cash flow from/(used in) operating activities	49 336	65 728	54 231
Cash flow from/(used in) investing activities	(65 448)	(58 087)	(43 795)
Cash flow from/(used in) financing activities	9 090	(41 521)	(23 419)
CLOSING CASH POSITION	**109 918**	**116 390**	**152 300**

04

RISK FACTORS

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

4.1 FINANCIAL RISKS

The quantitative data presented in this section have been audited.

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

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

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

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

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

4.1.2 LIQUIDITY RISK

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

A breakdown of financial debt by type and maturity date can be found in Note 9.3 of Section 20.2.1 «Consolidated financial statements» for the financial year ended 31 October 2018. Readers may also refer to Note 9.2 "Cash and cash equivalents" of Section 20.2.1, and to Sections 10.3.2 "Cash pooling agreement" and 10.3.3 "Restrictions on the transfer of funds from abroad".

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

SYNDICATED LOAN

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

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

- the immediate repayment by Groupe Partouche of the remainder of the shareholder advance to Financière Partouche, i.e. a total of €20.1m; this repayment was made on 4 April 2017;
- simultaneous early repayment to mono-holder lenders of the syndicated loan in the amount of €5.3m; this repayment was made on 4 April 2017;
- for the period between 1 January 2017 and 31 December 2018, adjustment of the initial authorisation to pay dividends, in accordance with certain specific application requirements and subject to consolidated EBITDA of at least €75m and consolidated cash resources, after payment of the dividend, of at least €85m. In financial year 2017, the Group thus paid exceptional dividends of €3,001k, charged entirely to reserves.

  For reference, with effect from 1 January 2019 (in respect of the 2018 and following financial years), the company is authorised to pay dividends to Financière Partouche SA only in the event that the latter needs such dividends to implement its own Safeguard Plan and within the limits of such needs, if and only if Financière Partouche SA's Safeguard Plan is scrupulously implemented and no substantial amendments are subsequently made to it.

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

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

- Under the Safeguard Plan, interest continuing to accrue on the syndicated loan is calculated and paid under identical terms as those that applied before the Safeguard Procedure was initiated, i.e. on the outstanding balance of the loan at an annual rate corresponding to one-, two- or three-month Euribor plus a margin of 3.5% per annum over the period from the date on which the plan was adopted to 15 December 2016, and 3.25% per annum from 16 December 2016 until the syndicated loan is repaid in full. Furthermore, Groupe Partouche's lenders waived their right to all late payment interest on condition that the plan is adhered to in all respects;
- The Group is obliged to reimburse the syndicated loan in whole or in part, in the event of the sale of one or more assets directly or indirectly owned by Groupe Partouche: 50% of all net sale proceeds in excess of €1m, whether collected all at once or in more than one payment, is allocated in full from the first euro to the compulsory early repayment of Groupe Partouche's syndicated loan.

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

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

LINES OF CREDIT

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

MANAGEMENT OF LIQUIDITY RISK

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

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

4.1.3 INTEREST RATE RISK

The interest rates that apply to the syndicated loan resulting from the Safeguard Procedure, which makes up the majority of the Group's variable-rate financial debt, are composed of a variable reference rate (one-, two- or three-month Euribor) plus a margin. The attendant risk of changing reference rates to which the Group is exposed leads it to use interest rate hedges, with the aim of reducing its exposure. At financial year-end 2018, the net position was as follows:

LIABILITIES €000 AT 31 OCTOBER 2018	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Syndicated loan	104 247	-	20 089	-	84 158	-	-
Bank borrowings	57 844	7 885	5 719	14 943	18 512	5 229	5 556
Restated capital lease	11 636	943	-	3 595	-	7 098	-
Bank overdrafts	14	-	14	-	-	-	-
Interest accrued on loans	92	-	92	-	-	-	-
Other borrowings	3 274	252	-	1 094	-	1 927	-
TOTAL	**177 107**	**9 080**	**25 914**	**19 632**	**102 670**	**14 254**	**5 556**

ASSETS €000 AT 31 OCTOBER 2018	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Cash (net of gaming levies)	76 211	21 000	55 211	-	-	-	-
Investments	3 482	2 632	850	-	-	-	-
TOTAL	**79 693**	**23 632**	**56 061**	**-**	**-**	**-**	**-**

NET POSITION BEFORE HEDGING AT 31 OCTOBER 2018	**97 414**	**(14 552)**	**(30 147)**	**19 632**	**102 670**	**14 254**	**5 556**
Interest rate hedging		50 000	(50 000)	-	-	-	-
NET POSITION AFTER HEDGING AT 31 OCTOBER 2018	**97 414**	**35 448**	**(80 147)**	**19 632**	**102 670**	**14 254**	**5 556**

Exposure to interest rate risk is reassessed by the Group's management, assisted, inter alia, by the Treasurer, notably if there is any significant change in the interest rate market and/or the Group's debt. The interest rate hedging policy is designed to protect future cash flows and reduce any volatility in financial expenses. The Finance Department implements the favoured solutions centrally. All interest rate hedging instruments put in place to manage interest rate risks, notably including interest rate swaps, forward rate agreements (FRAs) and interest rate options (caps and collars), correspond to identified risks related to the Company's future financial flows; the Group does not enter into any speculative positions.

A 1% increase in the interest rate applied to the net amount exposed to potential fluctuations in the variable interest rate, namely €28.1m, would have an effect on consolidated financial items of €281k.

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

LIABILITIES AND EQUITY €000 AT 31 OCTOBER 2017	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Syndicated loan	120 413	-	16 165	-	82 655	-	21 593
Bank borrowings	30 635	5 724	1 245	11 886	6 640	4 725	415
Bank overdrafts	16	-	16	-	-	-	-
Interest accrued on loans	47	-	47	-	-	-	-
Other borrowings	3 518	244	-	1 060	-	2 214	-
TOTAL	**154 629**	**5 968**	**17 473**	**12 946**	**89 295**	**6 939**	**22 008**

ASSETS €000 AT 31 OCTOBER 2017	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Cash (net of gaming levies)	82 326	25 001	57 325	-	-	-	-
Investments	3 372	1 721	1 651	-	-	-	-
TOTAL	**85 698**	**26 722**	**58 976**	**-**		**6 939**	**22 008**
NET POSITION BEFORE HEDGING AT 31 OCTOBER 2017	**68 931**	**(20 754)**	**(41 503)**	**12 946**	**89 295**	**6 939**	**22 008**
Interest rate hedging	-	-	-	50 000	(50 000)	-	-
NET POSITION AFTER HEDGING AT 31 OCTOBER 2017	**68 931**	**(20 754)**	**(41 503)**	**62 946**	**39 295**	**6 939**	**22 008**

4.1.4 FOREIGN EXCHANGE RISK

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

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

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

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

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

The table below sets out the impact of a 1% change in the exchange rate parity with the Swiss franc on the Group's turnover and operating profit at 31 October 2018:

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

€M AT 31 OCTOBER 2018	ON TURNOVER	% GROUP'S TOTAL	OPERATING PROFIT	% GROUP'S TOTAL
CHF	+/- 0.38	0,09 %	+/- 0.13	0,64 %

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

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

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

The table below presents the local currency positions of receivables and payables denominated in thousands of Swiss francs, the main foreign currency at 31 October 2018:

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

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

CURRENCY BY COUNTRY	K CHF SWITZERLAND
ASSETS	1 052
LIABILITIES	10 537
Net position before hedging	(9 485)
Hedging position	-
Net position after hedging	(9 485)

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

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

4.1.5 TRANSLATION RISK

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

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

4.1.6 EQUITY RISK

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

Since 2000, Groupe Partouche has held some of its own shares (1,917 as of 31 October 2018) as part of a liquidity provider's agreement *(see Section 21.1.3 "Acquisition by the Company of its own shares")*, as well as 11,084 other shares.

At the close of financial year 2018, the Company thus owned a total of 13,001 treasury shares, recorded on Groupe Partouche's balance sheet with a par value of €260,020 and a net carrying amount of €411,483, as shown in the following table:

	NUMBER OF SHARES	CARRYING AMOUNT IN €	MARKET VALUE (PRICE AT 31 OCTOBER 2017) IN €	POTENTIAL CAPITAL LOSS IN €
Acquired in 2000	1 917	168 774	42 174	126 600
Liquidity provider's agreement	11 084	242 709	243 848	(1 139)
TOTAL	**13 001**	**411 483**	**286 022**	**125 461**

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

Such a drop would lead to an impairment provision of €28,602 in the parent company financial statements.

4.1.7 GOODWILL IMPAIRMENT RISK

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

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

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

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

▸ **Sensitivity to interest rate changes**

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

CGU	IMPACT IN €M OF A CHANGE IN			
	DISCOUNT RATE		PERPETUAL GROWTH RATE	
	+1/2 point	-1/2 point	+1/2 point	-1/2 point
Casino de Pornic	(0,59)	2,19	1,87	(0,32)
Casino d'Andernos	(0,32)	0,37	0,33	(0,29)
Casino de La Grande-Motte	(1,73)	2,10	1,84	(1,51)
Casino d'Hyères	(0,81)	0,94	0,83	(0,71)
Casino d'Ostende	(0,58)	1,20	1,10	(0,56)
Casino de Bandol	(0,11)	0,17	0,20	(0,11)
Casino de Val-André	(0,18)	0,37	0,32	(0,14)

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

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

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

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

At 31 October 2018, the results are presented below for those CGUs designated in the preceding section:

CGU	IMPACT IN €M OF A CHANGE IN			
	TURNOVER		EBITDA	
	+1,5 %	-1,5 %	+2 %	-2 %
Casino d'Andernos	0,11	(0,11)	0,14	(0,14)
Casino de La Grande-Motte	0,78	(0,72)	0,62	(0,56)
Casino d'Hyères	0,23	(0,23)	0,26	(0,26)
Casino de Bandol	0,09	(0,09)	0,08	(0,08)

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

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

Considering, on the one hand, the total net amount of goodwill (€232,504k) with regard to the Company's consolidated shareholders' equity (€371,926k) and, on the other hand, the difficulties with which the Group's business sector was confronted over the last few years, it cannot be ruled out that, if there should be another adverse context in the future, the Company may have to carry out more impairments of goodwill. Such impairments could have a significant negative impact on the Group's business, its financial position, its results or outlook.

4.1.8 PLEDGES

1) PLEDGES OF SECURITIES

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

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

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

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

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

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

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

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

SUBSIDIARY	NUMBER OF SHARES PLEDGED	% OF SUBSIDIARY'S CAPITAL PLEDGED	SUBSIDIARY	NUMBER OF SHARES PLEDGED	% OF SUBSIDIARY'S CAPITAL PLEDGED
COMPAGNIE EUROPÉENNE DE CASINOS SAS	4 962 577	100,00 %	FORGES THERMAL SA	7 000	58,33 %
SOCIÉTÉ DU CASINO DE SAINT-AMAND SAS	116 250	100,00 %	HOLDING IMMOBILIÈRE DE LYON SAS	18 500	92,50 %
SATHEL SA	20 080	99,60 %	CASINOS DU TOUQUET SAS	24 384	99,52 %
GROUPE PARTOUCHE INTERNATIONAL SA	5 990	99,83 %	ÉLYSÉE PALACE EXPANSION SA	1 895	75,80 %
GRAND CASINO DU HAVRE	149 993	99,99 %	LE TOUQUET'S SAS	1 801	90,05 %
SOCIÉTÉ CIVILE IMMOBILIÈRE DE LA RUE ROYALE	8 917	99,98 %	NUMA SAS	5 000	100,00 %
SOCIÉTÉ CIVILE IMMOBILIÈRE LES THERMES	9 950	99,90 %	SOCIÉTÉ DES CHEMINS DE FER ET HÔTELS DE MONTAGNE AUX PYRÉNÉES SA	178 000	76,17 %
SCI SOCIÉTÉ FONCIÈRE DE VITTEL ET CONTREXÉVILLE	49 950	99,90 %	SOCIÉTÉ D'EXPLOITATION DU CASINO ET HÔTELS DE CONTREXÉVILLE SAS	4 950	99,00 %
SOCIÉTÉ DU CASINO ET BAINS DE MER SAS	6 600	100,00 %	JEAN METZ SAS	1 000	100,00 %


Poker room

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

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

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

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

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

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

In financial year 2018, Groupe Partouche SA applied to CIC Lyonnaise de Banque for a €3m loan so it could extend that amount to its subsidiary SCMAT by way of a current account advance to finance work on the Aix-en-Provence casino.

To guarantee this four-year loan maturing on 31 December 2021, Groupe Partouche SA pledged shares held in its securities account with its subsidiary listed below:

SUBSIDIARY	NUMBER OF SHARES PLEDGED	% OF SUBSIDIARY'S CAPITAL PLEDGED
PARTOUCHE IMMOBILIER SAS	29 000	24,17 %

2) PLEDGES OF BUSINESS ASSETS

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

SUBSIDIARIES CONCERNED	BENEFICIARIES	AMOUNT	COMMENCEMENT DATE	END DATE
CASINO LE LION BLANC	ARKEA	600 000 €	30/10/2015	30/10/2020
CASINO DE SAINT-AMAND-LES-EAUX	CREDIT AGRICOLE NORD DE FRANCE	500 000 €	30/10/2015	30/10/2018
CASINO DE SAINT-AMAND-LES-EAUX	CREDIT AGRICOLE NORD DE FRANCE	422 000 €	29/06/2016	29/06/2019
NUMA (BOULOGNE)	CREDIT AGRICOLE NORD DE FRANCE	125 000 €	30/10/2015	30/10/2018
NUMA (BOULOGNE)	CREDIT AGRICOLE NORD DE FRANCE	101 000 €	29/06/2016	29/06/2019
CASINO MUNICIPAL DE ROYAT	BANQUE POPULAIRE AUVERGNE-RHONE ALPES	220 000 €	01/09/2018	30/08/2021

SUBSIDIARIES CONCERNED	BENEFICIARIES	AMOUNT	COMMENCEMENT DATE	END DATE
CASINOS DU TOUQUET	CREDIT AGRICOLE NORD DE FRANCE	100 000 €	12/11/2015	12/11/2018
CASINOS DU TOUQUET	CREDIT AGRICOLE NORD DE FRANCE	100 000 €	30/09/2016	30/09/2019
CASINO DE CALAIS	CREDIT AGRICOLE NORD DE FRANCE	125 000 €	23/11/2015	23/11/2018
CASINO DE CALAIS	CREDIT AGRICOLE NORD DE FRANCE	138 000 €	29/06/2016	29/06/2019
LE MIAMI (ANDERNOS)	BANQUE POPULAIRE AQUITAINE CENTRE ATLANTIQUE	123 000 €	07/03/2016	07/03/2019
FORGES THERMAL	CREDIT AGRICOLE NORMANDIE SEINE	1 000 000 €	13/09/2016	13/09/2021
SATHEL	CIC LYONNAISE DE BANQUE	500 000 €	19/07/2017	25/05/2020
DÉVELOPPEMENT DE LA BAIE DE KERNIC	CIC OUEST	500 000 €	20/04/2017	20/04/2022
GRAND CASINO DE LYON	CIC LYONNAISE DE BANQUE	500 000 €	10/10/2017	30/09/2020
PLEINAIR CASINO	CIC LYONNAISE DE BANQUE	1 000 000 €	30/03/2017	30/03/2020
HÔTEL COSMOS	CIC LYONNAISE DE BANQUE	160 000 €	12/03/2018	25/02/2022
COMPAGNIE POUR LE DÉVELOPPEMENT DU TOURISME HYEROIS	CIC LYONNAISE DE BANQUE	300 000 €	19/10/2018	05/09/2021
APPOLONIA	CIC LYONNAISE DE BANQUE	500 000 €	12/11/2018	31/10/2025
GRAND CASINO DU HAVRE	CREDIT AGRICOLE NORMANDIE SEINE	200 000 €	04/07/2018	04/07/2021
GRAND CASINO DU HAVRE	CREDIT AGRICOLE NORMANDIE SEINE	600 000 €	25/09/2018	25/10/2023

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

SUBSIDIARIES CONCERNED	BENEFICIARIES	AMOUNT	COMMENCEMENT DATE	END DATE
CANNES CENTRE CROISETTE	Groupe Partouche	5 800 000 €	30/10/2017	15/12/2022
SOCIÉTÉ DU CASINO ET DES BAINS DE MER DE DIEPPE	Groupe Partouche	3 000 000 €	20/12/2017	15/12/2022
COMPLEXE COMMERCIAL DE LA ROCHE-POSAY SAS	Groupe Partouche	5 200 000 €	28/06/2018	15/12/2022

RISKS ARISING FROM OPERATIONS

4.2.1 GAMING ADDICTION

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

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

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

It is also worth noting that casinos are the only gaming industry operators in France to have instituted systematic checks on entry to gaming rooms. These checks are carried out by personnel authorised by the French Interior Ministry and serve to identify and formally prohibit access by children under the age of 18, persons banned by the Minister of the Interior and individuals who have voluntarily asked to be prevented from entering.

The applicable regulations in force allow anyone to voluntarily ask to be banned from gaming rooms by submitting a request to the Interior Ministry, which will issue a three-year ban on access to gaming rooms, renewable by tacit agreement.

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

4.2.2 ETHICAL AND BEHAVIOURAL RISKS

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

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

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

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

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

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

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

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

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

4.2.3 FOOD SAFETY

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

To strengthen our drive to adopt a preventive approach, all our establishments have been interviewed on the basis of Afnor standard V01-015, "Hygiene checks at commercial catering establishments", in connection with a potential audit by the Departmental Directorate for Public Health and Consumer Protection (DDPP).

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

To further increase traceability, in 2016 Groupe Partouche equipped all its kitchens with ePack Hygiène as part of its ongoing partnership with Mérieux NutriSciences. ePack Hygiène is an innovative digital traceability solution that aims to simplify the entire Hazard Analysis and Critical Control Point (HACCP) approach and maintain the documentation and records required by the EU's Food Safety Management System (FSMS). It is also designed to improve food safety, secure data collected and save time for staff.

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

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

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

4.2.4 HEALTH AND SAFETY

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

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

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

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

4.2.5 SECURITY

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

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

- CCTV cameras cover all areas of the establishments that may need monitoring, such as car parks, entrances, the main hall, games rooms, safe deposit vaults, cash registers, game tables and slot machines. Should an incident occur, the control room guard can alert security and the games room managers, and if necessary the police or fire brigade;

- a traditional surveillance system of volumetric radars connected to a central desk which detects the presence of an intruder in the establishment during closing hours;
- installing vaults, secure money boxes, with information displayed to the public at the cash registers can significantly reduce aggravated burglaries. By taking such measures, no keys can be handed over to criminals because the only people that have the keys are those who collect the funds. Only a nominal amount of cash is kept in cash registers and safe deposit boxes to cover frequent transactions (such as currency exchanges and cash payments);
- a computerised access control system operated by badges is used to record the movement of staff and visitors in the buildings;
- security officers are stationed at entrances to prevent unauthorised entry to the establishments, and during closing hours, dog handlers guard the building when necessary.

Since 2012, the Group's establishments have upgraded their security systems in terms of both procedures and equipment, particularly by installing a high-tech property protection system named «Smart Water». This system has been installed in many of the casino's sensitive areas and sprays a colourless, indelible liquid on potential criminals. The chemical marker used, also known as artificial DNA, remains detectable on skin for at least six months and indefinitely on any other surface by means of specific equipment used by forensic identification teams, thus enabling police officers to easily identify delinquents and produce evidence before the courts.

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

4.2.6 INFORMATION SYSTEMS RISKS

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

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

Over the period 2018-2020, the Information Systems Department has initiated two large-scale projects aimed at securing and consolidating IT infrastructure availability at casinos:

- to replace all server infrastructure using a reputed IT equipment manufacturer (Dell);
- to carry out a systematic campaign to secure power supplies for critical IT assets.

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

4.2.7 RISKS RELATING TO KEY INDIVIDUALS

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

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

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

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

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

4.2.8 LABOUR DISPUTES

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

4.2.9 CUSTOMER RISK

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

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

4.2.10 COUNTERPARTY RISK

Table games (excluding English electronic roulette) account for around 20% of the Group's total gross gaming revenue (GGR) *(see Section 9)*, which represents a significant risk of losses for the establishments concerned. This is in particular the case of Palm Beach in Cannes, which plays host to high-rolling clients and so can run the risk of losing amounts of several million euros for such clients, which would severely affect the establishment's financial position, or even that of the Group.

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

4.2.11 CASINO PUBLIC SERVICE CONCESSION AND GAMING LICENCE RISK

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

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

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

See Section 6.1.1 (e) for concession expiry dates.

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

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

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

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

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

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

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

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

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

4.2.12 COMPETITION RISK

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

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

For example, in the Var, the opening of the Seyne-sur-Mer casino in July 2012 followed by the Sanary-sur-Mer casino in August 2018 has heavily impacted the Bandol and Hyères casinos.

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

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

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

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

4.2.13 REGULATORY RISK

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

As shown in Section 6.1.1 of this report, the casino industry is subject to extensive regulation. Tax rules applicable to the sector play a key role in determining the Group's profitability: over half of the Group's gross gaming revenue generated in France is paid over to the State and local councils. The Group thus remains exposed to any adverse changes in taxation *(cf. rise in taxes on casinos by way of increases in social secu-*

rity contributions [CRDS and CSG] – such as the rise in the CSG rate from 9.5% to 11.2% since 1 January 2018).

The gaming industry and the Group's casinos in particular traditionally play host to a large number of smokers. The application of Order 2006-1386 of 15 November 2006, and of Act 91-32 of 10 January 1991 (known as the "Évin" Law) since 1 January 2008 in the casinos led to a change in clients' attendance habits.

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

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

4.2.14 ONLINE GAMING LEGISLATION RISK

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

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

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

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

4.2.15 CLIMATE RISK

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

4.2.16 ECONOMIC RISKS

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

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

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

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

4.2.17 GLOBAL HEALTH RISKS

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

4.3 ENVIRONMENTAL INFORMATION

See Section 17.1.3 "Environmental information".

4.4 INSURANCE SCHEMES

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

The programmes are contracted via brokers with highly reputed insurers.

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

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

The main insurance programmes cover:

- damages and operating losses for casinos, hotels and related activities, with a contractual compensation limit of €89.9m;
- civil liability, covering all subsidiaries' business operations of establishments (games, hotels and leisure) and the interactive division. Cover is provided for up to €20m per claim;
- the vehicle fleet, guaranteeing damages caused to others as well as damages incurred, whether involving bodily injury, property damage or intangible damage.

05

INFORMATION ABOUT THE ISSUER

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 HISTORY

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

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

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

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

1991 - 1995: INCREASED PROFITS AND STOCK EXCHANGE LISTING

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

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

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

1995 - 2005: DIVERSIFICATION AND EXTERNAL GROWTH

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

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

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

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

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

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

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

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

2006 - 2013: NEW TECHNOLOGIES AND A DIFFICULT CONTEXT

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

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

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

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

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

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

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

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

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

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

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

2014: A PIVOTAL YEAR

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

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

2015 - 2018: ONGOING RECOVERY

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

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

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

5.1.2 COMPANY NAME

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

5.1.3 COMMERCIAL REGISTER

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

Its NAF code is 7010Z.

5.1.4 DATE OF INCORPORATION AND TERM OF THE COMPANY

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

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

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

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

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

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

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

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

5.2 INVESTMENTS

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

2016 INVESTMENTS

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

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

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

2017 INVESTMENTS

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

- a net cash outflow of €7.2m on acquisitions of consolidated investments, primarily relating to the acquisition of minority interests in the La Roche-Posay and Agon Coutainville casinos (-€3.0m) and the acquisition of SEGR Le Laurent (-€4.2m);
- the impact of other changes in the scope of consolidation, which generated €11.7m in cash through the sale of Cannes Balnéaires;

- a net cash outflow of €64.0m on acquisitions of tangible fixed assets, including an outflow of €53.0m in the casino sector, consisting in particular of – in addition to the acquisition of slot machines and other electronic equipment, and replacement investments – the completion of the PleinAir de La Ciotat casino, the acquisition the Crans-Montana car parks, improvements to accommodate the Cannes casino in Hotel 3.14, and the launch of renovation work at various subsidiaries.

2018 INVESTMENTS

Net cash used in investing activities totalled €65.4m (compared with €58.1m the previous financial year), notably including a €65.1m outflow for purchases of tangible fixed assets, including in particular €21.1m for slot machines and other electronic equipment, replacement investments, and, for construction projects, completion of the new Pornic casino and continued renovation work at the Aix-en-Provence casino.

5.2.2 MAJOR INVESTMENTS IN PROGRESS

Fixed assets under construction, which had a net value of €26.9m at the financial year-end, mainly related to renovation work on the casinos in Aix-en-Provence for €10.3m and La Roche-Posay for €2.8m and work on the new Pornic casino recognised against SCI Pietra Pornic for €11.4m.

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

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

A) CONSTRUCTION OF THE NEW PORNIC CASINO

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

This real estate project is financed by a pool of lessors, who acquired the land on 4 August 2017; the estimated total for construction amounts to approximately €13.0m, of which €9.1m were disbursed during the 2018 financial year, and the building was delivered on 20 November 2018.

B) RENOVATION WORK ON THE ROYAT CASINO

The Royat casino obtained its building permit on 14 April 2017. The estimated total for the work amounts to approximately €6.6m and the delivery of the building is planned for December 2019.

C) RENOVATION WORK ON THE AQUABELLA HOTEL

The Aquabella hotel obtained a building permit on 15 May 2018. The works include the renovation of four of the hotel's floors, completed in two phases, and the renovation of the common areas, restaurant and kitchen (winter 2019/2020). The estimated total for the work amounts to approximately €4.5m and the overall completion of the work is planned for April 2020.

D) PLAGE 3.14

Plage 3.14 obtained a building permit on 28 September 2018, in connection with the renewal of the public service concession, concluded on 25 October 2018, whereby the Cannes city authorities awarded a management contract to operate a beach lot and buildings belonging to the public maritime assets. The estimated total for the work amounts to approximately €2.1m and delivery is planned for early March 2019.

E) OTHER INVESTMENTS

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

- the renovation of the Aix-en-Provence casino; this project, with a provisional budget (including materials) of €23m, began in September 2017 and will be completed at the end of February 2019;
- renovation works on the La Roche-Posay casino, amounting to a total of €5.2m, are also due for completion at the end of February 2019;
- casino refurbishments, mainly at the Saint-Amand-les-Eaux, Hyères and Annemasse casinos.

5.2.4 DIVESTMENT PROGRAMME

Groupe Partouche has no further divestment obligations to meet.

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

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

5.2.5 RELATIONS BETWEEN INVESTMENTS AND FINANCING ACTIVITIES

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

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

06

BUSINESS OVERVIEW

6.1 MAIN ACTIVITIES AND NOTABLE CHANGES IN 2018

MAIN ACTIVITIES

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

Breakdown of turnover by business area

BREAKDOWN OF TURNOVER €000 AT 31 OCTOBER	2018	%	2017	%	2016	%
Casinos	375 341	91,4 %	379 100	93,2 %	379 044	93,5 %
Hotels	8 995	2,2 %	9 834	2,4 %	12 472	3,1 %
Other	26 507	6,4 %	17 950	4,4 %	13 687	3,4 %
TOTAL TURNOVER	**410 844**	**100,0 %**	**406 885**	**100,0 %**	**405 203**	**100,0 %**

Breakdown of turnover by geographic areas

BREAKDOWN OF TURNOVER €000 AT 31 OCTOBER	2018	%	2017	%	2016	%
France	339 142	82,5 %	340 506	83,7 %	341 911	84,4 %
Eurozone (excluding France)	32 727	8,0 %	24 071	5,9 %	22 892	5,6 %
Non-eurozone	38 975	9,5 %	42 307	10,4 %	40 400	10,0 %
TOTAL	**410 844**	**100 %**	**406 885**	**100 %**	**405 203**	**100 %**

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

6.1.1 CASINOS

Casinos are the Group's core business.

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

Games liable to be authorised in casinos are those defined by decree and set out in Article D. 321-13 of the French Internal Security Code. There are four categories of game:

TABLE GAMES PLAYED AGAINST THE HOUSE:

These mainly include:

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

TABLE GAMES PLAYED AGAINST OTHER PLAYERS:

These mainly include:

- Texas Hold'em Poker and Omaha Poker 4 high
- Bingo

ELECTRONIC VERSIONS OF TABLE GAMES:

- Roulette
- Blackjack
- Texas Hold'em Poker

SLOT MACHINES:

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

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

GROUPE PARTOUCHE INNOVATIONS:

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

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

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

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

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

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

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

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

A) LEGAL AND REGULATORY FRAMEWORK

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

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

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

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

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

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

The Order of 29 July 2009 on the regulation of casino gaming sets out criteria under which slot machines may be authorised; the first gaming table entitles the casino to 50 slot machines, with each subsequent table entitling it to 25 additional machines. This reform was a major step forward for casinos in gaining greater control over the definition of their gaming offering. It means the gaming offering can now be tailored to the specific characteristics of the local market and customers' wishes without any need to embark on a cumbersome administrative procedure requiring an opinion from the Gaming Advisory Committee at the end of a four- or five-month application processing period. Changes once a casino is already authorised are now agreed by the Ministry of the Interior following notification procedures with a short processing period, allowing operators to respond more quickly to market trends.

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

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

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

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

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

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

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

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

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

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

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

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

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

B) LEVIES ON GROSS GAMING REVENUE

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

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

The new tax credit approach significantly reduces the time periods for reimbursement compared to the previous situation. The introduction of a decision support system using a points-based scale makes it possible to assess the production eligibility criteria objectively.

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

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

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

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

This Budget Act removed the following:

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

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

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

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

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

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

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

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

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

Gross gaming revenue

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

Since 1996, a 3% CRDS (Contribution to the Repayment of Social Debt) tax has been levied on gross gaming revenue, followed in 1997 by a 3.4% CSG (General Social Contribution) levy on gross gaming revenue from slot machines.

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

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

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

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

Groupe Partouche, par le biais de ses filiales directes et indirectes, exploite, au 31 octobre 2018, 43 casinos dont 39 en France et 4 à l'étranger.

78,1 % du chiffre d'affaires du Groupe est réalisé par l'activité jeux qui reste l'activité dominante. Les 43 casinos du Groupe Partouche sont répartis en France et à l'étranger de la manière suivante :

C) CASINO LOCATIONS

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

COUNTRIES OUTSIDE FRANCE	MUNICIPALITY IN WHICH THE CASINO IS LOCATED
BELGIUM	OSTEND
TUNISIA	DJERBA
SWITZERLAND	MEYRIN, CRANS-MONTANA

D) CONCESSIONS TO OPERATE CASINOS

Concessions to operate casinos never exceed 20 years in France. At 31 October 2018, Groupe Partouche had 39 casinos in France with a concession contract and a ministerial authorisation for gaming operations.

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

E) CONCESSIONS EXPIRING

FINANCIAL YEAR	NUMBER OF CONCESSIONS TO BE RENEWED
2019	2
2020	3
2021	2

FINANCIAL YEAR	NUMBER OF CONCESSIONS TO BE RENEWED
2022	5
2023	3
2024	1
2025	1
2026	2
2027	2
2028	4
2029	3
2032	3
2034	3
2035	1
2036	1

FINANCIAL YEAR	NUMBER OF CONCESSIONS TO BE RENEWED
2037	1
2038	2
GRAND TOTAL	**39**

F) ANCILLARY OPERATIONS

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

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

At 31 October 2018, the Group operated:

- **10 hotels from 3* to 5*** with more than 410 rooms;
- **80 restaurants:** diners, gourmet restaurants, theme restaurants;
- **5 health spas and 2 golf courses.**

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

- Casino de Forges-les-Eaux (3 hotels);
- Casino de Saint-Amand-les-Eaux;
- Casino du Havre;
- Casino de Divonne-les-Bains;
- Casino du Lyon Vert à La Tour de Salvagny;
- Casino de Hyères;
- Casino de Dieppe;
- Casino de Salies-de-Béarn.

6.1.2 HOTELS

Apart from hotels tied with casinos, the Group currently owns seven independent hotels rated from 3* to 4*L with a total of almost 330 rooms. Revenue from these hotels accounts for the Group's entire turnover in the hotel sector.

These hotels are as follows:

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

6.1.3 OTHER BUSINESSES

INTERACTIVE DIVISION

A) DEVELOPMENT

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

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

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

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

These two offerings are now being actively marketed:

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

B) COMPANIES

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

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

6.2 MAIN MARKETS

6.2.1 FRENCH GAMING MARKET

THE CASINO SECTOR

In financial year 2017-2018, gross gaming revenue (GGR) for the French casino sector as a whole totalled €2,305.8m, up 0.6%. GGR from slot machines totalled €1,944m, equating to 84.3% of total GGR, down 0.1%. A 6.9% year-on-year decrease in GGR was recorded for table games, while electronic games saw a 20.1% rise in GGR.

France's casino sector consists of 201 authorised casinos, more than two-thirds of which are operated by groups. The main market players are as follows:

NAMES OF GROUPS IN FRANCE	NUMBER OF CASINOS OPERATED	ACTUAL 2018 GROSS GAMING REVENUE (IN €M)
GROUPE PARTOUCHE SA	**39**	**535,4**
GROUPE BARRIÈRE SAS	26	694,2
GROUPE JOA	24	240,0
GROUPE TRANCHANT	16	188,9
GROUPE VIKINGS	11	59,9
GROUPE COGIT	9	87,1
GROUPE ÉMERAUDE	8	65,6
SMCFC	2	39,4

Source: Statistical report on the 2017-2018 season, Central Racing and Gaming Department. At 31 October 2018

6.2.2 SWISS GAMING MARKET

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

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

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

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

CHF 000	CALENDAR YEAR 2017	CALENDAR YEAR 2016	CHANGE
Gross gaming revenue	680 810	689 730	-1,29 %
Casino taxes	316 900	323 251	-1,96 %
Net gaming revenue	363 910	366 479	-0,70 %

(Source: 2017 CFMJ report)

During the financial year under review, the Federal Parliament completed its discussions on the Gaming Act, opting to continue to uphold the principles enshrined in existing legislation on casinos. In its capacity as supervisory authority, the Swiss Gaming Commission (CFMJ) is happy with this outcome, since the bulk of current legal provisions have proved to be effective. The possibility of offering casino games online is currently in the spotlight.

After growing in 2016, gross gaming revenue once again dipped in 2017 (down 1.3%). Casinos operating under a Type A concession posted a 0.5% year-on-year decline, while those operating under a Type B concession posted a 2.5% decline. Of the 21 Swiss casinos, eight saw gross gaming revenue grow, while the remaining 13 saw it decline. This year-on-year decline ranged from 0.6% to 26.0% depending on the casino.

At the time of preparing this report, we note that the new Gaming Act was accepted by the Swiss people on 10 June 2018, with 72.9% of votes cast in favour. The new Act, together with its accompanying ordinances, which have yet to be published, entered into force on 1 January 2019.

6.2.3 BELGIAN GAMING MARKET

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

A. BRICKS-AND-MORTAR CASINOS

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

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

Groupe Partouche owns one casino in Belgium, at Ostend.

The information provided below on market developments in 2017-2018 (covering the period from Q4 2017 to Q3 2018) does not include the figures for the Knokke casino and the Middelkerke casino (internally sourced information).

At end-September 2018, the total GGR (from slot machines and table games) of casinos in Belgium was €94.0m, up 6.97% year-on-year.

GGR from table games in Belgium increased by €2.9m (up 7.43%), while that generated by the Ostend casino declined by €294k over the same period (down 6.11%).

GGR from slot machines in Belgium was also up €3.2m (up 6.59%). GGR from slot machines at the Ostend casino was up €0.8m (up 9.0%) over the same period.

At 30 September 2018, Groupe Partouche (Ostend) had a stable market share of 15.52% compared with 15.99% in the previous financial year (based on GGR from table games and slot machines, not including online gaming).

B. ONLINE CASINOS

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

In Ostend, since February 2013, an A+ licence has been operated under the name www.bwin.be, as part of a joint operation between the Ostend casino, CKO Betting and GVC Services Limited (which operates the Bwin trade name). The www.bwin.be website offers an online casino (under the Ostend casino A+ licence) and sports betting (under the CKO Betting F+ licence). During financial year 2017-2018 as defined above, the website made a contribution of €25.9m to GGR (up €8.9m year-on-year), comprised of €3.2m for the casino and poker offering (Ostend casino) and €5.7m from sports betting (CKO Betting).

We do not receive figures from other online operators in Belgium.

C. GAMING LEVIES IN BELGIUM

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

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

Levies on GGR for table games

Range:	0 – 865 000	33 %
Range:	Over 865 000	44 %

Levies on GGR from slot machines

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

Levies on online GGR (common to both regions)

Range:	From €1	11 %

Levies are calculated per calendar year.

Following a court ruling, online GGR is no longer subject to VAT at the 21% rate with effect from 21 May 2018.

6.3 EXCEPTIONAL EVENTS AFFECTING BUSINESS AND MARKETS

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

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

6.4 ISSUER'S DEGREE OF DEPENDENCY

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

Please refer to Section 4.2.11 "Casino public service concession and gaming licence risk".

6.5 EVIDENCE ON WHICH THE STATEMENT OF COMPETITIVE POSITION IS BASED

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

07

ORGANISATIONAL STRUCTURE

7.1 INTERNAL ORGANISATION OF THE GROUP

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

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

For the financial year ended 31 October 2018, the total amount received under head office services agreements was €10,031k excluding VAT.

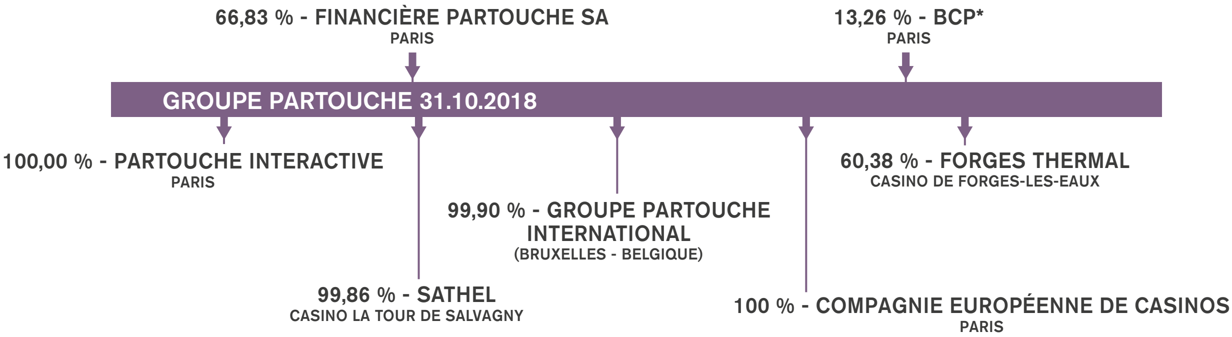
Furthermore, Groupe Partouche SA maintains a parent-subsidiary relationship with each of the consolidated companies, for which the main related elements for the year ended 31 October 2018 are centralised cash management and the administration of a French tax consolidation structure.

As the Group's holding company, which does not have any independent operating activity of its own, Groupe Partouche SA has substantial fixed assets with €633m in net value, essentially attributable to investments in the Group's subsidiaries. The other significant portion comprises receivables of €138m, net of provisions, mainly relating to the Group's subsidiaries.

Groupe Partouche SA's liabilities and equity comprise €439m in equity, €266m in the current accounts of the subsidiaries and €124m in bank debt.

7.2 GROUP STRUCTURE

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



(*) BCP holds 1,200,399 shares through FCPR France Private Equity III and 76,621 shares through Butler Capital Partners SA, representing holdings in Groupe Partouche SA of 12.47% and 0.79%, respectively..

GROUPE PARTOUCHE 31.10.2018

99,90 % - GROUPE PARTOUCHE INTERNATIONAL

(BRUXELLES - BELGIQUE)

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

60,38 % - FORGES THERMAL

CASINO FORGES-LES-EAUX

- 20,00 % – **ÉLYSÉE PALACE HÔTEL** – Vichy – 79,72 %
- 17,24 % – **CHM** – Vichy – 76,63 %
- 20,00 % – **ÉLYSÉE PALACE EXPANSION** – Vichy – 79,72 %
  - 99,97 % – **SOCIÉTÉ DE L'ÉLYSÉE PALACE** – Vichy

Autres participations

- 98,71 % – **CASINO DE DIVONNE** – Casino Divonne-les-Bains
  - 100,00 % – **SOCIÉTÉ DE L'HÔTEL ET DU GOLF DE DIVONNE** – Divonne-les-Bains
- 100,00 % – **CASINO D'ANNEMASSE** – Casino Annemasse
  - 99,96 % – **SCI L'ARVE** – Annemasse
- 0,04 % – **SCI L'ARVE** – Annemasse
- 57,00 % – **CASINO CRANS-MONTANA** – Casino Crans-Montana (Suisse)

100 % - PARTOUCHE INTERACTIVE

PARIS

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

LÉGENDE

- CASINOS
- AUTRES ENTITÉS

* *0,10 % sont détenus par Belcasinos*

100,00 % — **SOCIÉTÉ TOURISTIQUE DE LA TRINITÉ** — La Trinité-sur-Mer

100,00 % — **STÉ DU GRAND CASINO DE LYON** — Casino Lyon

100,00 % — **CANNES CENTRE CROISETTE CASINO 3.14** — Casino Cannes

- 100,00 % — **3.14 HÔTEL** — Cannes
  - 100,00 % — **KIOUSK** — Cannes
  - 100,00 % — **PLAGE 3.14** — Cannes

100,00 % — **3.14 GREEN** — Cannes

49,00 % — **PALM BEACH CANNES CÔTE D'AZUR** — Cannes

- 100,00 % — **CANNES BALNÉAIRES** — Cannes

100,00 % — **STÉ DU CASINO DE SAINT-AMAND** — Casino Saint-Amand-les-Eaux

90,10 % — **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

97,25 % — **HOLDING IMMOBILIÈRE DE LYON** — Lyon

100,00 % — **CASINO DU HAVRE** — Casino Le Havre

99,99 % — **SCI RUE ROYALE** — Paris

100,00 % — **PARTOUCHE IMMOBILIER** — Paris

100,00 % — **SCI FONCIÈRE VITTEL ET CONTREX** — Contrexéville

100,00 % — **HÔTEL COSMOS** — Hôtel Contrexéville

- 100,00 % — **GRAND HÔTEL DU PARC** — Hôtel Contrexéville

100,00 % — **STÉ EXPL. CASINO ET HÔTELS** — Casino 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
- 99,94 % — **CENTRE BALNÉOTHÉRAPIE AIX** — Aix-en-Provence

0,06 % (SARL THERM'PARK) — **CENTRE BALNÉOTHÉRAPIE AIX**

99,89 % — **CASINO DE LA TREMBLADE** — Casino La Tremblade

- 99,00 % — **SCI LA TREMBLADE** — La Tremblade

1,00 % — **SCI LA TREMBLADE** — La Tremblade

100,00 % — **PARTOUCHE SPECTACLES** — Paris

100,00 % — **GROUPEMENT CASINOS** — Paris

99,99 % — **SCI PIETRA PORNIC** — Paris (0,01 % PARTOUCHE IMMOBILIER)

99,00 % — **SCI PIETRA ST-AMAND** — Paris (1,00 % PARTOUCHE IMMOBILIER)

100,00 % — **SEGR LE LAURENT** — Paris

100,00 % — **CLUB PARTOUCHE PARIS** — Paris

100,00 % — **CLUB PARTOUCHE CAPITALE** — Paris

90,00 % (PARTOUCHE IMMOBILIER) — **SCI GREEN AURON** — Auron

GROUPE PARTOUCHE 31.10.2018

99,86 % - SATHEL

CASINO LA TOUR DE SALVAGNY

98,09 % STÉ DU CASINO DE ROYAT — Casino de Royat 1,91 %

61,99 % STÉ DU CASINO DU GRAND CAFÉ — Casino Vichy

61,07 % SCMAT — Casino Aix-en-Provence 38,63 %

CASINO PLEINAIR — Casino La Ciotat 99,96 % 0,02 %

100,00 % SEK — Juan-les-Pins

STÉ DE L'EDEN BEACH CASINO — Casino Juan-les-Pins 98,34 % 1,44 %

1,00 % SCI HÔTEL GARDEN PINÈDE — Juan-les-Pins 99,00 %

90,91 % CASINO DE PALAVAS — Casino Palavas-les-Flots 9,09 %

90,00 % SCI PALAVAS INVESTISSEMENT — Palavas-les-Flots 10,00 %

99,84 % STÉ DU CASINO LE LION BLANC — Casino Saint-Galmier 0,16 %

LE MIAMI — Casino Andernos 99,98 %

CASINO DE COUTAINVILLE — Casino Coutainville 100,00 %

STÉ DU CASINO D'ARCACHON — Casino Arcachon 100,00 %

LUDICA — Paris 100,00 %

99,99 % GRAND CASINO DE BANDOL — Casino Bandol

95,24 % CASINO DE LA GRANDE-MOTTE — Casino La Grande-Motte 4,74 %

CIE DÉVT TOURISME HYÉROIS — Casino Hyères 99,90 %

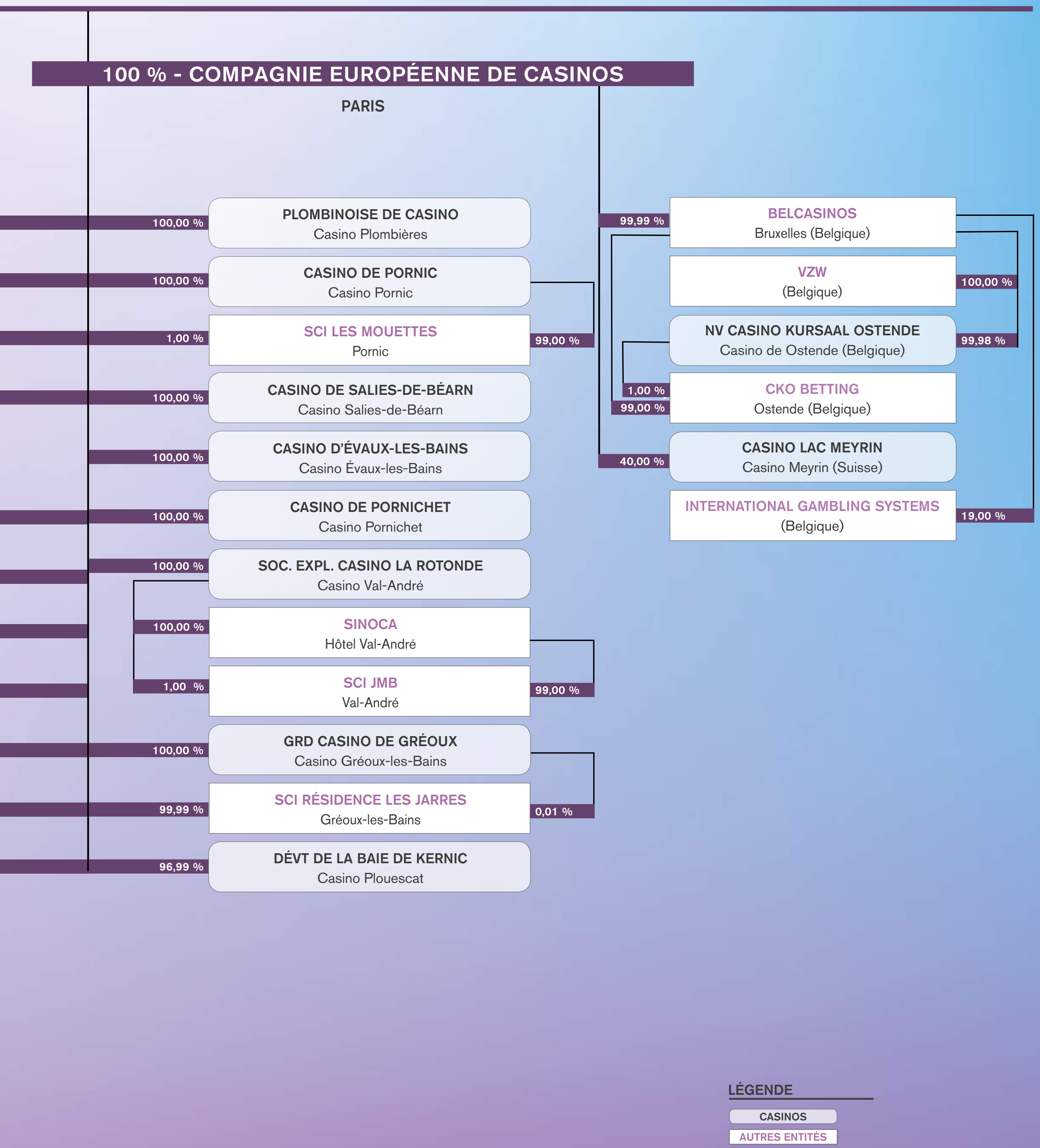
CASINO DU PALAIS DE LA MÉDITERRANÉE — Casino Nice 100,00 %

CPLXE CCIAL DE LA ROCHE-POSAY — Casino La Roche-Posay 100,00 %

SCI GAFA — La Roche-Posay 100,00 %

SARL HÔTEL DU CHÂTEAU — La Roche-Posay 100,00 %

SCI PARC DE POSAY — La Roche-Posay 100,00 %


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


CAISSE

08

PROPERTY, PLANT AND EQUIPMENT

8.1 EXISTING OR PLANNED MAJOR ITEMS OF PROPERTY AND EQUIPMENT

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

The Group holds the property ownership, directly or under long leases, of 27 out of the 43 casinos at the end of financial year 2018, and rents the buildings of the remaining 16 under classic commercial leases or local authority occupancy agreements. It also owns 17 hotels compared with the 13 the Group operated at the end of financial year 2018.

At the close of financial year 2018, the Group's main real estate assets, based on floor space, were as follows:

ESTABLISHMENT	LEGAL STATUS	FLOOR SPACE
Aix-en-Provence casino	Long lease agreement	9 907 m²
Hotel 3.14 in Cannes	Full ownership	3 445 m²
Contrexéville casino and hotel	Full ownership	13 398 m²
Divonne-les-Bains casino, hotel and golf course	Full ownership	16 399 m²
Forges-les-Eaux casino and hotel	Full ownership	34 273 m²
La Grande-Motte casino	Full ownership	8 248 m²
Lyon Vert casino and hotel	Full ownership	12 243 m²
St-Amand-les-Eaux casino and hotel	Long lease agreement	10 584 m²
Pleinair de La Ciotat casino	Full ownership	2 693 m²

At 31 October 2018, Groupe Partouche had 5,113 slot machines installed in France and 665 machines installed abroad, as well as 900 electronic English roulette wheels installed in France and 22 wheels installed abroad.

In view of the market's maturity and the amendment of the regulations concerning the installation of slot machines *(see Section 6.1.1.a "Legal and regulatory framework")*, the number of slot machines is not expected to develop significantly. Nevertheless, electronic English roulette wheels achieved considerable success among gaming clients and enjoyed remarkable growth.

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

8.2 STATUS AND VALUATION OF THE PROPERTY PORTFOLIO

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

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

8.3 PROPERTY ASSET OWNERSHIP POLICY AND DIVESTMENT PROGRAMME

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

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

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

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

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

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

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

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

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

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

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

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

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

09

REVIEW OF FINANCIAL POSITION AND RESULTS

9.1 GROUP FINANCIAL POSITION AND PERFORMANCE

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

- The Group's financial position and results for the financial year ended 31 October 2016 prepared in accordance with IFRS/IAS as adopted by the European Union, shown on pages 54 et seq. of the Company's Reference Document, registered with the AMF on 14 February 2017 under No. D.17-0093;
- The Group's financial position and results for the financial year ended 31 October 2017 prepared in accordance with IFRS/IAS as adopted by the European Union, shown on pages 51 et seq. of the Company's Reference Document, registered with the AMF on 22 February 2018 under No. D.18-0067.

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

9.1.1 MAIN CHANGES IN CONSOLIDATION SCOPE AND BUSINESS ACTIVITIES

Consolidation scope

SCI Green Auron, the company that owns Hôtel Savoie in Auron (municipality of Saint-Etienne-de-Tinée), was the only addition to the Group's scope of consolidation in financial year 2018.

Tax

The CSG levy was hiked by 1.7 percentage points with effect from 1 January 2018, increasing the contribution to 11.2% on 68% of gross revenue from slot machines, less a 15% rebate. The negative impact on the Group's turnover came to €3.7m in the financial year.

9.1.2 GROUP POSITION AND ACTIVITY IN THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

GROUP ACTIVITY

In the financial year ended 31 October 2018, Groupe Partouche generated consolidated turnover of €410.8m, compared with €406.9m in 2017, up 1.0%.

€M	2018	2017	CHANGE
First quarter	113,9*	109,8	3,7 %
Second quarter	97,5*	95,6*	1,9 %
Third quarter	99,9*	98,9*	1,0 %
Fourth quarter	99,6*	102,6*	-2,9 %
Consolidated total turnover	**410,8***	**406,9***	**1,0 %**

(*) Including impact of the loyalty programme.

The following table shows a breakdown of turnover.

SUMMARY OF TURNOVER

€M		2018	2017	CHANGE	% CHANGE
	France	89,2	88,5	0,7	0,8 %
	Other countries	41,2	31,3	9,9	31,7 %
GGR FROM TABLE GAMES		130,3	119,7	10,6	8,8 %
% OF ACTUAL GGR		20,4 %	18,7 %		
	France	446,2	451,6	(5,4)	(1,2 %)
	Other countries	62,2	67,4	(5,2)	(7,8 %)
GROSS REVENUE FROM SLOT MACHINES		508,4	519,1	(10,6)	(2,1 %)
% OF ACTUAL GGR		79,6 %	81,3 %		
	France	535,4	540,1	(4,7)	(0,9 %)
	Other countries	103,4	98,7	4,7	4,7 %
GROSS GAMING REVENUE (TOTAL)		638,7	638,8	(0,1)	0,0 %
	France	281,3	281,2	0,1	0,0 %
	Other countries	36,7	36,7	(0,0)	(0,1 %)
GROUP LEVIES		318,1	318,0	0,1	0,0 %
	France	52,6 %	52,1 %		
	Other countries	35,5 %	37,2 %		
LEVY RATE		49,8 %	49,8 %		
	France	254,0	258,9	(4,8)	(1,9 %)
	Other countries*	66,7	62,0	4,7	7,6 %
NET GAMING REVENUE (NGR)		320,7	320,8	(0,1)	0,0 %
	France	88,3	85,1	3,2	3,8 %
	Other countries	5,0	4,4	0,6	14,0 %
TURNOVER EXCLUDING NGR**		93,3	89,5	3,8	4,3 %
	France	(3,2)	(3,4)	0,3	(7,7 %)
	Other countries				
LOYALTY PROGRAMME		(3,2)	(3,4)	0,3	
	France	339,1	340,5	(1,4)	(0,4 %)
	Other countries	71,7	66,4	5,3	8,0 %
TURNOVER		410,8	406,9	4,0	1,0 %

(*) NGR of €13.8m (compared with €8.7m in 2017) from Belgian subsidiary CKO Betting is included in NGR from other countries.
(**) Excluding impact of the loyalty programme.

GROUP GGR

GGR remained stable over the financial year at €638.7m compared with €638.8m in 2017. Despite the adverse trend in the EUR/CHF, which reduced GGR from the Meyrin and Crans-Montana casinos in Switzerland (negative impact of €3.7m), GGR was boosted by the significant growth in GGR from sports betting in Belgium (increase of €5.7m).

GAMING BUSINESS IN FRANCE

GGR in France came to €535.4m compared with €540.1m in the previous financial year, down 0.9% or €4.7m.

The decline stemmed from slot machines (which account for 83.3% of total GGR from casinos in France) across the vast majority of the casino portfolio. The contributory factors included the fall in visitor numbers (down 1.0% over the financial year), predominantly during the second half.

Table games continued to make headway with electronic English roulette generating €41.3m (up 10.3%, or €3.8m) in GGR. Nevertheless, that performance was mitigated by the fall in GGR at the Cannes casino alone (€2.7m), where bets are higher than average owing to the profile of its customers. Overall, GGR from table games rose 0.8% to €89.2m.

An analysis of this overall trend reveals the following contributory factors:

- The Aix-en-Provence casino's performance was again held back by the continuing renovation works (due for completion in early 2019), and its GGR dropped back €2.6m;
- The Hyères and Bandol casinos were affected by new competition from the Sanary-sur-Mer casino, which opened in August 2018, and their GGR fell by 7.3% and 6.6% respectively;
- Lastly, the PleinAir de La Ciotat casino completed its first full financial year in its new configuration, generating a 56.0% rise in its GGR to €16.6m.

The total number of slot machines operated in French casinos was 5,113 at the financial year-end, compared with 5,103 in 2017.

GAMING BUSINESS OUTSIDE FRANCE

GGR generated outside France grew significantly by 4.7% (€4.7m) on the basis of online GGR (casino and sports betting), broken down as follows:

€M	2018	2017	CHANGE	%
GGR: "bricks and mortar" casinos	77,4	81,7	(4,3)	(5,2 %)
GGR: online and sports betting	25,9	17,0	8,9	52,6 %
GGR outside France	**103,4**	**98,7**	**4,7**	**4,7 %**

The GGR of the "bricks-and-mortar" casinos slipped 5.2% owing to trends at the Swiss casinos. The total GGR of the Meyrin and Crans-Montana casinos edged down 1.7% to CHF 1.3m. With the added impact of the currency headwinds over the period, that translated into a 7.1% fall to €4.8m.

The growth in online GGR (casino and sports betting) achieved by Bwin accelerated to 52.6% from 13.5% in 2017.

NET GAMING REVENUE

Levies on GGR by the State and municipalities remained stable at €318.1m, the taxation rate remained unchanged at 49.8%. They were kept down by the low rate of levies on the rapidly expanding sports betting segment. Conversely, they were pushed up by two factors:

- the increase in the CSG levy from 1 January 2018, which cut turnover by €3.7m;
- the tax rebate available to the Lac Meyrin casino in 2017, but not in 2018.

Net gaming revenue for the Group as a whole thus remained stable at €320.7m.

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

Turnover excluding net gaming revenue rose by 4.3% (€3.8m), broken down as follows:

AT 31 OCTOBER, €M	2018	2017	CHANGE	%
Casinos	71,7	70,4	1,2	1,7 %
Hotels	9,0	9,8	(0,8)	(8,5 %)
Other	12,7	9,2	3,5	37,5 %
Turnover excluding NGR	**93,3**	**89,5**	**3,8**	**4,3 %**

Ancillary casino activities, primarily foodservice, grew by €1.2m, despite the impact of renovation works at the Aix-en-Provence casino, which reduced its turnover excluding net gaming revenue by €1.3m.

The 8.5% contraction in hotel turnover was chiefly attributable to the transfer of Hotel 3.14's business (closed since the previous financial year pending renovation) to a dedicated new company, which is accounted for in the "Other" division.

Lastly, the growth in the "Other" division was driven chiefly by €1.8m resulting from the transfer of Hotel 3.14's business as mentioned above and by €1.9m from the operation of the Laurent restaurant in Paris over a full financial year.

TURNOVER

The nationwide customer loyalty programme accounted for in accordance with IFRIC 13, had a negative impact on total turnover for the financial year of €3.2m (impact of -€3.4m year-on-year).

Taking into account all of the above factors, the Group's consolidated total turnover grew by 1.0% (up €4.0m) to €410.8m.

CONSOLIDATED RESULTS

Current operating profit/Performance by division

Current operating profit (COP) fell €9.7m to €26.6m, mainly as a result of the Casino division (see presentation of performance by division in Note 4.1 of Section 20.2.1 "Consolidated financial statements").

The Casino division posted an €11.7m decline in COP to €32.3m. The division's performance, with its €3.5m contraction in turnover, was hit by the negative impact of the €3.7m increase in the CSG levy in France (outside France, the fall in Switzerland was offset by the growth in online betting in Belgium). Operating expenses rose €8.3m, consisting primarily of:

- expenses related to online operations, including:
  - €2.8m reflecting the higher costs of operating the Ostend casino's online gaming licence with the growth in this business,
  - €1.1m reflecting the non-recurrence of exceptional income received in the previous financial year under a Settlement Agreement;
- a €3.4m increase in depreciation, amortisation and impairment of fixed assets as a result of the major ongoing casino renovation programme, including a total of €1.7m in respect of the Aix-en-Provence and La Ciotat sites.

Conversely, the hotel division's current operating loss of €1.3m represented a €2.0m improvement on the previous financial year, mainly as a result of the cost savings from the provisional shutdown of the 3.14 hotel pending its renovation.

Lastly, the "Other" division's stable current operating loss of €4.3m mainly reflected the performance of Groupe Partouche SA, the Group's parent company, the sports betting business (Belgium) and all the other secondary businesses (holding companies, spa-related activities, real estate companies, companies in the former Interactive division, IT services company, beaches, etc.).

Current operating profit/Analysis by expense items

Any analysis of trends in operating expense (which were up €13.7m) should consider the fact that SEGR was consolidated for 12 months in 2018 as opposed to 9 months in 2017, and that the La Ciotat casino's business model changed following its relocation in June 2017. As a result, these companies' operating expenses increased by €2.0m and €2.8m respectively.

Purchases and external expenses recorded a significant increase of €12.3m, €8.6m of which was attributable to the rapidly rising cost of operating the online business (casino games and sports betting).

Taxes and duties other than on income moved 4.9% lower from €17.9m in 2017 to €17.0m in 2018.

Employee expenses picked up slightly, rising 1.40% to €175.4m. These include the €1.7m increase deriving from the two companies mentioned above (SEGR and La Ciotat) and, conversely, the €1.5m reduction achieved at Aix-en-Provence with the reduction in the headcount during the renovation works.

Depreciation, amortisation and impairment of fixed assets posted a significant increase of 6.9% to €2.6m. The main factors contributing to this rise were the full-year recognition of depreciation at the new La Ciotat casino and the impact of depreciation related to the provisional venue for the slot machines at the Aix-en-Provence casino (solely for the duration of the works).

Other net current operating expense came to €4.7m, down €2.8m compared with the previous financial year, which was chiefly attributable to favourable movements in provisions (€1.0m) and non-recurring expenses and income related to the casino business.

Non-current operating profit

The non-current operating loss came to €5.7m compared with income of €10.2m in 2017, which had reflected the €17.8m gain on the disposal of Cannes Balnéaires to a new controlling shareholder, whereas no assets were sold during the financial year. In 2018, it included:

- other net non-current operating expense: €1.1m compared with an expense of €1.7m in the previous financial year, reflecting in particular a decline in depreciation for obsolescence, especially in relation to the renovation and relocation of the Aix-en-Provence and Cannes casinos;
- €4.7m in goodwill impairment (on a par with the 2017 figure) in financial year 2018 at the three Bandol, Hyères and Andernos sites.

Operating profit

Taking into account these items, operating profit for the financial year came to €20.9m, compared with €46.5m in 2017.

Net financial items represented a net expense of €1.4m, compared with €2.2m in 2017, mainly thanks to the lower cost of financial debt (€0.5m reduction compared with the previous financial year).

Profit before tax was €19.5m compared with €44.4m in 2017.

Income tax expense (including the CVAE tax) amounted to €4.6m compared with a tax benefit of €1.7m in 2017. This figure includes €3.4m in CVAE tax, which represents a normal amount. In 2017, it came to just €0.3m as a result of non-recurring adjustments, some of which were retrospective as a result of rulings by the French constitutional court applicable up until 2017. Income tax also increased, representing an expense of €1.3m, compared with a tax benefit of €2.0m in 2017, when it was reduced by a favourable deferred taxation effect arising on changes in scope.

As a result, profit after tax was €14.9m compared with €46.1m in 2017.

The share in losses from equity-accounted associates derived from Palm Beach Cannes Côte d'Azur and its subsidiaries (including Cannes Balnéaires) totalled €2.3m.

Accordingly, net profit came to €12.6m, compared with €45.5m in 2017. Net profit attributable to equity holders of the Group was €6.2m, compared with €37.4m in the previous financial year.

BALANCE SHEET

Notable changes in consolidated balance sheet assets were as follows:

- An increase in non-current assets of €23.2m, mainly due to:
  - the total net €28.0m increase in "Tangible fixed assets" mainly reflected investments (impact of €65.6m), depreciation charges (impact of -€40.2m) and the first-time consolidation of SCI Green Auron (impact of €2.1m),
  - and, conversely, the €4.6m reduction in "Goodwill", mainly as a result of impairment losses recognised on the Bandol, Hyères and Andernos casinos;
- Stability in current assets (increase of €0.3m), mainly due to:
  - the €1.6m increase in "Inventories" primarily as a result of the recognition of the ongoing property development (on the site of the former La Grande-Motte casino building),
  - a €3.9m increase in "Trade and other receivables" largely owing to €1.6m in accrued income on additional allowances receivable for high-quality artistic events in Aix-en-Provence and a €1.9m receivable from the Genefim lessor in respect of the Pornic casino property lease,
  - conversely, a €6.5m reduction in cash owing to investments over the period, most of which were funded through the arrangement of new bank loans.

The Group's equity including minority interests increased modestly to €371.9m after €12.6m in net profit for the financial year.

After several years of contraction, Groupe Partouche's financial debt moved higher again; it rose €21.9m as a result of the arrangement of new loans covering investments by the subsidiaries, while the Group continues to pay down its longstanding syndicated loan debt as provided for in the safeguard plan.

The Group's financial structure can be analysed as follows:

€M AT 31 OCTOBER	2018	2017
Equity	371,9	367,9
Consolidated EBITDA	64,1	73,3
Gross debt*	177,2	155,0
Cash less gaming levies	79,7	85,7
Net debt	97,5	69,3
Net debt / Equity (gearing)	0,3	0,2
Net debt / Consolidated EBITDA (leverage)	1,5x	0,9x

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

RECENT EVENTS AND OUTLOOK

Paris gaming clubs

Following the enactment of the new law on the creation of Paris gaming clubs offering table games and games against the house since 1 January 2018, Groupe Partouche is no longer actively looking for an opportunity to open a club in the French capital.

Additional skills

Since 1 January 2019, the Group has begun working with Martine Monteil and Éric Battesti, two eminent figures who have spent their career with the French ministry of the interior. They will support the Group's assignments and its dealings with the relevant authorities.

Operations

On 20 November 2018, Groupe Partouche transferred the Pornic casino to a new site, which has achieved considerable success since it opened to the public owing to its more suitable accommodation and better accessibility (parking spaces).

The Pasino d'Aix-en-Provence is undergoing major renovation works, initiated in September 2017. Works are expected to be completed at the beginning of 2019.

Renovation works at La Roche-Posay casino, undertaken to inject fresh impetus into its performance and provide a more varied offering (next-generation games, such as electronic black jack), are due for completion in late February 2019.

In late October 2018, the Cannes city authorities awarded Plage 3.14 a management contract to operate a beach lot and buildings belonging to the public maritime assets, with an opening date in March 2019.

In November 2018, renovation works began at the Royat casino. The plan is to refocus gaming, its main activity, around customers by making significant improvements to the user experience. Delivery is scheduled for December 2019.

Casino refurbishments are also planned for the 2018/2019 financial year in Hyères, Saint-Amand-les-Eaux and Annemasse.

Renovation of the Group's casino network will therefore continue during the 2018/2019 financial year. Groupe Partouche will focus in particular on monitoring these construction projects and the adaptation measures needed to protect the Group's operating profitability.

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

ACTIVITY OF SUBSIDIARIES

GROSS GAMING REVENUE BY ENTITY			
€000 AT 31 OCTOBER	2018	2017	2016
CASINO-MEYRIN (Switzerland)	49 784	53 496	53 634
CASINO-AIX-EN-PROVENCE	43 479	46 050	46 589
CASINO-LE LYON VERT	41 086	40 273	41 479
CASINO-SAINT-AMAND	38 547	38 264	37 739
CASINO-DIVONNE	36 036	36 775	34 945
CASINO-LYON (PHARAON)	35 477	34 151	33 088
CASINO-FORGES	31 733	32 459	33 201
CASINO-LA GRANDE-MOTTE	26 557	27 203	25 938
CASINO-OSTENDE (Belgium)	24 539	20 946	20 609
CASINO-ANNEMASSE	23 312	24 035	25 045
CASINO-PORNICHET	17 330	17 941	18 434
CASINO-LA CIOTAT	16 637	10 662	7 409
CASINO-NICE-PALAIS	16 118	15 809	15 397
CKO BETTING OSTENDE (Belgium)	15 759	10 075	9 146
CASINO-HYÈRES	15 234	16 430	16 839
CASINO-LE HAVRE	14 040	14 545	14 620
CASINO-LA ROCHE-POSAY	13 614	14 137	14 574
CASINO-PALAVAS	13 139	12 749	12 787
CASINO-CRANS-MONTANA (Switzerland)	12 464	13 541	13 538
CASINO-3.14	11 200	13 547	11 150
CASINO-ROYAT	10 869	11 107	11 261
CASINO-BANDOL	10 761	11 515	13 045
CASINO-SAINT-GALMIER	10 321	10 652	10 983
CASINO-VICHY GRAND CAFÉ	10 196	10 429	10 552
CASINO-JUAN-LES-PINS	10 120	11 172	11 333

GROSS GAMING REVENUE BY ENTITY			
€000 AT 31 OCTOBER	2018	2017	2016
CASINO-PORNIC	9 657	9 475	9 414
CASINO-PLOUESCAT	7 130	7 344	7 988
CASINO-BOULOGNE	7 053	7 244	7 392
CASINO-DIEPPE	7 025	7 955	8 372
CASINO-CABOURG	6 252	6 049	6 167
CASINO-CALAIS	6 205	6 500	6 594
CASINO-BERCK	5 173	5 224	5 276
CASINO-AGON COUTAINVILLE	4 988	4 745	4 877
CASINO-VAL ANDRÉ	4 792	4 998	5 258
CASINO-ANDERNOS	4 637	4 710	4 550
CASINO-GRÉOUX-LES-BAINS	4 172	3 860	3 759
CASINO-ARCACHON	4 086	3 819	3 738
CASINO-PLOMBIÈRES	4 068	4 232	4 271
CASINO-CONTREXÉVILLE	3 746	3 503	3 437
CASINO-TOUQUET	3 447	3 713	3 641
CASINO-LA TREMBLADE	2 726	2 613	2 398
CASINO-ÉVAUX	2 649	2 384	2 606
CASINO-SALIES	1 750	1 809	1 775
CASINO-DJERBA	825	644	669
CASINO-VICHY 4 CHEMINS	-	-	242
CASINO-CHAUDFONTAINE (LOISIRS)	-	-	-
CASINO-LA TRINITÉ	-	-	-
CASINO TABARKA (Tunisia)	-	-	-
TOTAL GGR	**638 732**	**638 784**	**635 759**

TURNOVER BY ENTITY			
€000 AT 31 OCTOBER	2018	2017	2016
CASINO-MEYRIN	27 667	30 501	28 883
CASINO-DIVONNE	25 937	26 633	25 641
CASINO-SAINT-AMAND	23 611	23 341	23 001
CASINO-FORGES	23 194	23 610	23 533
CASINO-LE LYON VERT	22 883	22 522	22 855
CASINO-AIX EN PROVENCE	19 933	22 478	24 740
CASINO-OSTENDE	18 890	15 337	14 730
CASINO-LYON (PHARAON)	16 253	15 764	15 488
CASINO-LA GRANDE MOTTE	14 812	15 194	14 499
CASINO-ANNEMASSE	10 943	11 286	11 811
CASINO-LE HAVRE	10 340	10 556	10 407
CASINO-PORNICHET	10 235	10 425	10 709

TURNOVER BY ENTITY			
€000 AT 31 OCTOBER	2018	2017	2016
CASINO-CRANS-MONTANA	10 079	10 934	10 716
CASINO-NICE	8 849	8 977	8 765
CASINO-LA CIOTAT	8 808	6 389	4 151
CASINO-HYÈRES	8 240	8 819	8 969
CASINO-LA ROCHE-POSAY	7 292	7 644	8 305
CASINO-PALAVAS	6 816	6 681	6 721
CASINO-PORNIC	6 660	6 625	6 646
CASINO-ROYAT	6 404	6 638	6 787
CASINO-VICHY GRAND CAFÉ	6 219	6 355	6 542
CASINO-3.14	6 191	7 285	7 791
CASINO-BANDOL	5 920	6 144	6 814
CASINO-CABOURG	5 810	5 404	5 586
CASINO-SAINT-GALMIER	5 722	5 868	5 925
CASINO-DIEPPE	5 285	5 469	5 573
CASINO-JUAN-LES-PINS	5 166	5 750	5 994
CASINO-BOULOGNE	4 504	4 649	4 679
CASINO-PLOUESCAT	4 338	4 378	4 898
CASINO-VAL ANDRÉ	4 039	4 163	4 427
CASINO-CALAIS	3 588	3 735	3 888
CASINO-TOUQUET	3 435	3 320	3 250
CASINO-BERCK	3 105	3 112	3 276
CASINO-ANDERNOS	2 980	2 976	2 950
CASINO-PLOMBIÈRES	2 979	2 988	3 011
CASINO-GRÉOUX-LES-BAINS	2 776	2 548	2 476
CASINO-AGON COUTAINVILLE	2 763	2 688	2 771
CASINO-ARCACHON	2 738	2 635	2 602
CASINO-CONTREXÉVILLE	2 514	2 356	2 278
CASINO-SALIES	2 336	2 285	2 159
CASINO-LA TREMBLADE	1 914	1 912	1 818
CASINO-ÉVAUX	1 901	1 809	1 933
CASINO-DJERBA	1 230	872	801
CASINO-LA TRINITÉ	43	48	48
CASINO-VICHY 4 CHEMINS	-	-	200
CLUB PARTOUCHE PARIS	-	-	-
CLUB PARTOUCHE CAPITALE	-	-	-
CASINO-SAN ROQUE	-	-	-
TOTAL CASINOS	**375 341**	**379 100**	**379 044**

TURNOVER BY ENTITY			
€000 AT 31 OCTOBER	2018	2017	2016
HÔTEL-AIX-AQUABELLA	7 228	6 711	6 649
HÔTEL-CONTREX-COSMOS	1 687	1 790	1 629
GREEN 3.14	33	-	-
HÔTEL-LYON-HIL	23	23	23
HÔTEL-VAL-ANDRÉ-SINOCA	13	42	42
HÔTEL-CANNES-3.14	12	1 258	4 100
HÔTEL-CONTREX-GRAND HÔTEL DU PARC	0	10	28
TOTAL – HOTELS	8 995	9 834	12 472
CKO BETTING OSTENDE	13 838	8 734	8 095
SEGR LE LAURENT	5 958	4 076	-
THERMES-AIX-C.B.A.P. (spa resort)	2 273	1 758	2 241
PLAGE 3.14	1 818	-	-
APPOLONIA	1 558	1 642	2 248
BARATEM	427	428	453
GROUPE PARTOUCHE	285	185	156
SARL THERM'PARK	184	144	131
SCI RUE ROYALE	51	51	42
PARTOUCHE TECHNOLOGIES	39	2	160
PARTOUCHE IMAGES	34	38	53
PARTOUCHE IMMOBILIER	25	33	32
AFRIGAMBLING (formerly PI AFRIQUE)	19	25	-
SCI FONCIÈRE DE VITTEL ET CONTREXÉVILLE	1	2	2
CANNES BALNÉAIRES	-	803	7
PARTOUCHE SPECTACLES	-	27	1
BELCASINOS	-	-	68
ÉLYSÉE PALACE (EPSA)	-	-	-
INTERNATIONAL GAMBLING SYSTEMS	-	-	-
PARTOUCHE BETTING LTD	-	-	-
CHM	-	-	-
PARTOUCHE TOURNOIS	-	-	-
PI HOLDINGS	-	-	-
PARTOUCHE PRODUCTION	-	-	-
PASINO BET (formerly P. Gaming)	-	-	-
PARTOUCHE INTERACTIVE	-	-	-
WS BACKGAMMON	-	-	-
SCI PIETRA PORNIC	-	-	-

TURNOVER BY ENTITY			
€000 AT 31 OCTOBER	2018	2017	2016
SCI GREEN AURON	-	-	-
PARTOUCHE STUDIO	-	-	-
TOTAL – OTHER	26 508	17 950	13 687
TOTAL TURNOVER	410 844	406 885	405 203

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

The 12-month period under review, which ran from 1 November 2017 to 31 October 2018, was covered by the execution of the Groupe Partouche SA Safeguard Plan, approved in a ruling by the Paris Commercial Court on 29 September 2014, and by the amended plan approved by the Paris Commercial Court on 2 November 2016 (revised on 8 December 2016).

The key highlights of this financial year were as follows:

- the €979k capital injection into the 49%-held Palm Beach Côte d'Azur subsidiary;
- the incorporation of Compagnie des Loisirs des Portes de Genève (18%-owned) through a contribution in kind of shares in the Saint-Julien-en-Genevois casino (no impact on the financial statements in view of the arrangements).

Turnover for the financial year came to €11.8m, mainly consisting of fees paid by subsidiaries, for €10.0m.

Operating income totalled €13.3m compared with €12.8m in 2017, and operating expenses were €20.8m compared with €20.2m in 2017.

The company sustained an operating loss of €7.5m, compared with an operating loss of €7.4m in 2017.

Financial income totalled €14.0m, including €11.4m in dividends paid by subsidiaries, and financial expenses decreased from €18.3m in 2017 to €12.8m in 2018.

The company posted net financial income of €1.2m, compared with €80.7m in 2017.

Nevertheless, this net financial income is not directly comparable with the previous financial year as a result of:

- the non-recurrence of significant movements that occurred in the prior year linked to reversals of provisions for investments and related receivables (with matching entries under exceptional items in the prior year);
- and the provisions set aside in 2018 for subsidiaries affected by a deterioration in their equity during the financial year.

The reduction in interest expenses of €0.6m mainly corresponds to savings following the repayments of the syndicated loan.

Net exceptional items were close to zero, compared with a loss of €85.3m in 2017, which was largely attributable to the sale of the Cannes Balnéaires company, which had a non-material net impact on 2017 net profit since the adverse effects on net exceptional items were offset by the reversals of financial provisions referred to above.

Under its tax consolidation agreement, the company recognised a Group tax expense of €0.3m in respect of the financial year ended 31 October 2018 and a tax saving of €12.3m (neutralisation of subsidiary taxes).

In light of the above items, the company posted a net profit for the year of €5.8m, compared with €0.2m in 2017.

Net fixed assets totalled €665.8m, up €7.0m, and current assets came to €164.6m, up €8.0m, mainly due to the current account advances provided to the subsidiaries.

With respect to equity and liabilities, equity increased by €5.8m to €439.0m, due to net profit for the year (€5.8m).

Bank borrowings and debt were down €4.6m year on year due to:

- €18.9m in annual repayments on the various bank loans (syndicated loan, capex loans and miscellaneous loans);
- Partially offset by the release of €14.3m under various capex loans and miscellaneous loans.

The principal amount outstanding on bank debt at 31 October 2018 was €124.1m.

"Other liabilities" increased by €15.2m, including a €15.8m rise in respect of the growth in intercompany liabilities vis-à-vis subsidiaries.

9.3 PROPOSED APPROPRIATION OF INCOME FOR FINANCIAL YEAR 2018

NET PROFIT TO 31 OCTOBER 2018 (€)	5 838 477
Legal reserve	291 924
Retained earnings	5 546 553
After appropriation, retained earnings will amount to:	**155 544 230**

10

CASH AND CAPITAL RESOURCES

10.1 INFORMATION CONCERNING THE GROUP'S EQUITY

Please refer to Note 11 of Section 20.2.1 of the Group's consolidated financial statements for financial year 2018.

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

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

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

Please refer to Note 13 of Section 20.2.1 of the Group's consolidated financial statements for financial year 2018.

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

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

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

10.3.1 FINANCIAL STRUCTURE, CASH FLOWS

Please refer to Note 9.3 of Section 20.2.1 related to bank debt and to Note 9.2 of Section 20.2.1 relating to cash and cash equivalents for financial year 2018.

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

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

10.3.2 CASH POOLING AGREEMENT

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

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

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

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

10.3.3 RESTRICTIONS ON THE TRANSFER OF FUNDS FROM ABROAD

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

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

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

11

RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

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

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

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

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

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

12

TREND INFORMATION

Groupe Partouche has not communicated about activity trends since the end of the financial year ended 31 October 2018.

Financial information at 31 January 2019 will be published in the evening of Wednesday, 13 March 2019.

13

COMPANY PROJECTIONS AND TARGETS

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

14

ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 INFORMATION ON MANAGEMENT BODIES

14.1.1 SUPERVISORY BOARD

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP*
PATRICK PARTOUCHE BORN ON 13 JUNE 1964 IN ORAN (ALGERIA) 44,964 shares held 0.47% of the share capital	Co-opted to replace Isidore Partouche by decision of the Supervisory Board at its meeting held on 18 March 2011, approved by the Shareholders' Meeting held on 29 April 2011	31 October 2019	Chairman of the Supervisory Board	Chairman of the Executive Board of Financière Partouche SA	Director: Ispar Holding SA (Fribourg) Chairman and member of the Executive Committee: Mereal Biometrics SAS Chairman: Groupe Partouche Bahamas Limited (Bahamas)

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*

IN FRANCE:

Chairman of the Supervisory Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
Chairman of the Executive Board of Financière Partouche SA (with Executive Board and Supervisory Board)
Chairman of the Board of Directors, Director: Partouche Interactive SA (Paris)
Chairman: Partouche Immobilier SAS (Paris)
Deputy General Manager: Compagnie Européenne de Casinos SAS (Paris), Cannes Centre Croisette SAS (Cannes) until 13 July 2018
Deputy General Manager and Director: Eden Beach Casino SA (Juan-les-Pins),
Director: Casino de Saint-Amand SAS (Saint-Amand-les-Eaux), Le Touquet's (Calais) SAS, Société du Casino et des Bains de Mer SAS (Dieppe), Société d'exploitation du Casino de Contrexéville SAS, Grand Casino de Lyon SAS, Forges Thermal SA (Forges-les-Eaux), Société du Grand Casino d'Annemasse SAS (Annemasse), Société Touristique Thermale et Hôtelière de Divonne SA - TTH (Divonne-les-Bains), Partouche Technologies SAS (Tours), Société de l'Hôtel et du Golf de Divonne SAS - SHGD (Divonne-les-Bains), 3.14 Hôtel SA (Cannes), Société Européenne des Grands Restaurants SA (Paris), Pleinair Casino SA (La Ciotat), Cannes Centre Croisette SAS.
Corporate Manager: Sek SARL (Paris), Plage 3.14 SARL, 3.14 Green SARL, Green Auron SCI, Luna Juan SCI (Paris)

Member of the Executive Committee: Partouche Images SAS (Paris), Afrigambling SAS (Paris)
Permanent Representative:
- Legal entity of Compagnie Européenne de Casinos SAS (Paris), Director of Développement de la Baie de Kernic SAS (Plouescat), Casino de Pornichet SAS (Pornichet) and Casino de Pornic SAS (Pornic)

OUTSIDE FRANCE:

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

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP*
ISIDORE PARTOUCHE BORN ON 21 APRIL 1931 IN TREZEL (ALGERIA) 498,919 shares held 5,18% of the share capital	Ordinary Shareholders' Meeting of 20 June 1996	31 October 2019	Vice-Chairman of the Supervisory Board	Chairman of the Supervisory Board of Financière Partouche SA	**OUTSIDE FRANCE** Chairman, Director: Ispar Holding SA (Switzerland)
WALTER BUTLER BORN ON 16 AUGUST 1956 IN RIO DE JANEIRO (BRAZIL) 1 share held	Shareholders' Meeting held on 29 April 2011	31 October 2022	Member of the Supervisory Board	Managing Director of Butler Capital Partners SA	Managing Director: Butler Industries SA, Butler Capital Partners SA, WB Debt Partners SA Chairman: Amstar Entreprises SAS, Stanberg SAS, Noerden SAS, Paradis Latin SA, Nxo Expansion SAS Chairman of the Board of Directors: Nxo Expansion SAS, Chairman of the Supervisory Board: Nxo France SAS Director: Nxo Experts SAS Corporate Manager: 30 Albert 1er SCI, La Brillane SCEA General Manager: Butler Corum SAS Member of the Supervisory Board: Corum Asset Management SAS Representing Butler Capital Partners as Chairman: ANS Holding SAS Representative of Butler Capital Partners on the Supervisory Committee: Colfilm SAS Representing FBT Développement as Chairman: Fichet-Bauche Télésurveillance SAS **OUTSIDE FRANCE** Director of the English companies: Butler Investment Managers Limited, Butler Management Limited, Almas Industries Ltd Chairman of the Swiss company: Nexis Fibers Holding Chairman of the Supervisory Board of the German company: Almas Industries AG SA Corporate Manager of the Luxembourg limited liability company (SARL): GP Lux Investissements Director of the Belgian companies: Econocom SA, Butler Industries Benelux SA

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*

IN FRANCE:

Vice-Chairman of the Supervisory Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
Chairman of the Supervisory Board of Financière Partouche SA (with Executive Board and Supervisory Board)
Managing Director: Société Européenne des Grands Restaurants SA (Paris)
Chairman, Director: Compagnie Européenne de Casinos SAS - "CEC" (Paris), Société du Casino de Saint-Amand SAS (Saint-Amand-les-Eaux)
Director: Casinos du Touquet SAS (Le Touquet), Société du Casino et des Bains de Mer SAS (Dieppe), Grand Casino de Cabourg SAS (Cabourg), Société du Casino Municipal de Royat SAS (Royat), Casino de Palavas SAS (Palavas-les-Flots), Forges Thermal SA (Forges-les-Eaux), Sathel SA (La Tour de Salvagny) until 10 April 2018, Société Touristique Thermale et Hôtelière de Divonne SA - "TTH Divonne" (Divonne-les-Bains), Pleinair Casino SA (La Ciotat), Société du Casino Municipal d'Aix Thermal SA (Aix-en-Provence)
Corporate Manager: SCI Foncière de Vittel et Contrexéville (Contrexéville), SCI Les Thermes (Aix-en-Provence), Société Civile Immobilière et Mobilière Partouche
("SCIMP") (Paris)
Permanent Representative of:
- Legal entity of Compagnie Européenne de Casinos SAS, Director of Casino de La Grande-Motte SAS.

OUTSIDE FRANCE:

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

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP*
LAURENT PARQUET BORN ON 27 JULY 1965 IN BRIVE-LA-GAILLARDE (FRANCE)	Supervisory Board Meeting held on 13 September 2016 to replace Lionel Mestre	31 October 2022	Permanent Representative of Butler Capital Partners Member of the Supervisory Board		Permanent Representative of Amstar Entreprises on the Board of Directors of Butler Industries SA Vice-Chairman of the Board of Directors and Director of Nxo Expansion SAS Vice-Chairman of the Supervisory Board of Nxo France SAS Chairman of the Board of Directors of Nxo Experts Director of Paradis Latin SA **OUTSIDE FRANCE** Representative of Ans Holding as Director of ANovo Comlink Espana SLU and Anovo Iberica Madrid SLU
BUTLER CAPITAL PARTNERS PERMANENT REPRESENTATIVE: LAURENT PARQUET 76,621 shares held directly 1,200,399 shares held indirectly 13.26% of the share capital	Co-opted on 12 December 2012	31 October 2022	Member of the Supervisory Board		Chairman: ANS Holding SAS Member of the Supervisory Committee: Colfilm SAS
DANIEL COHEN **BORN ON 27 OCTOBER 1962 IN CASABLANCA (MOROCCO)** 150 shares held	Supervisory Board Meeting held on 13 December 2011 in replacement of Maurice Sebag, who resigned	31 October 2019	Member of the Supervisory Board	Chairman of Zalis SAS (Toulouse)	Chairman: Zalis SAS (Toulouse), FVM SA (Villers-la-Montagne) Independent Director: Arche Industrie (Paris) Corporate Manager: SCI Cohen Investissements (Toulouse), SCI 43 St James (Toulouse)
VÉRONIQUE MASI FORNERI **BORN ON 12 MAY 1963 IN NICE (FRANCE)** 62 shares held	Shareholders' Meeting held on 24 April 2014	31 October 2019	Member of the Supervisory Board	General Manager of Adelphos SAS (Neuilly-sur-Seine)	Member of the Board of Directors: Erda Accentus Association – education, research and artistic development (Paris)
SALOMÉ PARTOUCHE **BORN ON 19 SEPTEMBER 1989 IN DIEPPE** 5 shares held	Co-opted in replacement of Hubert Benhamou, who resigned on 1 November 2016	31 October 2022	Member of the Supervisory Board	Visual artist	Co-Corporate Manager: SCI Sany (Seine-Saint-Denis) Chairman: Association Biennale de Paname, Atelier de Paname SAS (Paris)

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*

OUTSIDE FRANCE:

Director: International Gambling Systems SA (Belgium)

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP*
CAROLINE TEXIER BORN ON 21 FEBRUARY 1977 IN BOULOGNE-BILLANCOURT 1 share held	Co-opted to replace Gaston Ghrenassia, who resigned, on 27 June 2017	31 October 2019	Member of the Supervisory Board	Lawyer	Co-Corporate Manager: SCI Alpilles 84
EMPLOYEE REPRESENTATIVE	Appointed by the Group Works Council on 5 December 2018	10 April 2020	Member of the Supervisory Board		

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

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

14.1.2 MEMBERS OF THE EXECUTIVE BOARD

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

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*

IN FRANCE:

Chairman of the Executive Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
Chairman: Ludica SAS (Paris), Grand Casino de Bandol SAS until 12 June 2018
Chairman, Director: Compagnie pour le Développement du Tourisme Hyérois SAS, Partouche Technologies SAS (Tours), Société d'Exploitation du Casino et Hôtels de Contrexéville SAS, Société Touristique de La Trinité SAS (Paris), Club Partouche Paris SAS (Paris), Club Partouche Capitale SAS (Paris).
General Manager, Director: Partouche Interactive SA (Paris)
Deputy General Manager: Partouche Spectacles et Événements SAS (Paris), Compagnie Européenne de Casinos SAS (Paris)
Member of the Executive Committee: SAS Partouche Images (Paris), SAS Afrigambling (Paris)
Director: Le Touquet's SAS (Calais), Développement de la Baie de Kernic SAS (Plouescat), Casino de Pornichet SAS, Casino de Pornic SAS (Pornic), Société du Casino Municipal de Royat SAS, Société de l'Hôtel et du Golf de Divonne - "SHGD" (Divonne-les-Bains), Société des Chemins de Fer et Hôtel de Montagne aux Pyrénées SA - "CHM" (Paris), Élysée Palace Expansion SA (Paris), Casino de La Grande-Motte SAS, Casino de Palavas SAS (Palavas-les-Flots), Pasino Bet SAS (La Grande-Motte), Grand Casino de Bandol SAS

Permanent Representative:
- Legal entity of Compagnie Européenne de Casinos SAS, Director of Casino de Coutainville SAS, of Le Miami SA (Andernos), and of Complexe commercial de La Roche-Posay SAS
- Legal entity of Groupe Partouche SA, Director of Plombinoise de Casino SAS, Société d'Exploitation du Casino de la Rotonde SAS (Pléneuf-Val-André), Casino du Grand Café SAS (Vichy), Société du Casino du Palais de la Méditerranée SAS (Nice), Casino de Salies-de-Béarn SAS, Société d'Activités Thermales Hôtelières et de Loisirs - "Sathel" (La Tour de Salvagny), Société du Grand Casino de Gréoux-les-Bains SAS, Société du Casino d'Arcachon SAS, Société du Grand Casino de Cabourg SAS, Casino d'Evaux-les-Bains SAS, Grand Casino du Havre SAS, Casino de la Tremblade SAS, Cannes Centre Croisette SAS (Cannes), Société Touristique Thermale et Hôtelière de Divonne SA (Divonne-les-Bains), Société Forges Thermal SA (Forges-les-Eaux), Eden Beach Casino SA (Juan-les-Pins), Casino Le Lion Blanc SAS (Saint-Galmier), Société du casino de St Amand les Eaux SAS, Grand casino de Lyon SAS, Grand Casino d'Annemasse SAS, Jean Metz SAS (Berck sur Mer), Numa SAS (Boulogne sur Mer)
- Legal entity of Groupe Partouche SA, Corporate Manager of SCI Rue Royale (Paris), SCI Hôtel Garden Pinède

Corporate Manager: Société du Casino de Bourbon Lancy SARL, Quarisma SARL (Paris), Partouche Tournois SARL (Paris), SCI du Casino de la Tremblade
Co-Corporate Manager: Appolonia SARL (Antibes)

OUTSIDE FRANCE:

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

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP*
ARI SEBAG BORN ON 25 SEPTEMBER 1961 IN TIARET (ALGERIA) 5,682 shares held 0.06% of the share capital	Supervisory Board Meeting held on 20 June 1996	30 October 2019	Member of the Executive Board	Member of the Executive Board and General Manager of Financière Partouche SA	Corporate Manager: SCI Elisa (Paris) General Manager: Groupe Partouche Bahamas Limited
KATY ZENOU BORN ON 6 AUGUST 1961 IN TIARET (ALGERIA) 9,969 shares held 0.1% of the share capital	Supervisory Board Meeting held on 20 June 1996	30 October 2019	Member of the Executive Board	Member of the Executive Board and General Manager of Financière Partouche SA	
JEAN-FRANCOIS LARGILLIÈRE BORN ON 17 SEPTEMBER 1964 IN CHAUMONT-EN-VEXIN (60) (FRANCE)	Supervisory Board Meeting held on 30 October 2013	30 October 2019	Member of the Executive Board		

The business address of the members of the Executive Board with regard to their functions within Groupe Partouche is the registered office of Groupe Partouche (141 bis, rue de Saussure, 75017 Paris, France)
(*) The aforementioned mandates are in force except for those whose date of expiration is expressly indicated.

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*

IN FRANCE:
Member of the Executive Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
General Manager and Member of the Executive Board of Financière Partouche SA (with Executive Board and Supervisory Board)
Managing Director, Director: Forges Thermal SA (Forges-les-Eaux)
Chairman, Director: Casino de Coutainville SAS, Société du Casino et Bains de Mer de Dieppe SAS, Casino du Grand Café SAS (Vichy), Casino de Salies de Béarn SAS, Casino Le Lion Blanc SAS (Saint-Galmier), Société de l'Hôtel et du Golf de Divonne SAS - "SGHD" (Divonne-les-Bains), Casino Municipal de Royat SAS (Royat), Développement de la Baie de Kernic SAS (Plouescat), Casino de la Tremblade SAS, Casino d'Arcachon SAS, Grand Casino de Bandol SAS, Casino d'Evaux les Bains SAS, Numa SAS (Boulogne sur Mer), Casino de Pornichet SAS, Société d'Exploitation du Casino de la Rotonde SAS (Val-André)
Chairman of the Board of Directors: Le Miami SA (Andernos), Société du Casino d'Arcachon SA, Élysée Palace Hôtel SA (Paris)
Chairman: Partouche Spectacles & Evénements SAS (Paris)
Deputy General Manager, Director: Grand Casino du Havre SAS, Club Partouche Paris SAS (Paris)
General Manager: Partouche Immobilier SAS (Paris)
Director: Société du Grand Casino de Cabourg SAS (Cabourg), Société Touristique de La Trinité (Paris), Partouche Technologies SAS (Tours), Le Touquet's SAS (Calais), Société du Casino de Saint-Amand SAS (Saint-Amand-les-Eaux), Société du Grand Casino de Gréoux-les-Bains SAS, Plombinoise de Casino SAS (Plombières-les-Bains), Société de L'Élysée Palace SA (Paris), Société d'Activités Thermales Hôtelières et de Loisirs SA - "Sathel" (La Tour de Salvagny), Pasino Bet SAS (La Grande Motte), Club Partouche Capital SAS, Jean Metz SAS (Berck sur Mer)
Corporate Manager: Hôtel Cosmos SARL (Contrexéville), Grands Hôtels du Parc SARL (Contrexéville), Centre de Formation Professionnelle des Casinos SARL - "CFPC" (Paris), Partouche Productions SARL (Paris), SCI Pietra Pornic (Paris), SCI Pietra St Amand (Paris)
Member of the Executive Committee: Partouche Images SAS (Paris), Afrigambling SAS (Paris)
Co-Corporate Manager: Appolonia SARL (Antibes)

Permanent Representative:
- of the legal entity Groupe Partouche SA, Director of Compagnie pour le Développement du Tourisme Hyérois SAS (Hyères), Casino de La Grand-Motte SAS, Casino de Pornic SAS, Société d'exploitation du Casino et Hôtels de Contrexéville SAS, Pleinair Casino SAS (La Ciotat)
- of the legal entity Compagnie Européenne de Casinos SAS, Director of Société du Casino du Palais de la Méditerranée SAS (Nice)

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

Permanent Representative:
- of Groupe Partouche International SA, Director of Grand Casino de Djerba SA (Tunisia), Casino Kursaal Oostende SA (Belgium) and CKO Betting SA (Belgium)
- Belcasinos SA, Chairman, Director of CKO Betting SA (Belgium) and of Casino Kursaal Oostende SA (Belgium)

IN FRANCE:
Member of the Executive Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
General Manager and Member of the Executive Board of Financière Partouche SA (with Executive Board and Supervisory Board)
General Manager, Director: Société de L'Élysée Palace Hôtel SA (Paris)
Deputy General Manager and Director: Casino du Touquet SAS (Le Touquet)
Director: Numa SAS (Boulogne-sur-Mer), Baratem SA (Le Touquet)

Permanent Representative of the following legal entities:
- Groupe Partouche SA, Director of Société du Casino Municipal de Royat SAS
- Compagnie Européenne de Casinos SAS, Director of Société du Casino d'Arcachon SAS, and Compagnie pour le Développement du Tourisme Hyérois SAS

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

IN FRANCE:
Member of the Executive Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
Chairman, Director: Casino de Palavas SAS (Palavas-les-Flots)
Director: Le Miami SA (Andernos), Société Touristique Thermale et Hôtelière de Divonne SA (Divonne-les-Bains), Club Partouche Paris SAS (Paris), Club Partouche Capitale SAS (Paris), Grand Casino de Bandol SAS
Director: Le Miami SA (Andernos)
Co-Corporate Manager: SCI Palavas Investissement (Palavas-les-Flots)

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

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

14.1.4 PROFESSIONAL EXPERIENCE

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

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

▸ **Walter Butler** is a graduate of the ENA and head of the tax inspectorate. He is Chairman of Butler Capital Partners, which he founded in 1991. Over the last twenty years, Butler Capital Partners has invested in dozens of European companies including BDDP, Ipsos, Groupe Flo, SNCM, PSG, France Champignon, 1001 Listes, and Atys.

Before founding Butler Capital Partners, Butler was Executive Director of Goldman Sachs in New York. He was Chairman of the AFIC, member of the French Council for Economic Analysis. He is a member of the steering committee of the French Strategic Investment Fund (FSI).

- **Daniel Cohen** has managed several medium-sized and large companies in the technology sector. He created several companies and subsidiaries where he managed growth, mergers and restructuring in preparation for stock exchange listing in the following sectors: video games, multimedia, computing, technology, media, audio-visual, and telecoms. These companies gave him the latitude to manage units from 10 to 500 employees. An expert in strategy and the founding chairman of Zalis, which he created at the end of 2001, he managed around 50 assignments, acquired a reputation in turning round ailing companies thanks to his expertise in risk management, regarding both technical and financial aspects.
- **Véronique Masi Forneri** opened a gallery in the Carré Rive Gauche after completing her studies in art history, where she built up an upmarket international clientele of collectors of 18th century French furniture. She quickly combined this with a decoration consulting business in France and abroad which enabled her to meet important decision-makers in the industrial and financial sectors. These contacts led her to take her career in a new direction, providing promotion and development activities in France and abroad through the finance company Adelphos SAS.
- **Salomé Partouche** is a multi-disciplinary artist. She did a preparatory course at the Ateliers de Sèvres in Paris and graduated with a Fine Arts degree specialising in video from Central Saint-Martins, part of the University of the Arts of London. She set up her workshop on returning to France. Growing up in the world of the games and entertainment business, she acquired a unique vision and awareness of the casino professions in which her family has made its fortune. She is continuing the family business into the third generation.
- **Caroline Texier**, a lawyer admitted to the bar of New York and Paris, is a partner in the mergers and acquisitions/corporate law department at Gide. Her main areas of expertise are insolvency proceedings and debt restructuring. She also has considerable experience in international restructuring of companies in difficulty.
- **Fabrice Paire** has a degree in Internal Audit and Chartered Accountancy (equivalent) (University of Paris Dauphine). He started his career with an Audit and Advisory firm, where he became a partner. He was in charge of the statutory audits of many of Groupe Partouche's casinos. He joined the latter in 2001 as administrative manager. Patrick Partouche appointed him company secretary of the Group in 2005; he became Managing Director in 2008 and Chairman of the Executive Board of the Group in 2011.
- **Ari Sebag** has a degree in business law and tax (University Paris 1 - 1984). After spending three years with a law firm and an experience in audiovisual production, he joined Groupe Partouche in 1989 as General Manager of Forges-Les-Eaux Casino. As General Manager and member of the Executive Board of Groupe Partouche following its initial public offering in 1995, he focuses on international business development while assuming operating responsibility of the establishments in northwest France.
- **Katy Zenou** joined the gaming business before the end of her business studies degree, as an employee in all departments. Over the last twenty years she has managed several casinos and provides a woman's perspective on this business, which is particularly important given the spectrum of the group's customer base.
- **Jean-François Largillière** has a degree from the Compiègne school of hotel management. He began his career at the Voile d'Or in Saint-Jean Cap Ferrat, then joined the Accor Group at the Grand Hôtel de Cabourg and completed several training programmes at the Académie Accor. He joined Groupe Partouche on the takeover of Européenne de Gestion Hôtelière (EGH) in February 1992 and served in several of the Group's hotel establishments, including the Mercure in Nancy, the Méridien Part-Dieu in Lyon and the Aquabella hotel in Aix-en-Provence. In November 2008, he became manager of the Domaine de Divonne hotel, a position he held until being appointed to the Executive Board of Groupe Partouche in November 2013.

14.1.5 ADDITIONAL INFORMATION

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

14.1.6 CONDEMNATIONS, BANKRUPTCIES, SANCTIONS, ETC.

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

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

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

14.2.1 INDEPENDENCE OF EXECUTIVE BODIES

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

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

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

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

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

14.2.2 TRANSACTIONS IN SECURITIES BY GROUPE PARTOUCHE SENIOR EXECUTIVES

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

Among the Supervisory Board members, only Caroline Texier acquired one share during the financial year ended 31 October 2018. Furthermore, Ispar Holding SA, in which Isidore and Patrick Partouche are shareholders, acquired 94,199 shares in the financial year and 9,600 shares after the balance sheet date; as of now, it holds 392,427 shares of Groupe Partouche, equating to 4.08% of the share capital.

14.3 INTERNAL RULES OF PROCEDURE FOR THE SUPERVISORY BOARD

The guiding principles governing the operation of the Supervisory Board are set out in the rules of procedure adopted on 27 October 2005 and last amended by the Supervisory Board on 30 January 2018.

ARTICLE 1. INTRODUCTION

Groupe Partouche SA (hereinafter "GPSA" or "the Company") is a French société anonyme with an Executive Board and a Supervisory Board.

The Supervisory Board, keen to continue to perform the duties assigned to it, and in accordance with the Middlenext code of corporate governance for small and mid cap companies adopted by Groupe Partouche SA, decided to clarify and supplement the organisational and operational rules applicable to it by law, regulation and the Company's Articles of Association, and to clarify the ethical rules that apply to its members. To this end, the Supervisory Board decided to establish rules of procedure and ethical rules that also take into account the core principles of the Middlenext code of governance by which it abides, and to make arrangements for those rules to be implemented. These rules of procedure are purely internal in nature and may not be enforced against shareholders or third parties.

ARTICLE 2. ROLE OF THE SUPERVISORY BOARD

2.1 General duty of ongoing supervision

The Supervisory Board performs a permanent control of the way in which the Company is managed by the Executive Board. At any time, it may perform verifications and controls as it sees fit, and may receive any document from the Executive Board it deems useful to accomplish its mission. The Executive Board presents it with a report at least quarterly setting out key actions and events in connection with management of the Company, including all information needed to keep the Supervisory Board informed about the Company's business, as well as the interim financial statements. After the end of each financial year, within regulatory deadlines, the Executive Board submits the parent company and consolidated financial statements, together with its report to the Shareholders' Meeting, to the Supervisory Board for verification and review. The Supervisory Board presents its observations on the Executive Board's report and the annual parent company and consolidated financial statements at the Shareholders' Meeting. At that time, the Chairman presents a report on governance to the shareholders.

In accordance with the law and the Articles of Association, under no circumstances may this supervision result in the Supervisory Board or its members directly or indirectly undertaking management tasks or, more generally, involving themselves in the Company's management.

2.2 Verification of the proper exercise of executive power

For the sake of reasonable governance, the Supervisory Board is responsible for ascertaining whether the conditions are in place to ensure that the exercise of executive power by the Executive Board is free of any issues that might endanger the Company's long-term viability.

In other words, while executives are bound by an obligation to achieve a result in line with the proposed strategy, Supervisory Board members are bound by a best endeavours obligation to ensure that executive duties are discharged without deviations that might be harmful to the Company.

Supervision is thus undertaken as follows:

- Checking that there are no serious issues in the exercise of executive power, including the choice of strategic options likely to endanger the Company's long-term performance;
- Contributing to good governance by carrying out checks on four key points requiring special attention set out in the Middlenext code of corporate governance, defined as follows in respect of executive power: ability, separation, compensation and succession of senior management;
- Being accountable to the shareholders for their supervisory duties through the report on governance and their advice to the shareholders to approve the annual financial statements, and assuming the responsibilities pertaining thereto.

2.3 Limits on the Executive Board's powers

In accordance with Article L.225-68 of the French Commercial Code, all guarantees, security and warranties must be approved in advance by the Supervisory Board. Within the confines of the amounts determined by it, and subject to the conditions and for the duration stipulated by it, the Supervisory Board may authorise the Executive Board in advance to perform one of more of the transactions referred to above.

2.4 Review of key points requiring special attention

At least once a year, the Board includes on its agenda a review of the key points requiring special attention referred to in the Middlenext code of governance and any matters that may arise therefrom.

ARTICLE 3. COMPOSITION OF THE SUPERVISORY BOARD

The number of Supervisory Board members is laid down in the Articles of Association.

Supervisory Board members are appointed or reappointed by the Shareholders' Meeting, with the exception of any Supervisory Board members who are employees.

The term of office served by Supervisory Board members is laid down in the Articles of Association.

Members' terms of office expire on a staggered basis.

The maximum age of Supervisory Board members is laid down in the Articles of Association. By default, no more than one third of serving Supervisory Board members may be over 85 years of age.

When this legal limit is exceeded, the oldest Supervisory Board member shall automatically be deemed to have stepped down, unless otherwise stipulated in the Articles of Association.

The Supervisory Board includes at least two independent members. A Supervisory Board member is deemed independent when he or she has no relationship of any kind with the Company, the group to which it belongs or its management such as might compromise his or freedom of judgement.

Supervisory Board members representing the employees and/or employee shareholders have the same status, powers, obligations and liabilities – both civil and criminal – as other members.

They are not subject to the requirement to own a number of shares of the Company, nor are they included when determining the minimum or maximum number of Supervisory Board members.

They shall be offered suitable training to enable them to perform their duties as effectively as possible.

ARTICLE 4. 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 senior 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 5. INFORMATION PROVIDED TO THE MEMBERS OF THE SUPERVISORY BOARD

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

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

ARTICLE 6. CONTROL BY THE SUPERVISORY BOARD

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

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

Should the Supervisory Board decide that the control or verification mission shall be performed by one of its members or by a third party, the mission is defined under the terms and conditions set forth in Article 7.

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

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

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

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

ARTICLE 7. OPTION TO ENTRUST A MISSION TO A MEMBER OF THE SUPERVISORY BOARD

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

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

- a statement of the precise objective of the mission;
- the desired format for the mission report.

ARTICLE 8. SUPERVISORY BOARD COMMITTEES

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

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

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

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

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

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

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

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

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

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

ARTICLE 9. AUDIT COMMITTEE

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

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

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

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

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

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

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

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

ARTICLE 10. APPOINTMENTS AND COMPENSATION COMMITTEE

The Appointments and Compensation Committee's task is to determine the remuneration of the members of the Executive Board, and to obtain, through the Executive Board, information relating to the remuneration and status of the Directors of the Group whose remuneration exceeds 120,000 euros. The committee does not determine the allocation methods for bonuses in advance.

ARTICLE 11. 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 (meetings for 1st and 3rd quarter activity; the results for the 1st half-year; and the meeting preceding 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 12. PARTICIPATION IN SUPERVISORY BOARD MEETINGS VIA VIDEOCONFERENCING

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

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

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

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

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

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

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

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

ARTICLE 13. 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 a proven breach of confidentiality by one of the members of the Supervisory Board, following discussion with the Chairmen of all Committees assembled for this purpose, the Chairman of the Supervisory Board reports to the entire body on the course of action, potentially including legal consequences that he intends to pursue with respect to this breach.

ARTICLE 14. DUTY OF INDEPENDENCE IMPOSED UPON MEMBERS OF THE SUPERVISORY BOARD

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

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

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

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

The members of the Supervisory Board must refrain from:

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

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

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

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

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

ARTICLE 15. RULES FOR DETERMINING BOARD MEMBERS' COMPENSATION

Supervisory Board members may receive attendance fees, the amount of which is decided by the shareholders voting at an Ordinary Shareholders' Meeting and the apportionment of which is decided by the Supervisory Board based on the amount of time dedicated to their duties, their attendance at meetings and, where applicable, their performance of certain specific duties.

Supervisory Board members to whom exceptional responsibilities are assigned may be allotted compensation in the form of either additional attendance fees or specific exceptional compensation.

Supervisory Board members are entitled to reimbursement of all business expenses incurred in the performance of their duties, on presentation of receipts and in compliance with procedures in force within the company.

ARTICLE 16. EXECUTIVE BOARD COMPENSATION

The Supervisory Board (at the proposal of the Compensation Committee, where applicable) decides on the amount of fixed, variable and exceptional compensation payable to Executive Board members on an individual basis in line with each member's responsibilities.

ARTICLE 17. ENTRY INTO FORCE AND BINDING FORCE

These rules of procedure may be amended by decision of the Supervisory Board.

All or part of these rules of procedure shall be made public and accessible via the Company's website.

15

REMUNERATION AND BENEFITS

15.1 AMOUNT OF REMUNERATION AND BENEFITS PAID

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

The total remuneration paid to the Executive and Supervisory bodies during the financial year ended 31 October 2018 amounted to €2,041,539.

15.1.2 REMUNERATION OF COMPANY OFFICERS

A) SUMMARY OF THE REMUNERATION OF EACH SENIOR EXECUTIVE OFFICER

Pursuant to the provisions of Article L.225-102-1 of the French Commercial Code, all remuneration received from Groupe Partouche during the financial year ended 31 October 2018 is summarised in the table below on an individual basis:

FINANCIAL YEAR ENDED	31/10/2018		31/10/2017		31/10/2016	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
MEMBERS OF THE SUPERVISORY BOARD						
Patrick Partouche – Chairman of the Supervisory Board						
Fixed remuneration	518 085	518 085	518 085	518 085	518 085	518 085
Exceptional remuneration						
Directors' fees	19 459	19 459	21 176	33 176	12 000	12 000
Benefits in kind*	6 915	6 915	6 915	6 915	6 915	6 915
Total	544 459	544 459	546 176	558 176	537 000	537 000
Isidore Partouche – Vice-Chairman of the Supervisory Board						
Fixed remuneration	120 000	120 000	120 000	120 000	120 000	120 000
Exceptional remuneration						
Directors' fees	32 545	32 545	30 035	40 035	22 111	22 111
Benefits in kind						
Total	152 545	152 545	150 035	160 035	142 111	142 111

FINANCIAL YEAR ENDED	31/10/2018		31/10/2017		31/10/2016	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
Salomé Partouche – Member of the Supervisory Board (appointed on 1 November 2016 to replace Hubert Benhamou)						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	16 216	16 216	17 647	17 647		
Benefits in kind						
Total	16 216	16 216	17 647	17 647		
Hubert Benhamou – Member of the Supervisory Board (resigned on 1 November 2016)						
Fixed remuneration					6 000	6 000
Exceptional remuneration						
Directors' fees				10 000	10 000	12 000
Benefits in kind					8 005	8 005
Total				10 000	24 005	26 005
Walter Butler – Member of the Supervisory Board						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	6 486	6 486	10 588	20 588	10 000	6 000
Benefits in kind						
Total	6 486	6 486	10 588	20 588	10 000	6 000
Laurent Parquet – Member of the Supervisory Board (BCP Representative, appointed on 13 September 2016 to replace Lionel Mestre)						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	19 459	19 459	21 176	33 176		
Benefits in kind						
Total	19 459	19 459	21 176	33 176		
Lionel Mestre – Member of the Supervisory Board (BCP Representative, resigned on 13 September 2016)						
Fixed remuneration						
Exceptional remuneration						
Directors' fees					12 000	10 000
Benefits in kind						
Total					12 000	10 000
Daniel Cohen – Member of the Supervisory Board						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	16 216	16 216	17 647	27 647	10 000	10 000
Benefits in kind						
Total	16 216	16 216	17 647	27 647	10 000	10 000
Véronique Masi Forneri – Member of the Supervisory Board						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	6 486	6 486	7 059	13 059	6 000	6 000
Benefits in kind						
Total	6 486	6 486	7 059	13 059	6 000	6 000

FINANCIAL YEAR ENDED	31/10/2018		31/10/2017		31/10/2016	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
Caroline Texier – Member of the Supervisory Board (to replace Gaston Ghrenassia)						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	16 216	16 216	7 059	7 059		
Benefits in kind						
Total	16 216	16 216	7 059	7 059		
Gaston Ghrenassia – Member of the Supervisory Board (resigned on 27 June 2017)						
Fixed remuneration						
Exceptional remuneration						
Directors' fees				2 000	2 000	2 000
Benefits in kind						
Total				2 000	2 000	2 000
MEMBERS OF THE EXECUTIVE BOARD						
Fabrice Paire – Chairman of the Executive Board						
Fixed remuneration	420 000	420 000	410 000	410 000	360 000	360 000
Exceptional remuneration					30 000	30 000
Directors' fees						
Benefits in kind	8 959	8 959	7 030	7 030	6 859	6 859
Total	428 959	428 959	417 030	417 030	396 859	396 859
Ari Sebag – Member of the Executive Board, General Manager						
Fixed remuneration	402 583	402 583	402 583	402 583	402 583	402 583
Exceptional remuneration						
Directors' fees						
Benefits in kind*	8 445	8 445	8 382	8 382	8 330	8 330
Total	411 028	411 028	410 965	410 965	410 913	410 913
Katy Zenou – Member of the Executive Board, General Manager						
Fixed remuneration	232 242	232 242	233 924	233 924	233 924	233 924
Exceptional remuneration						
Directors' fees						
Benefits in kind	1 098	1 098	915	915		
Total	233 340	233 340	234 839	234 839	233 924	233 924
Jean-François Largillière – Member of the Executive Board						
Fixed remuneration	186 000	186 000	183 000	183 000	168 000	168 000
Exceptional remuneration					14 000	14 000
Directors' fees						
Benefits in kind*	4 127	4 127	3 180	3 180	2 574	2 574
Total	190 127	190 127	186 180	186 180	184 574	184 574

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

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

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

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

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

C) PERFORMANCE SHARES AWARDED TO EACH SENIOR EXECUTIVE OFFICER

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

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

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

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

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

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

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

For the 2017-18 financial year, €120,000 in directors' fees was allocated by Groupe Partouche to the members of the Supervisory Board and paid in full in October 2018.

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

The total amount set aside in respect of retirement benefits for the past financial year for all persons listed in Section 14.1 was €17,145.

16

OPERATION OF DIRECTORS' AND EXECUTIVE BODIES

16.1 APPOINTMENTS OF DIRECTORS AND EXECUTIVE COMPANY OFFICERS

Supervisory Board:

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

Executive Board:

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

16.2 SERVICE CONTRACTS PROVIDING FOR FUTURE BENEFITS

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

RELATIONS WITH FINANCIÈRE PARTOUCHE SA

Financière Partouche SA holds 6,433,585 shares (i.e. 68.83%) of the 9,627,034 shares with a par value of €20 each that make up Groupe Partouche SA's share capital.

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

SERVICE CONTRACTS INVOLVING ISPAR HOLDING SA

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

It holds 382,827 shares in the Company, representing 3.98% of the share capital.

SERVICE CONTRACTS INVOLVING SHAL & CO SA

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

Except for the information provided here above and as provided in 16.2 of Annex I of Commission Regulation (EC)

No. 804/2004, there are no other service contracts entered into by members of the administrative, management or supervisory bodies of the issuer or of any of its subsidiaries providing for benefits upon termination of such a contract.

16.3 EXECUTIVE AND SUPERVISORY BOARDS

16.3.1 EXECUTIVE BOARD

See Articles 16 to 19 of the Articles of Association.

COMPOSITION OF THE EXECUTIVE BOARD

Fabrice Paire: Chairman

Ari Sebag: member

Katy Zenou: member

Jean-François Largillière: member

MEETINGS OF THE EXECUTIVE BOARD

During the financial year ended 31 October 2018, the Executive Board met six times at the company's registered office. The average attendance rate was over 99%.

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

FUNCTIONING OF THE EXECUTIVE BOARD

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

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

MAIN WORK PERFORMED IN FINANCIAL YEAR 2018

The meetings of the Executive Board during the financial year ended 31 October 2018 were concerned with the preparation and presentation of the detailed activity reports submitted to the Supervisory Board at the end of quarterly, half-yearly and annual periods. These reports allow the Supervisory Board to completely fulfil its role.

MEETINGS TO REVIEW THE ACCOUNTS:

- Quarterly financial statements: 11 December 2017 (Q4 2017), 12 March 2018 (Q1 2018), 11 June 2018 (Q2 2018), 10 September 2018 (Q3 2018); after the balance sheet date: 10 December 2018 (Q4 2018);
- Interim consolidated financial statements: 18 June 2018;
- Annual financial statements: 22 January 2018 (financial year 2017); after the balance sheet date: 21 January 2019 (approval of the 2018 financial statements).

DECISIONS BY THE CHAIRMAN:

20 June 2018: after the Executive Board had signed off the financial statements on 18 June, they were signed off again following technical adjustments that had become necessary, after consulting the Statutory Auditors.

16.3.2. SUPERVISORY BOARD

See Articles 20 to 23 of the Articles of Association.

COMPOSITION OF THE SUPERVISORY BOARD

Supervisory Board:

Patrick Partouche: Chairman

Isidore Partouche: Vice-Chairman

Walter Butler: member

Butler Capital Partners, member permanently represented by Laurent Parquet

Daniel Cohen: member

Salomé Partouche: member

Véronique Masi Forneri: member

Caroline Texier: member

Philippe Picard: member representing the employees, to date

FUNCTIONING OF THE SUPERVISORY BOARD

Please refer to Section 21.2.2 of this document.

MEETINGS OF THE SUPERVISORY BOARD

During the financial year ended 31 October 2018, the Supervisory Board met six times at the company's registered office. The average attendance rate was over 90%.

It has so far met three times since the balance sheet date with one of the meetings using audioconferencing facilities.

PREPARATORY WORK IN ADVANCE OF SUPERVISORY BOARD MEETINGS

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

EVALUATION OF SUPERVISORY BOARD MEMBERS

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

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

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

The Supervisory Board evaluates the performance of its members once a year. During the financial year under review, this evaluation was on the agenda of the meeting on 11 September 2018 and did not identify any failings with the potential to adversely impact the Company.

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

MAIN WORK PERFORMED IN FINANCIAL YEAR 2018

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

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

DURING THE FINANCIAL YEAR, THE SUPERVISORY BOARD REVIEWED THE EXECUTIVE BOARD'S REPORTS ON THE FOLLOWING:

- Quarterly business activity: 12 December 2017 (business activity in Q4 2017), 13 March 2018 (business activity in Q1 2018), 12 June 2018 (business activity in Q2 2018), 11 September 2018 (business activity in Q3 2018); after the balance sheet date, 11 December 2018 (business activity in Q4 2018);
- The interim consolidated financial statements: 26 June 2018;
- The annual financial statements for financial year 2017: 30 January 2018; and, after the balance sheet date, the annual financial statements for financial year 2018: 29 January 2018.

THE SUPERVISORY BOARD ALSO:

- **12 December 2017:**
  - Heard the Chairman of the Executive Board on the Executive Board's strategy for financial year 2017/2018, together with a succinct presentation of the provisional budget,
  - Formally noted the report on authorisations granted or to be granted to the Executive Board to issue a guarantee to Groupe Partouche in connection with current public service concessions,
  - Authorised the Executive Board to enter into an agreement subject to its prior authorisation but not to the provisions of Article L.225-86 of the French Commercial Code;
- **30 January 2018:**
  - Heard the report of the Audit Committee, following its meeting on 23 January 2018, on the parent company and consolidated financial statements,
  - Continued to hear the Chairman of the Executive Board's presentation of his strategy and the provisional budget for the financial year 2018,
  - Reviewed procedures for implementing, with the holding company and subsidiaries, Sapin 2 Act arrangements regarding corruption and conflicts of interest,
  - Signed off arrangements for introducing employee representation on the Board and reviewed or re-reviewed agreements subject to Article L.225-86 of the French Commercial Code,
  - Signed off policy on and criteria for determining compensation paid to senior executives,
  - Reviewed the Board's internal rules of procedure in view of potentially bringing them into compliance with newly applicable legal and regulatory provisions,
  - Authorised the Executive Board to enter into various agreements subject to its prior authorisation but not to the provisions of Article L.225-86 of the French Commercial Code;
- **13 March 2018:**
  - Authorised the Executive Board to subscribe for an increase in the share capital of a subsidiary;
- **12 June 2018:**
  - Authorised the Executive Board to guarantee a lease granted to a subsidiary;
  - Authorised the signature of an agreement subject to the provisions of Article L.225-86 of the French Commercial Code;
- **le 26 juin 2018 :**
  - Heard the report by the Audit Committee on the interim financial statements to 30 April 2018, following that committee's meeting of 19 June 2018,

- Decided on the content of the training programme for the employee representative who is to sit on the Supervisory Board,
- Authorised the Executive Board to enter into two agreements subject to its prior authorisation but not to the provisions of Article L.225-86 of the French Commercial Code;

- **11 September 2018:**
  - Discussed the functioning of the Supervisory Board and the performance of senior executives,
  - Decided upon the apportionment of attendance fees among members of the Board.

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

- **23 November 2018:**
  - By conference call, issued various authorisations to the Executive Board to guarantee loans or leases taken out by subsidiaries;
- **11 December 2018:**
  - Authorised the Executive Board to enter into three agreements subject to its prior authorisation but not to the provisions of Article L.225-86 of the French Commercial Code,
  - Authorised the Executive Board to issue sureties and guarantees on behalf of Groupe Partouche in accordance with Article R.225-53 of the French Commercial Code;
- **29 January 2019:**
  - Heard the observations of the Chairman of the Audit Committee, following its meeting on 22 January 2019, on the parent company and consolidated financial statements for the year ended 31 October 2018,
  - Heard the Chairman of the Executive Board on the parent company and consolidated financial statements for the year and his strategy and the presentation of the provisional budget for the financial year 2019,
  - Reviewed agreements subject to the provisions of Article L.225-86 of the French Commercial Code,
  - Discussed policy on and criteria for determining compensation paid to executive officers of the company,
  - Prepared its report for the Ordinary Shareholders' Meeting on corporate governance.

16.3.3 SUPERVISORY BOARD COMMITTEES

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

THE AUDIT COMMITTEE

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

This committee has met regularly since it was formed.

In particular, in the past financial year, it met twice, on 23 January 2018 (review of the annual financial statements for financial year 2017) and on 19 June 2018 (review of the interim consolidated financial statements); moreover it met once, after the balance sheet date, on 22 January 2019 with the Statutory Auditors to verify the annual parent company and consolidated financial statements and to assess, at the close of the 2018 financial year, the process of preparing financial reporting and the effectiveness of the internal control and risk management procedures in place within the Group.

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

THE APPOINTMENTS AND COMPENSATION COMMITTEE

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

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

16.4 COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

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

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

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

This dual structure encourages a clear separation between, on the one hand, the functions of the Company's operational management, which is carried out by the four members of the current Executive Board, and on the other hand, the control function, which is permanently exercised by a Supervisory Board, at present consisting of eight members, not including the employee representative.

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

Moreover, as advocated by the AMF's terms of reference for the implementation of corporate governance principles for small- and mid-cap companies, since October 2005 the Company has applied a set of internal rules (see Section 14.3) that governs the procedures to be followed by the Supervisory Board and sets out the duties of its members. This was most recently amended by decision of the Supervisory Board on 30 January 2018 to bring it into compliance with newly applicable legal and regulatory provisions.

At its meeting of 10 December 2013, the Supervisory Board adopted the following eligibility criteria for independent members:

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

During the financial year under review and to date, three members of the Supervisory Board – Véronique Forneri, Caroline Texier and Daniel Cohen – met these criteria.

TABLE SUMMARISING COMPLIANCE WITH THE MIDDLENEXT CORPORATE GOVERNANCE CODE

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

	RECOMMENDATIONS	GROUPE PARTOUCHE
SUPERVISORY POWER	Formation of committees No obligation for committees other than the Audit Committee. Option of forming an Audit Committee or convening the Board to perform the duties of the Audit Committee	Two standing committees: - Appointments and Compensation - Audit, with one independent member since 1 January 2014
	Assessment of the Board's work	In line with recommendations
	Compensation	In line with recommendations: No severance benefits No supplementary pension No share options or bonus shares No variable compensation (bonuses)
	Corporate officers' obligations in respect of number of shares and multiple directorships	In line with recommendations
"SOVEREIGN" POWER	No specific recommendations	Compliance with key points requiring special attention

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

Moreover, the Supervisory Board consists of eight members, three of them women, not including the employee representative.

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

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

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

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

16.5.1 SUPERVISORY BOARD'S REPORT ON CORPORATE GOVERNANCE

To the Shareholders,

Ordinance 2017-1162 of 12 July 2017 implementing the Sapin II Act, and its Implementing Decree 2017-1174 of 18 July 2017 introducing various measures to simplify and clarify disclosure requirements upon companies, introduced a report on corporate governance prepared by the Supervisory Board, in accordance with the provisions of Article L.225-68 of the French Commercial Code.

This report includes the disclosures referred to in Articles L.225-37-2 to L.225-37-5 of the French Commercial Code as well as the Supervisory Board's observations on the Executive Board's report and the financial statements for the year.

I. GOVERNANCE

A. SUPERVISORY BOARD

For more detailed information about the Supervisory Board in connection with sections 1 to 3 below, please refer to Sections 14.1.1, "Supervisory Board", 14.3, "Supervisory Board rules", 16.3.2, "The Supervisory Board" and 16.4, "Compliance of corporate governance practices" in the 2018 Annual Report.

None of the Supervisory Board members' terms of office are due to expire.

1. COMPOSITION OF THE SUPERVISORY BOARD:

MEMBERS OF THE SUPERVISORY BOARD

NAMES OF MEMBERS OF THE SUPERVISORY BOARD:	CORPORATE OFFICE HELD	EXPIRATION OF APPOINTMENT
PATRICK PARTOUCHE	Chairman	31/10/2019
ISIDORE PARTOUCHE	Vice-Chairman	31/10/2019
WALTER BUTLER	Member	31/10/2022
SA BUTLER CAPITAL PARTNERS Represented by Laurent Parquet	Member	31/10/2022
DANIEL COHEN	Member	31/10/2019
SALOMÉ PARTOUCHE	Member	31/10/2022
VÉRONIQUE FORNERI	Member	31/10/2019
CAROLINE TEXIER	Member	31/10/2019
EMPLOYEE REPRESENTATIVE – APPOINTED BY THE GROUP WORKS COUNCIL	Member	10/04/2020

1.1 List of Supervisory Board members' offices and duties

A list of all offices held and duties performed in any company by each member of the company's Supervisory Board is set out in Section 14.1.1 of the 2018 Annual Report.

1.2 Gender representation

With three women and five men on its Board, the company complies with the provisions of Act 2011-103 on balanced gender representation on boards of directors and supervisory boards and workplace gender equality.

1.3 Independent members

To be eligible to serve as an independent member, an individual must be both competent and independent:

- **Competence**

  An independent member must have the experience and expertise needed to fully and effectively perform his or her duties on the Supervisory Board and any committees on which he or she might sit.

- **Independence**

  An independent member must meet a number of requirements demonstrating that he or she is independent of the company, its shareholders and its senior executives.

2. RESPONSIBILITIES OF THE SUPERVISORY BOARD *(cf. Section 16.3.2 of the 2018 Annual Report)*

The Supervisory Board meets as often as the interests of the Company dictate, and in any event at least four times a year. During the financial year ended 31 October 2018, the Supervisory Board met six times, with an average attendance rate of 90%.

The Supervisory Board performs a permanent control of the way in which the Company is managed by the Executive Board. 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.

The Supervisory Board's deliberations are officially established by minutes kept in a special record filed at the Company's registered office.

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

3.1 Principles

Having familiarised itself with the corporate governance code for small and mid cap companies published by Middlenext in 2009 and updated in September 2016, the Supervisory Board designated it as the code to which the company refers as its overall terms of reference in relation to corporate governance, and implemented a range of measures based on the corporate governance principles laid down therein.

3.2 Internal rules

The internal rules of procedure were unanimously adopted by the Supervisory Board at its meeting of 27 October 2005.

They are regularly reviewed and have since been amended by decision of the Supervisory Board on 24 December 2008, 8 June 2011 and 30 January 2018.

The Board has also established two standing committees – the Audit Committee and the Appointments and Compensation Committee – together with temporary committees as and when required.

During the financial year under review and to date, only the standing committees met.

B. EXECUTIVE BOARD

The Executive Board members' terms of office are due to expire on 30 October 2019.

1. COMPOSITION OF THE EXECUTIVE BOARD

EXECUTIVE BOARD MEMBERS	CORPORATE OFFICE HELD	EXPIRATION OF APPOINTMENT
FABRICE PAIRE	Chairman:	30/10/2019
ARI SEBAG	Member of the Executive Board	30/10/2019
KATY ZENOU	Member of the Executive Board	30/10/2019
JEAN-FRANÇOIS LARGILLIÈRE	Member of the Executive Board	30/10/2019

2. LIST OF MANDATES AND FUNCTIONS OF EXECUTIVE BOARD MEMBERS

A list of all offices held and duties performed in any company by each member of the company's Executive Board is set out in Section 14.1.2 of the 2018 Annual Report.

II. PRINCIPLES AND CRITERIA FOR DETERMINING COMPANY OFFICERS' COMPENSATION

(Article L.225-82-2 of the French Commercial Code)

A. COMPENSATION POLICY FOR EXECUTIVE BOARD MEMBERS

1. GENERAL PRINCIPLES

In accordance with legal provisions, compensation for Executive Board members is determined by the Supervisory Board.

2. PROCEDURES FOR DETERMINING, APPORTIONING AND ALLOTTING FIXED, VARIABLE AND EXCEPTIONAL COMPENSATION

Executive Board members' fixed, variable and exceptional compensation is decided by the Supervisory Board on an individual basis in line with each individual's responsibilities.

3. FIXED REMUNERATION

The Supervisory Board determines each Executive Board member's fixed compensation taking into account the scope and complexity of their responsibilities, their experience in role, their length of service with the Group, and practices at other groups or companies of a comparable size.

4. VARIABLE AND EXCEPTIONAL COMPENSATION

The Supervisory Board determines, where applicable, Executive Board members' variable compensation based on a variety of predetermined demanding and specific performance criteria enabling a comprehensive analysis of performance aligned with the company's medium-term strategy and shareholders' interests.

These include both quantitative and qualitative criteria. In the event of exceptional circumstances or transactions, the Supervisory Board may award Executive Board members exceptional compensation. Payment of variable and exceptional compensation to Executive Board members is subject to approval at the Annual Shareholders' Meeting.

5. DEFERRED COMPENSATION UNDER ARTICLE L.225-90-1 OF THE FRENCH COMMERCIAL CODE

Executive Board members may be eligible for insurance (such as that provided by GSC) covering the risk of termination of their service, including their non-reappointment.

6. BENEFITS OF ANY KIND FOR WHICH EXECUTIVE BOARD MEMBERS MAY BE ELIGIBLE

6.1 Business expenses

Executive Board members are entitled to reimbursement of all business expenses incurred in the performance of their duties, on presentation of receipts and in compliance with procedures in force within the company.

6.2 Social security cover

Executive Board members are eligible for social security cover under the general social security regime for sickness, incapacity, old age, death, widowhood and paternity under the conditions laid down in Articles L.311-1 et seq. of the French Social Security Code. More generally, they are also eligible, under the same financial conditions and terms of cover, for the same pension schemes, healthcare costs, supplementary health insurance and income replacement insurance for which they qualified as employees of the company.

6.3 Executive liability insurance

Executive Board members are covered by executive liability insurance paid for in full by the company.

7. COMPANY CARS

Executive Board members may be provided with a company car. Company cars are classed as a benefit in kind subject to tax and social security.

B. COMPENSATION POLICY FOR SUPERVISORY BOARD MEMBERS

1. GENERAL PRINCIPLES

Supervisory Board members are compensated for their duties in the form of attendance fees.

2. TERMS

The maximum total amount of attendance fees is decided by the shareholders voting on a specific resolution at a Shareholders' Meeting. The Supervisory Board determines how this maximum total amount is to be apportioned among its members, notably taking into account specific responsibilities assigned to certain of its members.

3. FIXED, VARIABLE AND EXCEPTIONAL COMPENSATION

Supervisory Board members may receive fixed or variable compensation depending on their other responsibilities within the Group. Supervisory Board members to whom exceptional responsibilities are assigned may be allotted compensation in the form of either additional attendance fees or specific exceptional compensation.

4. BENEFITS OF ANY KIND PAYABLE

Supervisory Board members are entitled to reimbursement of all business expenses incurred in the performance of their duties, on presentation of receipts and in compliance with procedures in force within the company.

III. COMPENSATION AND BENEFITS PAID TO COMPANY OFFICERS

(Article L.225-102-1 of the French Commercial Code – cf. Section 15.1.2 of the 2018 Annual Report)

1. COMPENSATION AND BENEFITS PAID TO COMPANY OFFICERS DURING FINANCIAL YEAR 2018

Full information can be found in Section 15 of the 2018 Annual Report.

In accordance with the provisions of Article L.225-37-3 of the French Commercial Code, the amount of compensation and benefits paid to each company officer in respect of the financial year under review is set out below.

EXECUTIVE BOARD MEMBERS (IRRESPECTIVE OF HOW LONG THEY SERVED DURING THE FINANCIAL YEAR)	TOTAL COMPENSATION* (RECEIVED WITHIN THE GROUP)	O/W BENEFITS IN KIND	O/W DIRECTORS' FEES GROUPE PARTOUCHE	O/W DIRECTORS' FEES SUBSIDIARIES
FABRICE PAIRE	428 959	8 959	0	0
ARI SEBAG	411 028	8 445	0	0
KATY ZENOU	233 340	1 098	0	0
JEAN-FRANÇOIS LARGILLIÈRE	190 127	4 127	0	0

(*) Expressed as gross annual amounts, including benefits in kind.

SUPERVISORY BOARD MEMBERS (IRRESPECTIVE OF HOW LONG THEY SERVED DURING THE FINANCIAL YEAR)	TOTAL COMPENSATION* (RECEIVED WITHIN THE GROUP)	O/W BENEFITS IN KIND	O/W DIRECTORS' FEES GP**	O/W DIRECTORS' FEES SUBSIDIARIES
PATRICK PARTOUCHE	544 459	6 915	19 459	-
ISIDORE PARTOUCHE	152 545	-	19 459	13 086
SALOMÉ PARTOUCHE	16 216	-	16 216	-
VÉRONIQUE FORNERI	6 486	-	6 486	-
BCP- LAURENT PARQUET	19 459	-	19 459	-
WALTER BUTLER	6 486	-	6 486	-
DANIEL COHEN	16 216	-	16 216	-
CAROLINE TEXIER	16 216	-	16 216	-
EMPLOYEE REPRESENTATIVE	-	-	-	-

(*) Expressed as gross annual amounts, including benefits in kind and attendance fees.
(**) €120,000 in attendance fees allotted in respect of financial year 2017/2018 at the Ordinary Shareholders' Meeting of 11 April 2018 and paid in full in September 2018.

The total remuneration paid to the executive bodies and the directors' fees paid to the members of the Supervisory Board during the financial year ended 31 October 2018 thus amounted to €2,041,539.

The company has not entered into any commitments in favour of its company officers in respect of compensation or benefits due or likely to become due by reason of or subsequent to them taking up, leaving or changing their duties; in particular, there are no plans to award any severance benefits, supplementary pensions, stock options, bonus shares or variable compensation (bonuses).

2. 2018 ATTENDANCE FEES

The Supervisory Board proposes, at the next Shareholders' Meeting, to set the amount of attendance fees allotted to Supervisory Board members at €120,000 in respect of the year beginning 1 November 2018; the Supervisory Board shall determine how this amount is to be apportioned among its members.

IV. AGREEMENTS PROVIDED FOR IN ARTICLE L.225-37-4 OF THE FRENCH COMMERCIAL CODE

We hereby confirm that we have not identified any agreements, whether entered into directly or through an intermediary, between:

- any member of the Executive Board, any member of the Supervisory Board or any shareholder holding more than 10% of the voting rights in Groupe Partouche; and
- any other company of which Groupe Partouche directly or indirectly owns more than half,

with the exception of arm's length agreements relating to day-to-day operations.

V. ADDITIONAL INFORMATION

DELEGATIONS OF AUTHORITY

A table summarising currently valid delegations of authority granted by the shareholders in respect of increases in the share capital, pursuant to Articles L.225-129-1 and L.225-129-2 of the French Commercial Code, can be found in Section 21.1.5 of the 2018 Annual Report.

The Executive Board has been granted various authorisations under which it may decide to buy back treasury shares, issue securities giving access to equity or reduce the share capital. These authorisations were granted to it at the Extraordinary Shareholders Meeting of 5 April 2017 and the Ordinary and Extraordinary Shareholders' Meetings of 11 April 2018.

These authorisations were not used during the financial year ended 31 October 2018, nor have they been used to date.

1. SPECIAL CONDITIONS FOR ATTENDANCE AT SHAREHOLDERS' MEETINGS

All shareholders are entitled to attend Shareholders' Meetings, the operating rules of which are laid down in Articles 27 to 37 of the Articles of Association and reiterated in Section 21.2.5 of the Groupe Partouche 2018 Annual Report.

2. FACTORS LIKELY TO HAVE AN INFLUENCE IN THE EVENT OF A PUBLIC TENDER OFFER

In accordance with Article L.225-100 of the French Commercial Code, we hereby confirm that there are no factors likely to have an influence in the event of a public tender offer, as specified in Article L.225-100-3 of that same code.

3. OBSERVATIONS ON THE MANAGEMENT REPORT AND THE PARENT COMPANY FINANCIAL STATEMENTS

We hereby confirm that the parent company financial statements for the financial year ended 31 October 2018 and the management report were provided to the Supervisory Board within the timescales laid down in legal and regulatory provisions.

The parent company financial statements for the year ended 31 October 2018 show the following key totals:

Total assets: €830,437k

Turnover: €11,791k

Net profit for the year: €5,838k

CONSOLIDATED FINANCIAL STATEMENTS

Furthermore, the Supervisory Board acknowledges having been made aware of the consolidated financial statements, which show net profit attributable to equity holders of the parent company of €6,233k.

Revenue in the financial year was affected by the change in the rate of the CSG general social security contribution levy.

Under the French Social Security Act, the CSG rate increased from 9.5% to 11.2% with effect from 1 January 2018. For French casinos, this increase in the CSG levy applied to a portion (68%) of gross gaming revenue from slot machines, less 15% relief.

This measure reduced the Group's turnover by €3.7m.

In light of the foregoing, we have no particular observations to make on either the Executive Board's management report or the financial statements for the year ended 31 October 2018.

Supervisory Board

Patrick Partouche


CAISSE
L'ÉCONOMIE CASINO POUR SORTIR DE LA CRISE
Le 1er livre de Patrick Partouche
LA BANQUE A SAUTÉ
EN VENTE DANS CE CASINO

17

CSR AND STATEMENT OF NON-FINANCIAL PERFORMANCE

In accordance with Ordinance 2017-1180 of 19 July 2017 (Article L.225-102-1), Groupe Partouche's statement of non-financial performance is set out below.

17.1 LABOUR, SOCIAL AND ENVIRONMENTAL INFORMATION

17.1.1 LABOUR INFORMATION

Groupe Partouche's mission is to entertain its clients – all of them.

Whether regulars, occasional gamers, just passing through, holders of our Players Plus card, young or not so young, grandparents, challengers, adrenaline seekers or party animals; whether with friends, at a wedding party, staying at one of our hotels, playing golf or other sports; our promise is the same: to give them an experience that goes beyond their expectations.

As varied as our clients are, they all have one thing in common: they always want to be entertained, to forget about their day-to-day worries during their time with us. This is equally true of businesses that choose to hold conferences or seminars at our venues.

A number of our sites offer services designed to meet businesses' needs for conferences or customer seminars.

To fulfil our mission as effectively as possible, we can draw on over 45 years of expertise and innovation in an open, family-owned group where the spirit of fun, welcome and entertainment are part of our DNA. Our values are instilled into the very fabric of our business: WE ARE FRIENDLY, DYNAMIC AND COMMITTED CASINO OPERATORS.

We exist to enable our clients – gamers in particular – to game in a fun, pleasant and secure environment, and to make sure every single client finds the right form of entertainment for them.

We feel a great sense of responsibility towards gamers, local authorities and suppliers.

In most of our key businesses (gaming, catering, hotels and shows), our business model is focused on personal clients.

In the most important segment, gaming, our model is based on the high likelihood that the total amount wagered by clients will always exceed their winnings.

This is true both for traditional and electronic table games and for slot machines.

Our catering and hotels business model is based firstly on transforming the products we serve to our clients and secondly on providing rooms and spaces for personal clients and business meetings.

STRATEGY AND OUTLOOK

Groupe Partouche is keen to remain focused on its recreational business, principally gaming. Furthermore, gamification, which is at the heart of the Group's strategy, offers prospects for growth. Whether as an additional service linked to an existing offering or as a fully-fledged offering in its own right, we are keen to develop gamification across all platforms, and particularly digital platforms, after the example of our Partouche Casino Games app and the games offered in our casinos.

17.1.2 ASSESSMENT OF OUR ISSUES AND RISKS

Materiality analysis – a key precursor to any effective risk analysis – enables an organisation to identify its most significant corporate social responsibility (CSR) issues and ensure that appropriate action plans are in place to address them. The fundamental principle of such an approach is to compare the company's perception of the importance of an issue (seen through the eyes of one or more of its employees) with that of its key stakeholders (people, groups or organisations that have an effect on or may be affected by the company's actions or goals).

Issues relevant to both parties represent those themes that are likely to create the most value for the organisation and/or to limit its key social responsibility risks.

For our materiality analysis, we took selected CSR issues and compared the perception of members of the Group's Executive Committee with that of all internal and external stakeholders.

Issues were selected based on a number of sources:

- competitor benchmarking (Barrière, Loto Québec, Casinos Austria, JOA, etc.);
- a document review to establish Groupe Partouche's existing CSR issues and achievements;
- qualitative telephone or face-to-face interviews with internal and external stakeholders based on a predefined interview guide.

This first stage resulted in the selection of 12 key issues for Groupe Partouche in terms of:

- employee recognition and support;
- client reception and responsible gaming;
- having a positive local impact;
- environmental awareness.

RECOGNISING AND SUPPORTING OUR EMPLOYEES	1	MANAGING DIVERSITY
	2	DEVELOPING HUMAN CAPITAL
	3	HEALTH AND SAFETY OF EMPLOYEES AND PARTNERS
GUARANTEEING A FRIENDLY WELCOME AND RESPONSIBLE GAMING	4	RESPONSIBLE GAMING POLICY
	5	RIGOUR AND TRANSPARENCY IN BUSINESS
	6	FOOD SAFETY
HAVING A POSITIVE LOCAL IMPACT	7	DEVELOPING LOCAL PURCHASING
	8	SUPPORTING CULTURAL AND COMMUNITY LIFE
	9	ECONOMIC AND SOCIAL CONTRIBUTION
BEING ENVIRONMENTALLY AWARE	10	ENERGY RESOURCES AND GREENHOUSE GAS EMISSIONS
	11	OPTIMISING OUR WATER CONSUMPTION
	12	RECOVERING OUR WASTE

This list of issues was submitted to Groupe Partouche's internal and external stakeholders via an online survey to which 684 stakeholders responded. Respondents ranked the 12 key issues using the following scale:

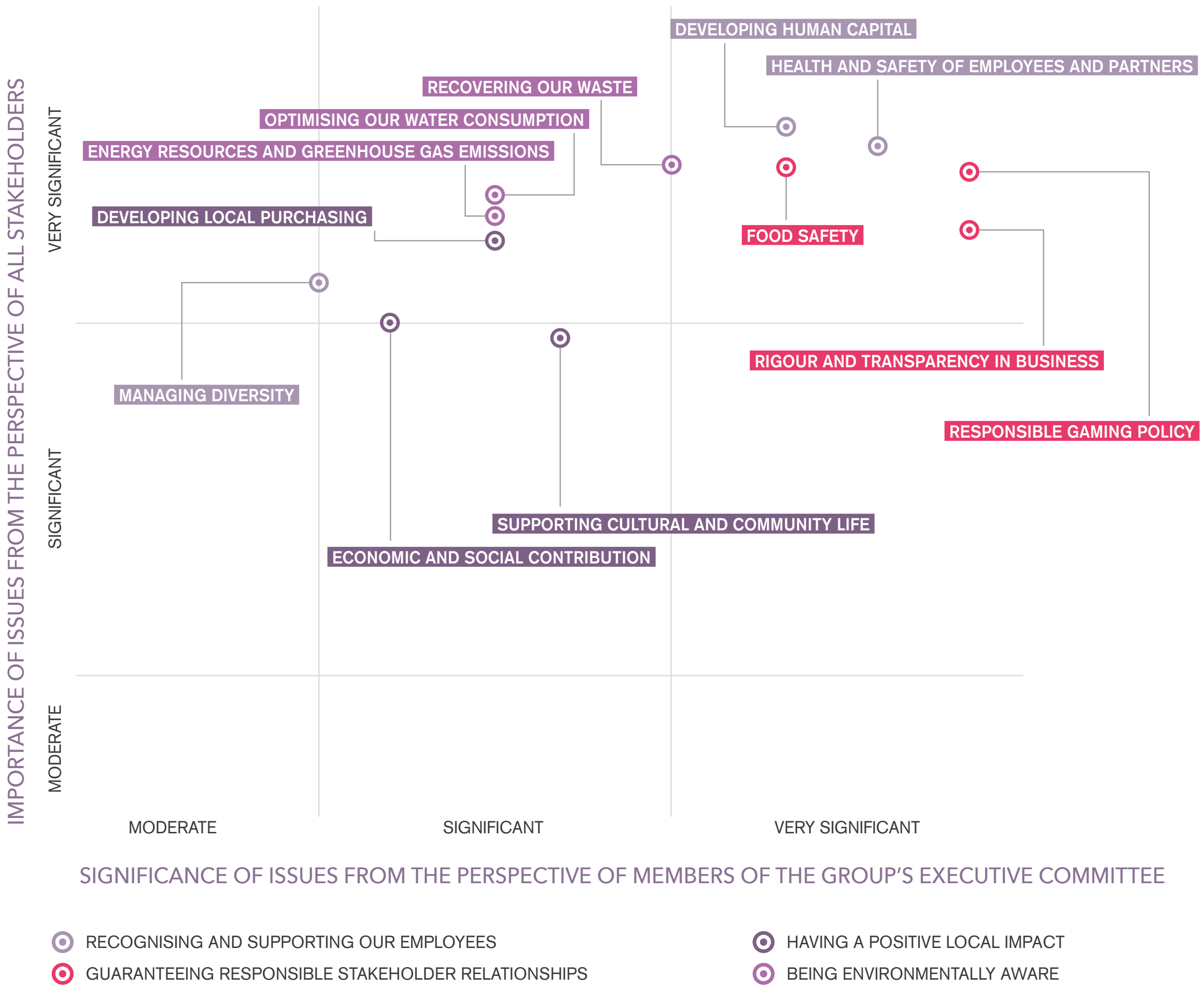
"Of the following issues, which are the ones you think Groupe Partouche must take action to address as a priority?

Score the importance of each issue for the Group from 1 to 4, where 1 is unimportant and 4 is very or strategically important."

The results of this survey formed the basis of the materiality matrix that will inform the company's business strategy.

The entire process was overseen by a project committee consisting of the project director, an outside firm that helped us with this project and the Group's CSR Department.

This exercise is intended to enhance the Group's overall strategy. It may be supplemented with additional information from our internal and external stakeholders over the coming years. It forms the first stage of an analysis of risk factors, including in particular those risks set out in Section 4 of this report.



17.1.3 NOTE ON THE METHODOLOGY USED TO PREPARE LABOUR AND ENVIRONMENTAL DATA

With the help of a working group composed of CSR champions and contributors, the CSR indicators were adjusted, either in their wording or in their calculation mode, in order to ensure the reliability of the data collected.

REPORTING SCOPE

The labour, social and environmental data presented cover all businesses operationally controlled by Groupe Partouche in France and abroad.

Data are reported across the following scopes:

- ‘Groupe Partouche’, consisting of ‘Europe’ and ‘Rest of World’;
- ‘Europe’, consisting of entities registered in France as well as Belgian and Swiss entities;
- ‘Rest of World’, consisting solely of the casino in Djerba.

The CSR consolidation scope covers 45 entities in France, 1 entity in Belgium, 2 entities in Switzerland and 1 entity in Tunisia.

DATA COLLECTION, CONSOLIDATION AND VERIFICATION

REPORTING PERIOD AND ACCOUNTING RULES

Data collected relate to the period from 1 November 2017 to 31 October 2018.

DATA COLLECTION PROCEDURE

45 CSR officers oversee data entry at the entities they manage, then approve this data and submit it to the programme director. Some of these CSR champions are responsible for more than one entity.

For those subsidiaries that already use some or all of the software, some data are suggested by the software once a small amount of information has been input.

Data were gathered using the Sigma-RH system available at all Groupe Partouche subsidiaries, with the exception of the casino in Djerba, which submits its data in an Excel file. Their data are then entered in SIGMA-RH by the programme director.

DATA CONSOLIDATION AND VERIFICATION PROCEDURE

The system is used to input data, perform calculations and subsequently consolidate the data. There are multiple levels of checks:

- Contributors input data within their entities;
- CSR officers check all data input at their entity before approving said data;
- The programme director checks all data gathered before it is consolidated.

BACKGROUND

The data do not include employees with contracts for occasional temporary work, or artists.

METHODOLOGICAL DETAILS

LABOUR DATA:

The majority of labour data will be provided by the head office.

Number of permanent employment contracts (fixed contracts for subsidiaries outside France) entered into in the year: employees on fixed-term contracts who sign a permanent contract are counted once, even if they were previously employees.

The number of part-time employees present at 31/10/2018 includes employees working part time due to health reasons.

The number of employees with a recognised disability was determined at 31/10/2018.

Number of interns present during the year: an intern who completes two internships under two internship agreements is counted twice.

When calculating number of hours' absence, the following reasons are used:

- occupational accident/relapse;
- sickness/hospitalisation;
- occupational illness;
- commuting accident;
- illness.

The following grounds for redundancy and dismissal are captured:

- redundancy following court-ordered liquidation or insolvency proceedings;
- redundancy following permanent closure of the establishment;
- redundancy on economic grounds;
- redundancy on other grounds;
- dismissal for gross misconduct;
- dismissal for wilful misconduct;
- redundancy on grounds of physical unfitness (non-occupational in origin);
- redundancy on grounds of physical unfitness (occupational in origin).

Only declarations of occupational accidents with medical leave are recognised.

The severity rate of occupational accidents is calculated using the following formula:

- no. of days lost through temporary incapacity / total no. of hours worked) x 1,000;
- one day is equivalent to seven hours.

The number of workspaces adapted for employees with a disability or incapacity declared during the year only takes into account those employees with:

- physical unfitness identified after an occupational medicine consultation;
- classified disability (level 1, 2 or 3);
- recognised status as an employee with a disability;

and for whom physical (e.g. chairs, tables) or organisational (e.g. adjustments to work schedule) changes were made to the workspace.

Only those illnesses recognised during the fiscal year are counted; as such, a person still suffering from an occupational illness that was recognised the previous year is not counted.

The selected representative bodies are as follows:

- works council;
- employee delegates;
- single employee delegation;
- committee on health, safety and working conditions;
- trade union representatives;
- social and economic committee.

The total spent on professional training takes into account only the amounts excluding taxes stated in the agreements. Additional costs such as salaries or travel expenses should therefore not be added.

CSR training covers the following:

- waste management and sorting;
- reducing water consumption;
- reducing energy consumption;
- protecting biodiversity;
- dosage of chemicals and detergents;
- handling and storage of hazardous substances.

SOCIAL DATA:

Local hiring refers to recruitment within a 50 km radius of the entity. The address shown on the work contract is the one used to identify the employees concerned.

Only suppliers and subcontractors with which the entity worked at least once during the tax year will be counted.

Example: Supplier X, which worked with the subsidiary from March 2013 to September 2014, and subsequently from January 2017 to March 2018, is counted.

Subcontractor Y, which worked with the subsidiary in October 2017, is not counted, since the financial year begins in November 2017.

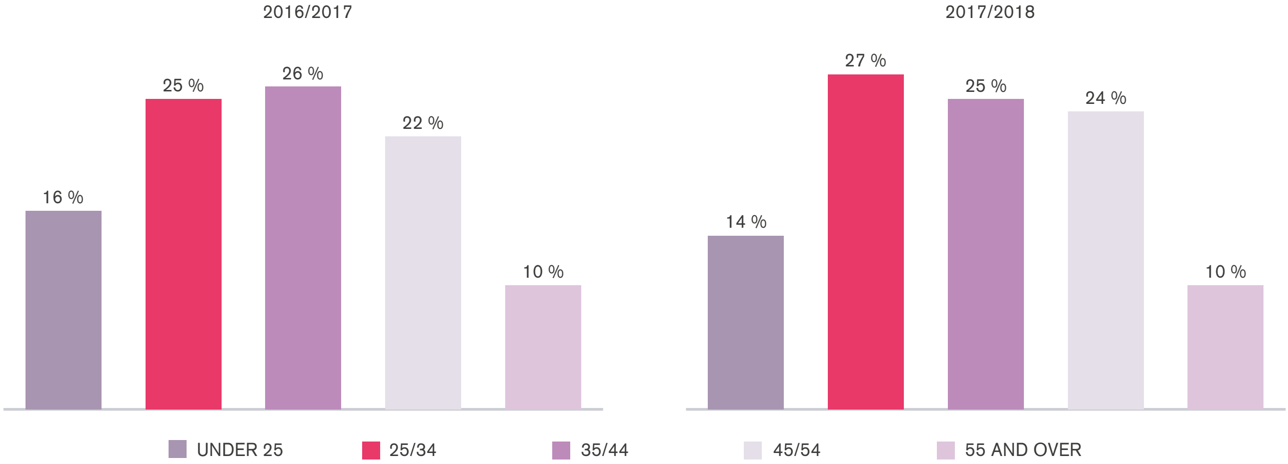
17.1.4 RECOGNISING AND SUPPORTING OUR EMPLOYEES

EMPLOYMENT

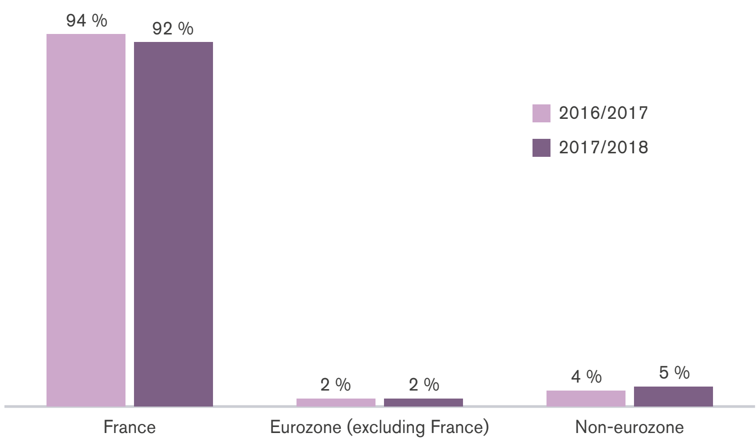
The labour, social and environmental data presented cover all businesses operationally controlled by Groupe Partouche in France and abroad.

CATEGORIES AT 31 OCTOBER	2018	2017	2016
Executives	846	838	809
Supervisors and technicians	262	248	248
Other employees	3 023	3 064	2 964
Manual workers	135	138	147
Total	4 266	4 288	4 168

BREAKDOWN OF WORKFORCE BY AGE



BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL REGION



Our workforce is spread across four countries on two continents: France, Belgium, Switzerland and Tunisia.

It has been stable for several years.

The Group's total payroll including social security contributions came to €172.54m, up 1.64% from the previous financial year, and the combined total of employee profit-sharing amounts paid by subsidiaries came to €2.88m.

Among the Group's 4,266 employees at 31 October 2018, men made up 60.54% and women 39.46%.

	2015/2016	2016/2017	2017/2018
Number of permanent contracts entered into in the financial year	726	824	849
Number of redundancies and dismissals in the financial year	140	179	186

Numbers of employees leaving and joining the Group were up slightly year on year.

Turnover for employees with permanent contracts, in the casinos and hotels that were open to the public for the entire financial year and were not subject to restructuring, which was calculated based on the average of the number of employees who left the company and the number of employees hired over the period, divided by the initial number of employees at the beginning of the period, was 24.84%.

WORK ORGANISATION

In most of the subsidiaries, the business involves a work organisation of seven days a week, with alternating working hours. This is explained by the range of opening hours of casinos and hotels, and by the fact that the establishments are open 7 days a week. However, the use of part-time staff remains very limited.

	2015/2016	2016/2017	2017/2018
Use of part-time staff (%)	5,28 %	5,16 %	5,34 %
Absentee rate (%)	0,51 %	5,04 %	6,38 %

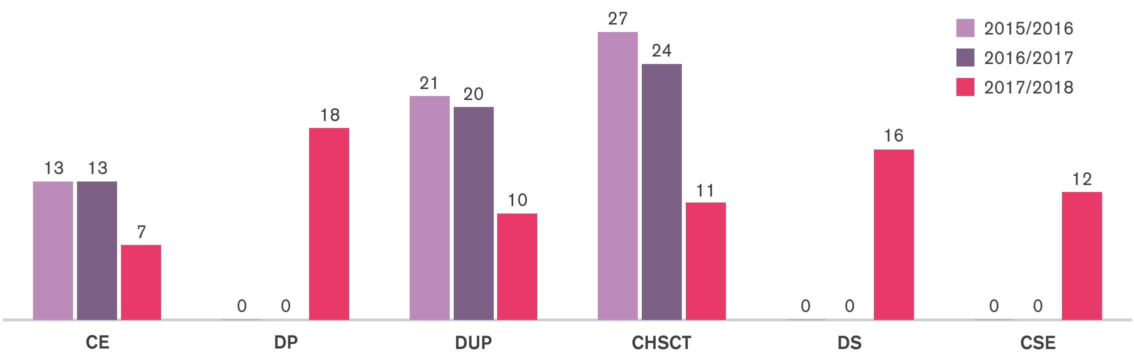
Detailed job descriptions are in place in 42 subsidiaries, and periodic staff appraisals are in place at 33 subsidiaries.

ORGANISATION OF LABOUR–MANAGEMENT RELATIONS

Subsidiaries of Groupe Partouche SA are legally independent of one another and enjoy full autonomy, both as a result of the Group's diversified organisational structure (geographic locations, different sizes of casinos and other subsidiaries, wide range of activities, collective bargaining agreements, etc.) and in line with gaming regulations in force.

Each subsidiary makes sure that lines of communication between management and staff remain open, the key to successful working relationships within the Group. By giving subsidiaries complete autonomy in this area, thus respecting the importance of ensuring a "real-time" approach to staff supervision, management teams are able to effectively adapt to local circumstances. A total of 16 company-wide agreements were negotiated and signed during the year.

NUMBER OF EMPLOYEE REPRESENTATIVE BODIES



Meetings of representative bodies are held in accordance with legal provisions in force.

The works councils have the possibility of creating their own page on the mobile application that is provided to subsidiaries and intended for employees.

The Group committee met twice during the financial year, in accordance with applicable legal provisions.

While fostering exchanges and ensuring that processes are harmonised across the Group, this organisation also respects the specific characteristics of subsidiaries, allowing each to adopt its own autonomous management approach at the local level, closely reflecting the needs of both staff and clients. This application of the subsidiarity principle is well suited to the Group's identity and the strong local roots of its subsidiaries.

In addition, the head office serves an advisory role on behalf of its subsidiaries, considered as internal clients, in all areas related to human resources. The head office also provides them with a full set of related software tools (payroll management, human resources information system, training, intranet and mobile application) and administrative support.

On 17 September 2018, Group Partouche and UNI Global Union signed a global agreement covering basic employment rights, and in particular issues concerning freedom of association and collective bargaining. This confirms Groupe Partouche's commitment to human rights.

HEALTH AND SAFETY

The frequency rate for occupational accidents (no. of accidents declared / no. of hours worked x 1,000,000) was 27.82 for hotels and casinos in France.

The methods used to calculate the frequency rate is in accordance with the method used by the French National Research and Safety Institute (INRS).

A total of 185 occupational accidents were reported.

The methods used to calculate the frequency and severity rates are in accordance with the method used by the French National Research and Safety Institute (INRS).

Sixteen agreements are in force concerning health and safety in the workplace.

The number of occupational illnesses recognised during the financial year was six.

To prevent physical strain at work, the human resources information system for French casinos includes information on each employee's exposure to arduous or physically straining factors, which in our industry mainly includes working at night. The system also allows for individual risk assessment monitoring.

A reference employee has been designated as a health and safety contact for Group Partouche's French companies.

A page dedicated to prevention is included on the mobile application that is provided to subsidiaries and intended for employees.

TRAINING

Groupe Partouche SA is the sole shareholder of the Centre de Formation Professionelle des Casinos (CFPC) training centre.

Its purpose is to deliver business training and foster conditions conducive to the development of a more learning-focused organisation.

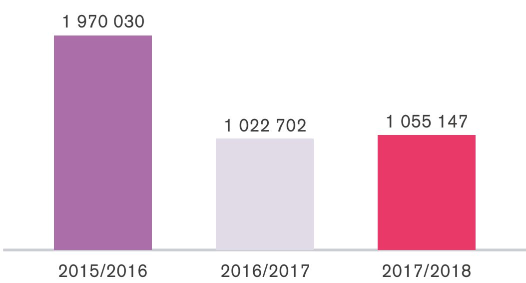
The CFPC received accreditation from the French national labour/management commission (Commission paritaire nationale de l'emploi – CPNE) for the casinos sector. This allows the centre to provide training for future croupiers so that they can obtain the certificate qualifying them as professional croupiers. The courses are held at the Casino de Forges-les-Eaux and the Casino de Palavas Les Flots.

A partnership with IUT de Cergy Pontoise and VAE Les 2 Rives provided executives of the French subsidiaries with a professional training programme to receive a professional diploma in management of commercial activities or management and sales management within the framework of the VAE. The programme began in March 2017 and concluded in February 2018.

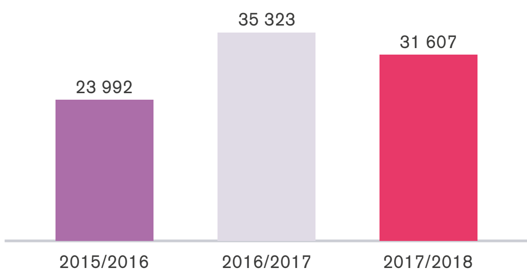
French apprenticeship tax paid to the FAFIH, the accredited collecting body for the casino sector, as well as for hotels, cafés and restaurants, totalled €693,759.99. The FAFIH generally apportions this tax among local apprentice training centres, with which the Group's subsidiaries have established partnerships.

New recruits are supported by an identified mentor at 13 entities.

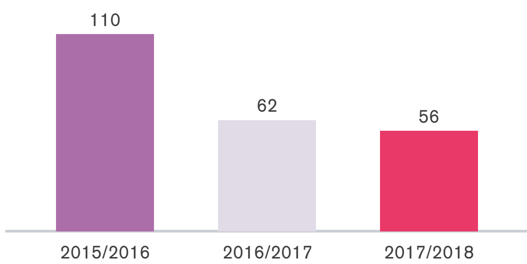
AMOUNT SPENT ON TRAINING (€)



NUMBER OF HOURS' TRAINING



NUMBER OF WORK-LINKED TRAINING CONTRACTS



GENDER EQUALITY IN THE WORKPLACE

Women represent 39.46% of the workforce, a very slight increase from the previous financial year.

Furthermore, regular negotiations take place on this subject in the subsidiaries concerned, in compliance with legal provisions in force.

ACTIONS IN FAVOUR OF EMPLOYEES WITH DISABILITIES

The Ressources et Handicap programme introduced in 2014 offered employees the opportunity to directly contact advisors by e-mail or via the hotline made available to them for the duration of the programme.

This programme, which also involves an internal communications campaign (including posters and information accompanying payslips), has helped raise awareness of the fact that disabilities are a matter of concern for each and every employee. Group employees have expressed considerable interest in the information provided to them.

Eleven workspaces have been adapted to take into account the needs of employees with a declared disability.

Lastly, seven subsidiaries circulate job offers to organisations that promote employment for people with disabilities, and 13 have delivered employee training or awareness campaigns on integrating people with disabilities.

A page for people with disabilities is included on the mobile application provided to subsidiaries and intended for employees. To date, 13 subsidiaries have implemented or ordered it.

ANTI-DISCRIMINATION POLICY

The anti-discrimination policy is mainly applied by fostering values of tolerance and respect. Eight subsidiaries carried out awareness-raising activities on the subject of discrimination.

To the best of our knowledge, no discrimination-related incidents were recorded or led to a conviction.

PROMOTING COMPLIANCE WITH THE INTERNATIONAL LABOUR ORGANISATION'S FUNDAMENTAL PRINCIPLES OF:

- Upholding freedom of association and the right to collective bargaining;
- Eliminating discrimination in respect of employment and occupation;
- Eliminating forced or compulsory labour;
- Effectively abolishing of child labour.

To the best of our knowledge, Groupe Partouche complies with the International Labour Organisation's fundamental principles regarding the aforementioned points.

No one under the age of 18 is hired by our subsidiaries, other than in the cases of regulated training-related agreements.

17.1.5 GUARANTEEING A FRIENDLY WELCOME AND RESPONSIBLE GAMING

FAIR COMMERCIAL PRACTICES

PREVENTING AND COMBATING FRAUD

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

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

Furthermore, casinos are subject to anti-money laundering and counter-terrorist financing regulations.

In accordance with the legal and regulatory provisions of the French Monetary and Financial Code, the legal representatives and directors responsible for the Group's institutions are required to implement vigilance and control measures and, if necessary, to report any money laundering attempts to the «Tracfin» financial intelligence unit.

Training is regularly offered to staff at Groupe Partouche casinos.

Moreover, the Groupe Partouche holding company and its subsidiaries are subject to the requirements of the Sapin II Act on transparency, anti-corruption and economic modernisation.

Executives have received training and a Group-wide anti-corruption code of conduct has been put in place.

PREVENTING EXCESSIVE GAMING

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

To ensure gaming remains a pleasure and a pastime to be enjoyed in moderation, the Group has for a long time been promoting "responsible gaming" within its subsidiaries, an initiative that it is currently developing in partnership with Adictel. Forty casinos have partnered with Adictel or a similar organisation for the two subsidiaries in Switzerland.

Adictel is an independent French reference system that helps prevent excessive gaming and provides real support to dependent players, seven days a week. This operational assistance system provides real-time support to players in difficulty.

Upon written request from the player, Adictel counsellors have the power to subject the player to the limitations and restrictions that he or she wishes to have imposed. This action is carried out at all Group Partouche SA's French casino subsidiaries.

Groupe Partouche SA's subsidiaries are therefore keen to give the staff members who have contact with clients continuing training, with the aim of providing clients with information, giving help to those in difficulty as well as someone in whom they can confide.

38 casinos are subscribed to the a training pack on the detection of players in difficulty created by the CFPC. This training pack includes a video, two questionnaires and a structured training guide.

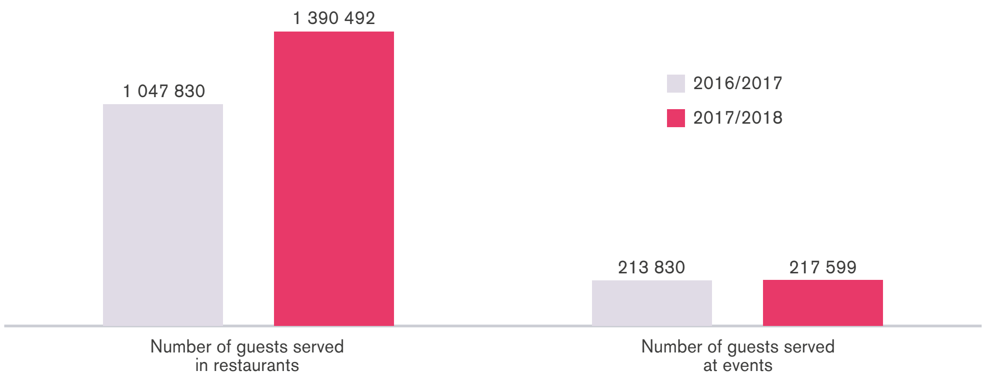
Each casino has posters and brochures supplied by Adictel, which are clearly displayed in gaming rooms to remind clients of the dangers of excessive gaming.

Furthermore, mandatory regulatory notices are displayed at the entrances to all gaming rooms reiterating that under-18s and those banned by the Minister of the Interior (either at their own request or as a result of protection measures in accordance with Article 459 of the French Civil Code) are prohibited from entering, and anyone wishing to enter a gaming room is subject to systematic checks by personnel licensed by the Interior Ministry.

FOOD SAFETY

Owing to its highly developed catering activity, Groupe Partouche is committed to ensuring a high level of food safety.

CATERING



The company's main concern is of course ensuring the satisfaction and loyalty of its customers. Besides this, in the event of a breach coming to light during an inspection by the regulatory authorities (such as, the French Office of Fair Trading [DDCCRF], the Departmental Directorate for Veterinary Services [DDSV] or the Departmental Directorate for Health, Safety and Social Affairs [DDASS]) the establishment's closure could be ordered, which would lead to a negative impact on the establishment's reputation and profitability.

In order to guard against these risks, all Groupe Partouche restaurants are regularly audited by Mérieux NutriSciences, an approved external laboratory.

Sanitary control plans are in place in all restaurants and 'HACCP' hygiene standards are reiterated in documents available to all employees.

HEALTH AND SAFETY

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

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

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

SECURITY

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

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

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

ACTIONS TAKEN IN SUPPORT OF HUMAN RIGHTS

Our subsidiaries are free to carry out whatever actions and partnerships they wish in support of human rights.

PROTECTION OF PERSONAL DATA

The Group has always taken care to protect the personal data of all its stakeholders. However, the entry into force of GDPR (the General Data Protection Regulation) was an opportunity to step up the level of protection, notably by harmonising Group best practice in this area. A team of legal and IT specialists from the holding company carried out audits and communicated regularly with executives at the Group's subsidiaries to ensure that all affected employees were aware of the issues.

17.1.6 BEING ENVIRONMENTALLY AWARE

ORGANISATION OF THE COMPANY TO TAKE INTO ACCOUNT ENVIRONMENTAL ISSUES AND, WHERE APPLICABLE, ENVIRONMENTAL ASSESSMENT AND ACCREDITATION PROCEDURES ADOPTED WITH RESPECT TO THE ENVIRONMENT

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

Nevertheless, the Group remains vigilant with regard to the development of environmental issues. Each subsidiary has a CSR (Corporate Social Responsibility) officer.

The Groupe Partouche SA provides its subsidiaries with environmental awareness tools such as posters illustrating eco-friendly actions.

In addition, Groupe Partouche SA invited its subsidiaries to choose a service provider to recycle office waste (paper, drinking cups, batteries, plastic bottles, etc.). The company presented and selected to recycle office waste is Élise.

AMOUNT OF PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS, PROVIDED THAT THIS INFORMATION IS NOT SERIOUSLY DETRIMENTAL TO THE COMPANY IN A CURRENT LAWSUIT

None of Groupe Partouche's current establishments had to make provisions or guarantees for environmental risks during the financial year. This is particularly the case regarding sound pollution, to the best of our knowledge.

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

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

TRAINING AND INFORMATION ON PROTECTING THE ENVIRONMENT OFFERED TO EMPLOYEES

Twenty-three subsidiaries worked with their local communities to carry out at least one activity to raise awareness of the need to protect the environment or cultural heritage, mainly through the "Solivert" green solidarity initiative. This number has risen from 21 in 2015/2016 and 20 in 2016/2017.

Head office makes available posters illustrating eco-friendly actions, which each subsidiary can adapt to its specific context. For each sector, the goal is to provide employees with a practical guide to actions that enable them to take part in the sustainable development process.

Seventeen entities provide their customers with tools or materials to help familiarise them with natural environments, flora and fauna in the region.

RESOURCES SET ASIDE TO PREVENT ENVIRONMENTAL RISKS AND THE ORGANISATION IN PLACE TO DEAL WITH POLLUTION ACCIDENTS

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

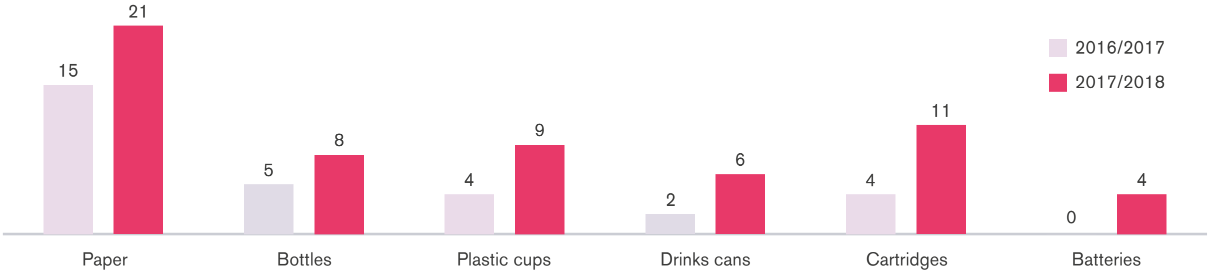
POLLUTION AND WASTE MANAGEMENT

Nine entities use Élise, a company accredited by Groupe Partouche specialising in waste collection, processing and recovery.

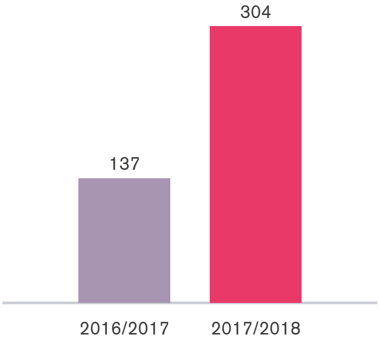
Twelve other entities use the services of other companies providing the same type of services as Elise.

Ten entities compost their green waste on site or send it to a composting or other type of recycling facility.

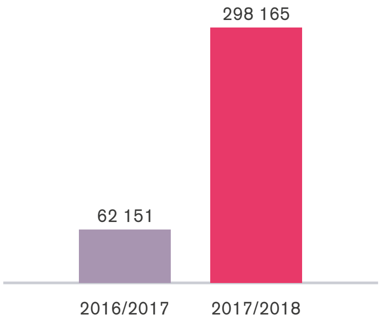
NUMBER OF SUBSIDIARIES USING A SUITABLE WASTE SORTING PROCESS



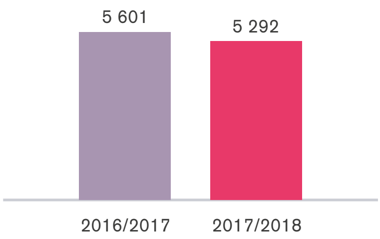
QUANTITY OF RECYCLABLE WASTE SENT TO APPROPRIATE PROCESSING FACILITIES (TONNES)



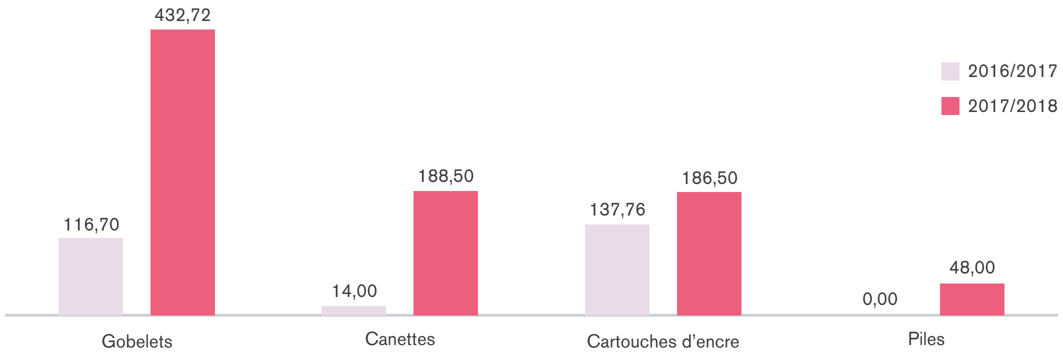
PAPER: QUANTITY OF RECYCLABLE PAPER SENT TO APPROPRIATE PROCESSING FACILITIES (KG)



BOTTLES: QUANTITY OF RECYCLABLE BOTTLES SENT TO APPROPRIATE PROCESSING FACILITIES (KG)



OTHER RECYCLABLE WASTE SENT TO APPROPRIATE PROCESSING FACILITIES (KG)



The 2016/2017 data does not cover a full financial year, since contracts were signed in the course of 2017.

MEASURES TO PREVENT, REDUCE OR REMEDY EMISSIONS RELEASED INTO THE AIR, WATER OR SOIL THAT SERIOUSLY AFFECT THE ENVIRONMENT

Our primary recreation-related activity does not generate significant emissions released into the air, water or soil that seriously affect the environment. As such, no measures have been put in place to prevent, reduce or remedy such types of emissions.

SUSTAINABLE USE OF RESOURCES

SOIL USE

Concerning some noteworthy initiatives, the Domaine de Forges-les-Eaux has:

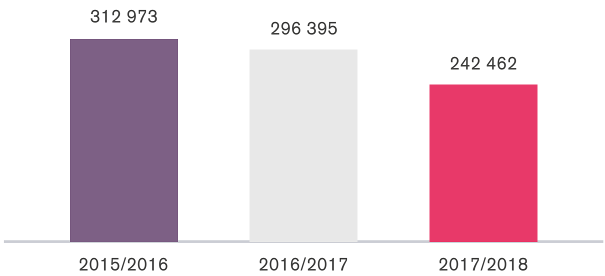
- a botanical trail around the lake showcasing the different plant species native to area;
- a beehive;
- a connected vertical aquaponics greenhouse.

14 entities have at least one landscaped greenspace with public access.

Soil use is especially relevant in the operation of golf courses, where all products used comply with applicable standards.

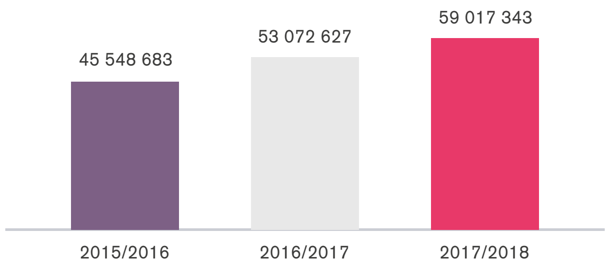
ENERGY CONSUMPTION AND SUPPLY

WATER CONSUMPTION (M³)



Water is sourced without exception from the local urban water supply.

ELECTRICITY CONSUMPTION (KW)



In financial year 2017/2018, 216,108 kW came from renewable sources, up sharply relative to the previous year (1,297 kW).

Most subsidiaries have implemented energy-saving measures (energy-efficient light bulbs, push taps, reusing paper as scrap paper, signage for hotel guests, LED bulbs, roof-mounted solar panels, etc.).

RAW MATERIAL CONSUMPTION

Raw materials consumed mainly consisted of products purchased for catering purposes. To prevent unsold food and wasted meals, the Group adheres to a strict purchasing policy under which all meals are calibrated on the basis of a detailed technical specification that quantifies the exact amounts of products needed for each meal.

CLIMATE CHANGE

Groupe Partouche SA and its subsidiaries do not produce much airborne and waterborne waste with a direct impact on the environment. All of the water evacuated is directly channelled into a sewerage network operated by the company's regional authority. Airborne waste levels have not yet been analysed as part of a survey of greenhouse gas emissions. Groupe Partouche SA's companies operate service businesses that involve neither industrial or chemical transformation nor significant use of existing methods of transportation.

Electricity was identified as the significant cause of greenhouse gas emissions from the company's activities, mainly from the use of its properties and services: 4,043,463 kg CO_2 eq. in the year, compared with 3,971,863 kg CO_2 eq. in the previous financial year.

To date, our suppliers and subcontractors do not provide an individualised assessment of their greenhouse gas emissions.

However, thanks to our collaboration with certain partners responsible for the collection and recovery of waste, in emissions, we saved:

- 2,066.89 kg CO_2 eq. for paper (three subsidiaries concerned);
- 333.80 kg CO_2 eq. for bottles (two subsidiaries concerned);
- - 597.04 kg CO_2 eq. for drinking cups (three subsidiaries concerned);
- - 663.44 kg CO_2 eq. for aluminium cans (two subsidiaries concerned);

To date, no adjustment plan has been put in place to address the consequences of climate change.

BIODIVERSITY

To the best of our knowledge, the business does not pose any particular threat to biodiversity.

However, Groupe Partouche is aware of environmental issues.

This is the reason Groupe Partouche wanted to include its subsidiaries in a sustainability initiative called "Solivert". It is a citizen-led initiative to clean public spaces in cities where casinos are located. The locations and actions are chosen with each city so that they have the most impact.

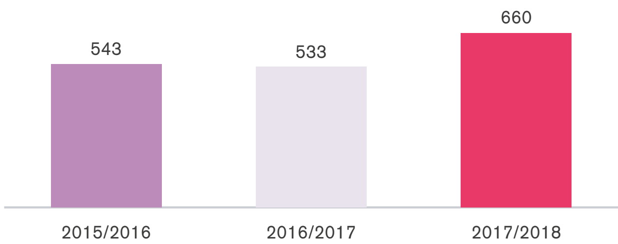
Twenty-three casinos have implemented this positive initiative which calls on customer and employee volunteers as well as residents in the area.

17.1.7 HAVING A POSITIVE LOCAL IMPACT

REGIONAL, ECONOMIC AND SOCIAL IMPACT OF BUSINESS ACTIVITY

A total of 660 contracts were entered into with employees living within 50 km of their place of work. Forty-two subsidiaries have a stated policy in favour of local recruitment through actions that promote professional integration.

NUMBER OF CONTRACTS ENTERED INTO WITH EMPLOYEES LIVING WITHIN 50 KM OF THEIR PLACE OF WORK



CIVIL SOCIETY STAKEHOLDER RELATIONS

Apart from its employees, management and labour, the stakeholders of Groupe Partouche SA and its subsidiaries mainly consist of customers, local authorities, government ministries responsible for supervising casinos, suppliers, partners, non-profit organisations and clubs. They may also include citizens, the Group's competitors and investors.

Groupe Partouche SA is a dynamic, welcoming and committed casino operator: these words described the values shared by the Group's companies.

Each of these values has three characteristics, each put into practice by Groupe Partouche's subsidiaries in their local environments in the form of concrete actions focused on employees, customers and, beyond that, all stakeholders – because these values must be both lived and brought to life.

- Casino operator: passionately professional, independent and honest
- Dynamic: innovative, refreshingly different and challenging
- Welcoming: friendly, cheerful and courteous
- Committed: open, listening and attentive

In particular, these values underpin relations between the Group's subsidiaries and their stakeholders, whether permanent or temporary.

According to these values, building dialogue first of all means adapting to the local context: Groupe Partouche SA's subsidiaries are best placed to define the terms of dialogue with their stakeholders.

The Group's values are broken down locally into behaviours appropriate to the various types of stakeholders.

Subsidiaries mainly pursue their commitment through community initiatives, taking advantage of their close ties to local populations. Examples abound, notably in the realm of sports, culture and the arts. Through its involvement in numerous sponsorship activities and its support for initiatives pursued by non-profit associations, Groupe Partouche SA is widely recognised for its beneficial impact on the social and economic fabric of local communities.

	2015-2016	2016-2017	2017-2018
Sponsorship	1 535 337 €	1 658 486 €	1 970 197 €
Patronage	126 647 €	124 489 €	231 521 €

SUPPLIERS AND SUBCONTRACTING

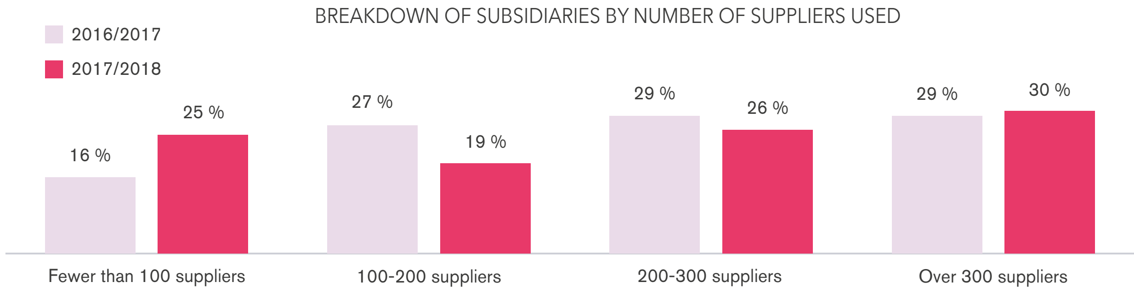
We favour socially and environmentally responsible suppliers and subcontractors.

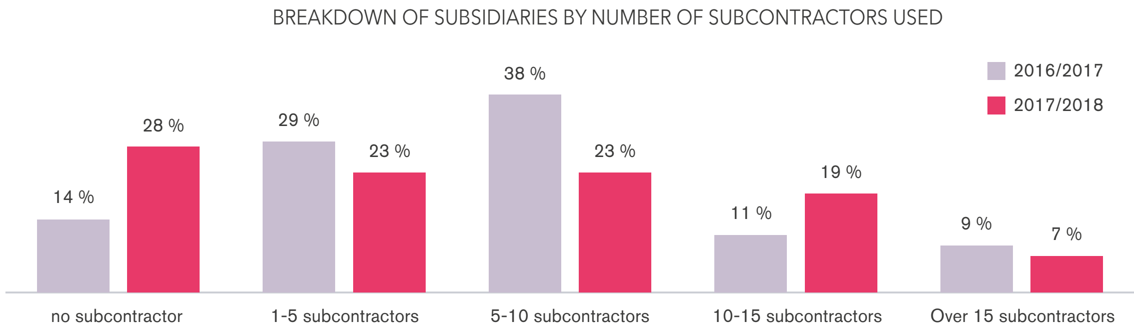
Our purchasing policy forbids purchasers from accepting personal gifts from suppliers.

Groupe Partouche subsidiaries have used nationally recognised suppliers and suppliers with a local presence.

Furthermore, the diversity of our suppliers and their locations guarantees our independence and meets our desire to maintain commercial relationships as close as possible to our casinos to ensure that a significant proportion of supplies are sourced locally.

Subcontracting is only used on a relatively small scale, as the Group's key professional specialities do not lend themselves to this practice.





17.1.8 REPORT BY THE INDEPENDENT THIRD PARTY ON WORKFORCE-RELATED, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

To the Shareholders,

As an independent third party accredited by Cofrac under number 3-1552 (details of the scope of this accreditation can be found at www.cofrac.fr), we hereby present our audit report on workforce-related, environmental and social information for the financial year ended 31 October 2018, set out in the management report (hereinafter the “CSR Information”) of Groupe Partouche (hereinafter “the Company”).

RESPONSIBILITY OF THE COMPANY

The Company is responsible for drawing up a management report including a statement of non-financial performance in accordance with all internal CSR reporting protocols (hereinafter the “Guidelines”), a summary of which must be included in the statement of non-financial performance.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulations and the industry’s code of ethics, inserted into the Decree of 30 March 2012 on chartered accountancy. Furthermore, we have put in place a quality control system that includes documented policies and procedures aimed at ensuring that we comply with ethical rules and all applicable legislation and regulations.

RESPONSIBILITY OF THE CHARTERED ACCOUNTANT (EXPERT COMPTABLE) APPOINTED AS INDEPENDENT THIRD PARTY

It is our responsibility, on the basis of our work, to:

- confirm that the statement of non-financial performance is compliant (compliance notice);
- express a conclusion of moderate assurance that the Company’s CSR information taken as a whole is, in all material respects, presented truthfully in accordance with the Guidelines (reasoned opinion on the truthfulness of the CSR Information).

Our work was carried out by two people between 1 November 2018 and 18 January 2019 and took a total of four weeks.

CERTIFICATION OF COMPLIANCE

NATURE AND SCOPE OF THE WORK

For a compliance notice to be issued, the audit should check that the Company’s statement of non-financial performance includes the following items:

- a description of the business model;
- a description of the key risks arising from the Company’s business and, where applicable, from its business relationships, products and services;
- a description of policies and, where applicable, due diligence procedures implemented to prevent or mitigate the occurrence of the risks identified;
- the results of these policies and key performance indicators.

CONCLUSION

On the basis of our work, we have not identified any material misstatements liable to call into question the compliance of the Company’s statement of non-financial performance.

OBSERVATION

Although the required items are included in accordance with regulations, upon reading the statement of non-financial performance, there is no clear and obvious link between the Company's business model and the description of CSR policies implemented.

REASONED OPINION ON THE TRUTHFULNES OF THE CSR INFORMATION

NATURE AND SCOPE OF THE WORK

We interviewed the individuals responsible for preparing/ gathering the CSR Information from the departments responsible for information collection processes and, where applicable, the individuals responsible for internal control and risk management procedures, so as to:

- assess the Guidelines' appropriateness in terms of its relevance, completeness, reliability, neutrality and comprehensibility, taking into consideration sector best practice where applicable;
- verify that a collection, compilation, processing and checking process is in place to ensure that the CSR Information is complete and consistent, and familiarise ourselves with internal control and risk management procedures relating to the preparation of CSR information.

We determined the nature and scope of our controls and checks based on the nature and significance of the CSR Information given the Company's characteristics, the social and environmental issues arising from its business, its policy on sustainable development, and sector best practice.

For the CSR Information we considered the most important:

- at parent company level, we consulted source documents and conducted interviews to corroborate qualitative information (organisational structures, policies and actions); analysed quantitative information and undertook sample-based checking of calculations and data consolidation; and checked that data was consistent with other information included in the management report;
- at a representative sample of sites selected1 based on turnover, we conducted interviews to check that procedures had been properly applied and carried out detailed sample-based testing to check calculations and reconcile data with supporting documents2.

For other CSR Information, we assessed its consistency against our knowledge of the Company. Lastly, we assessed the relevance of explanations provided for the partial or complete absence of certain information.

Due to the use of sampling techniques and other limitations inherent in any information and internal control system, the risk of failing to detect a material misstatement in the CSR Information cannot be altogether eliminated.

CONCLUSION

On the basis of our work, we have not found any material misstatements liable to call into question the fact that Company's CSR Information taken as a whole is, in all material respects, presented truthfully.

Paris, 22 January 2019

Hervé Gbego, Director, Accounting Lab

(1) Subsidiaries selected for detailed testing were the casinos in Hyères, La Ciotat, Meyrin, Divonne and Forges-les-Eaux.

(2) Indicators selected for detailed testing were as follows:

***Workforce-related:** hours' training, hours' CSR training, number of occupational accidents with medical leave reported, total number of occupational illnesses recognised, company-wide agreements on health and safety in force;*

***Social:** casinos' membership of an addiction prevention organisation, training of casino staff in anti-money laundering and counter-terrorist financing procedures, implementation of an anti-corruption code of conduct; responsible gaming policy; food safety;*

***Environmental:** quantity of paper (in tonnes) sorted and sent to an appropriate processing facility, quantity of plastic bottles (in tonnes) sorted and sent to an appropriate processing facility, quantity of plastic cups (in tonnes) sorted and sent to an appropriate processing facility, implementation of a system to reprocess food waste.*

17.2 DIRECT OR INDIRECT INVESTMENTS OF GROUPE PARTOUCHE SENIOR EXECUTIVES AND COMPANY OFFICERS IN THE SHARE CAPITAL AT 31 OCTOBER 2018

17.2.1 DIRECT AND INDIRECT INVESTMENTS

EXECUTIVE BOARD	DIRECT INVESTMENTS			INDIRECT INVESTMENTS	SHARE SUBSCRIPTION OR PURCHASE OPTIONS
	SHARES	PERCENTAGE		SHAREHOLDING VIA FINANCIÈRE PARTOUCHE[1]	
		CAPITAL	VOTING RIGHTS		
Fabrice Paire	376	0,00 %	0,00 %	-	None
Ari Sebag	5 682	0,06 %	0,06 %	11,13 %	None
Katy Zenou	9 969	0,10 %	0,10 %	7,83 %	None
Jean-François Largillière	-	0,00 %	0,00 %	-	None
TOTAL	**16 027**	**0,17 %**	**0,17 %**	**18,96 %**	**None**

(1) Financière Partouche owns 66.83% of the share capital of Groupe Partouche.

SUPERVISORY BOARD	DIRECT INVESTMENTS			INDIRECT INVESTMENTS	SHARE SUBSCRIPTION OR PURCHASE OPTIONS
	SHARES	PERCENTAGE		SHAREHOLDING VIA FINANCIÈRE PARTOUCHE[1]	
		CAPITAL	VOTING RIGHTS		
Patrick Partouche	44 964	0,47 %	0,47 %	15,99 %	None
Isidore Partouche[2]	498 919	5,18 %	5,19 %	0,33 %	None
Salomé Partouche	5	0,00 %	0,00 %	0,00 %	None
Walter Butler	1	0,00 %	0,00 %	0,00 %	None
Véronique Masi Forneri	62	0,00 %	0,00 %	0,00 %	None
Daniel Cohen	150	0,00 %	0,00 %	0,00 %	None
Caroline Texier	1	0,00 %	0,00 %	0,00 %	None
TOTAL	**544 102**	**5,65 %**	**5,66 %**	**16,32 %**	**None**

(1) Financière Partouche owns 66.83% of the share capital of Groupe Partouche.
(2) ISPAR SA acquired 9,600 shares after the end of financial year 2018, bringing its total shareholding to 392,427 shares.

17.2.2 STOCKS OPTIONS

None

17.3 INVESTMENTS OF GROUPE PARTOUCHE EMPLOYEES IN THE SHARE CAPITAL

17.3.1 INCENTIVE SCHEMES

No incentive schemes have as yet been put in place by Groupe Partouche SA.

17.3.2 EMPLOYEE PROFIT-SHARING

Pursuant to the provisions of Article L.225-102 of the French Commercial Code, we hereby indicate that there is no employee profit-sharing scheme under the terms of a company savings plan at the balance sheet date, 31 October 2018.

17.3.3 EMPLOYEE SHAREHOLDERS

None

18

MAIN SHAREHOLDERS

18.1 OWNERSHIP OF CAPITAL AND VOTING RIGHTS

The table below shows the breakdown of the Company's share capital and its theoretical and actual voting rights over the last three years:

MAIN SHAREHOLDERS	31/10/18			31/10/17			31/01/16		
	NUMBER OF SHARES HELD	% OF SHARE CAPITAL AND THEO-RETICAL VOTING RIGHTS	ACTUAL VOTING RIGHTS	NUMBER OF SHARES HELD	% OF SHARE CAPITAL AND THEO-RETICAL VOTING RIGHTS	ACTUAL VOTING RIGHTS	NUMBER OF SHARES HELD	% OF SHARE CAPITAL AND THEO-RETICAL VOTING RIGHTS	ACTUAL VOTING RIGHTS
Financière Partouche SA[1]	6 433 585	66,83 %	66,92 %	6 433 585	66,83 %	66,87 %	6 433 585	66,45 %	66,80 %
BCP[2]	1 277 020	13,26 %	13,28 %	1 277 020	13,26 %	13,27 %	1 277 020	13,19 %	13,26 %
Supervisory Board members[3]	544 102	5,65 %	5,66 %	449 916	4,67 %	4,68 %	519 076	5,36 %	5,39 %
Executive Board members[3]	16 027	0,17 %	0,17 %	16 027	0,17 %	0,17 %	16 031	0,17 %	0,17 %
Treasury shares	13 001	0,14 %	-	6 257	0,06 %	-	49 729	0,51 %	-
Free float4	1 343 299	13,95 %	13,97 %	1 444 229	15,00 %	15,01 %	1 386 119	14,32 %	14,39 %
TOTAL	**9 627 034**	**100,00 %**	**100,00 %**	**9 627 034**	**100,00 %**	**100,00 %**	**9 681 560**	**100,00 %**	**100,00 %**

(1) Financière Partouche SA is a family holding company.
(2) BCP holds 1,200,399 shares through FCPR France Private Equity III and 76,621 shares through Butler Capital Partners SA.
(3) Detailed information on shareholding by members of the Supervisory and Executive Boards is provided in Section 17.2 above.
(4) As far as the company is aware, there are no shareholders holding 5% or more of the share capital and voting rights, apart from Financière Partouche and BCP.

On 2 April 2013, Financière Partouche SA, the family holding company that holds 66.83% of the share capital of Groupe Partouche SA, requested and obtained the initiation of a Safeguard Procedure (procédure de sauvegarde) from the Valenciennes Commercial Court, a procedure designed to allow Financière Partouche to renegotiate its financial debt, under the protection of the Commercial Court. The Valenciennes Commercial Court, in its ruling of 30 June 2014, approved the Company's Safeguard Plan (plan de sauvegarde). In its ruling of 19 September 2016, the Valenciennes Commercial Court, following agreements reached with bank creditor OCM Luxembourg (Oaktree) to settle its disputes with Financière Partouche and Groupe Partouche, amended Financière Partouche's Safeguard Plan.

At the request of Groupe Partouche, Euroclear France carried out a survey on 31 October 2018 of intermediaries holding 11,000 or more shares. This survey identified a total of 2,688 shareholders in this category, representing 14.0% of the share capital. At the date of this survey, also taking into account shareholders holding registered shares, it was thus

confirmed that the share capital of Groupe Partouche was held by more than 2,700 shareholders.
The Euroclear France survey identified 21.7% of shareholders as institutional investors, corresponding to 3.0% of the share capital.

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

18.2 DIFFERENT VOTING RIGHTS

Each issued and outstanding share in the Company is entitled to a single vote. There are no double voting rights and the main shareholders, Financière Partouche and BCP, do not have different voting rights.

Furthermore, at the Extraordinary Shareholders' Meeting of 15 January 2015, it was decided "not to confer double voting rights upon (i) fully paid-up Company shares which can be shown to have been held in registered form for at least two years in the name of the same shareholder, or (ii) registered Company shares allotted free of charge as part of a capital increase through the capitalisation of reserves, income or share issue premiums, to a shareholder".

18.3 INFORMATION ON THE CONTROL OF THE SHARE CAPITAL

On 29 April 2011, a shareholders' agreement was entered into by Financière Partouche, Patrick Partouche, Katy Zenou and Ari Sebag, as party of the first part, and BCP as the party of the second part, governing the relationship between these shareholders. This agreement constitutes an action in concert. The main clauses in the aforementioned agreement stipulate, in particular, that BCP shall hold:

- a maximum of two-sevenths of the seats on the Supervisory Board as long as Butler Capital Partners holds at least 5% of the Company's share capital;
- a veto right over major decisions (any decision taken by a majority of 80% of present or represented members including the favourable vote of the members of the Supervisory Board appointed upon BCP's proposal) concerning transactions with an impact on the share capital, debt, disposal of assets or investment expenditure, acquisition of assets and more specifically:
    - any financial debt owed to an entity which does not belong to Groupe Partouche or any new off balance sheet commitment increasing Groupe Partouche's commitments by over €3 million (non-cumulative threshold) compared with debt recorded in the consolidated financial statements at 31 October 2010,
    - any single disposal of assets greater than €3 million (non-cumulative threshold) not mentioned in Groupe Partouche's initial business plan concerning the period from 2011 to 2015,
    - any investment expenditure or acquisition of assets in a unit amount exceeding €3 million (non-cumulative threshold), apart from (i) an annual budget of €30 million provided for in the business plan and (ii) a cumulative budget over the duration of the initial business plan of €35 million covering specific investments or any project replacing them;
- an enhanced right to information;
- a right of inspection as regards any recruitment, appointment, dismissal or revocation of the members of Groupe Partouche's Executive Board, of which the only consequence shall be, at no cost for Financière Partouche, to release BCP from its lock-up commitment and its obligation under Financière Partouche's right of first offer;
- a liquidity clause in its favour, stipulating firstly that as of 29 April 2014, Financière Partouche shall provide and ensure that Groupe Partouche and its senior executives provide all assistance required by BCP to enable the disposal of its investment and secondly that in the scope of this liquidity procedure and in any event, as of 29 April 2016.

Ispar Holding (in place of Financière Partouche) guarantees BCP a minimum price of €2 per Groupe Partouche share disposed of by BCP and therefore undertakes to acquire from BCP the shares that BCP would like to dispose of at a price of €2 per share (within the limit of the shares subscribed by BCP in the scope of the reserved capital increase of 29 April 2011).

The agreement also states that:

- Financière Partouche agrees to hold on to at least 50.1% of Groupe Partouche's share capital for the entire term of the agreement;
- Financière Partouche and BCP agree not to increase their respective shareholdings by more than five percentage points.

This agreement will remain in effect as long as BCP holds shares in Groupe Partouche SA, although it should be noted that the duration of the agreement may not in any event exceed ten years.

In accordance with applicable regulations, this shareholders' agreement was reported to the Autorité des Marchés Financiers, which ensured that it was officially announced as required.

No particular measure has been taken with a view to ensuring that the control described above is not exercised in an abusive manner.

At present, Groupe Partouche and its controlling company Financière Partouche have a number of executives in common (see Section 14.1), namely:

On the Executive Board of Groupe Partouche SA: Ari Sebag and Katy Zenou.

On the Supervisory Board of Groupe Partouche SA: Isidore Partouche and Patrick Partouche.

At the date of this Reference Document, Financière Partouche SA owned 6,433,585 shares, corresponding to 66.83% of the share capital, whereas FCPR France Private Equity III owned 1,200,399 shares and Butler Capital Partners owned 76,621 shares, together comprising 13.27% of the share capital.

18.4 CONTROL OF FINANCIÈRE PARTOUCHE SA

Financière Partouche, which held 66.83% of the Company's share capital at the date of this Reference Document, is a French public limited company ("Société Anonyme") with an Executive Board and a Supervisory Board, its share capital mainly owned by members of the Partouche family.

No single shareholder owns sufficient shares in Financière Partouche SA to control this company. Patrick Partouche, Ari Sebag and Katy Zenou (all three signatories of the shareholders' agreement described in Section 18.3) together held 52.30% of the capital of Financière Partouche SA at 31 October 2018.

18.5 CHANGE OF CONTROL

To the best of our knowledge and subject to the information mentioned in Section 18.3 above, there are no other actions in concert or shareholders' agreements, nor does any clause of any agreement contain any preferential conditions governing the disposal or acquisition of Groupe Partouche shares.

19

RELATED-PARTY TRANSACTIONS

Please refer to Section 7.2 of this document for the organisational structure and Section 20.2.1: Note 15 “Related parties” to the consolidated financial statements for further information.

Any partnerships with other companies are negotiated at arm’s length.

The special report of the Statutory Auditors on regulated agreements and commitments is included below.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

SHAREHOLDERS’ MEETING CONVENED TO APPROVE THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

To the shareholders of Groupe Partouche SA,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the principal terms and conditions, the reason for benefit for the Company of those agreements and commitments brought to our attention, or that we may have discovered in the course of our audit. We are not required to express an opinion on their usefulness and appropriateness or ascertain whether any other such agreements and commitments exist. It is your responsibility, in accordance with Article R.225-58 of the French Commercial Code, to evaluate the benefits resulting from the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-58 of the French Commercial Code relating to the implementation during the financial year under review of agreements and commitments previously approved by the Shareholders’ Meeting.

We have carried out the procedures we considered necessary in accordance with the professional guidelines of the Compagnie Nationale des Commissaires aux Comptes (CNCC, the French national institute of statutory auditors) relating to this engagement. These procedures involved verifying that the information provided to us was consistent with its supporting documentation.

1 - AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS AUTHORISED AND CONCLUDED DURING THE FINANCIAL YEAR UNDER REVIEW

Pursuant to the provisions of Article L.225-88 of the French Commercial Code, we have been advised of the following agreement and commitments, which were concluded during the financial year under review and had been previously authorised by your Supervisory Board.

SECURITY COSTS FOR PATRICK PARTOUCHE

At its meeting of 12 June 2018, the Supervisory Board authorised Groupe Partouche SA to cover security and surveillance costs for Patrick Partouche's personal residence with effect from 1 July 2018.

Person concerned:

- Patrick Partouche – Chairman of the Supervisory Board

Reason for its benefit for Groupe Partouche SA:

The Supervisory Board considered that these costs should be covered by Groupe Partouche SA given the link between its reputation and that of Patrick Partouche and the key duties performed by the latter.

AGREEMENTS AND COMMITMENTS AUTHORISED SINCE THE FINANCIAL YEAR-END

We inform you that we have not been informed of any agreements or commitments authorised and concluded subsequent to the end of the financial year under review to be submitted to the Shareholders' Meeting for approval pursuant to the provisions of Article L.225-86 of the French Commercial Code.

2 - AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS APPROVED DURING PREVIOUS FINANCIAL YEARS

A) THAT REMAINED IN FORCE DURING THE FINANCIAL YEAR UNDER REVIEW

In application of Article R.225-57 of the French Commercial Code, we have been informed that the agreements and commitments described below, which were approved by the Shareholders' Meeting in previous financial years, remained in force during the financial year.

2.1 AGREEMENTS WITH SHAREHOLDERS

2.1.1 Lease agreement with Financière Partouche SA

In the year ended 31 October 1998, your Company signed a lease agreement with Financière Partouche SA. This agreement covers the lease of your Company's headquarters at 141 bis rue de Saussure, 75017 Paris, France. As a result of the increase in the surface area occupied by Groupe Partouche SA, a rider to this agreement was signed on 1 August 2002, which renewed the lease for a term of nine years expiring on 31 July 2011 with an annual lease payment of €160,000 excluding VAT, subject to review in relation to the French construction cost index.

A further renewal of this lease was signed on 29 July 2011 for a term of nine years expiring on 31 July 2020. All other provisions of the renewed lease remain unchanged and in full effect.

Under this agreement, the lease expense recognised by your Company was €227,783 for the year ended 31 October 2018, plus tenant service charges and taxes in the amount of €64,508, thus a total of €292,291.

2.1.2 Cash pooling agreement with Financière Partouche SA

Financière Partouche SA was authorised to participate in the cash pooling agreement for Group companies with Groupe Partouche SA. Under this agreement, interest is charged on any loans and advances granted at 12-month Euribor rates plus 0.25%.

In accordance with the provisions of the Safeguard Plan as amended and approved on 2 November and 8 December 2016, the dividend payable to Financière Partouche SA approved at the Extraordinary Shareholders' Meeting of 5 September 2017 was recognised as a current account advance and may not be paid before 1 January 2019.

Under this agreement, your company's debt with regard to Financière Partouche SA totalled €2,000,054 at 31 October 2018, including financial interest of €4,987 calculated at a rate of 0.25%.

2.2 AGREEMENTS WITH COMPANIES SHARING SENIOR EXECUTIVES

2.2.1 Tax consolidation agreement

The Group's tax consolidation agreement is applied in accordance with Article 223 A of the French General Tax Code. This agreement is valid for a five-year period and expires on 31 October 2019.

For the financial year ended 31 October 2018, your Company recognised a net tax saving of €12,041,911 under this agreement.

2.2.2 Management consulting agreement with Shal & Co SA

Your Company has entered into a management consulting agreement with Shal & Co SA. Under the terms of this agreement, Shal & Co SA provides consulting services to certain subsidiaries of Groupe Partouche SA together with assistance in the areas of sales and administration as well as financial, legal, accounting and tax matters. This agreement was amended on 28 December 2008 to extend its term indefinitely.

For the financial year ended 31 October 2018, your Company recognised a charge of €545,500 under operating expenses in respect of this agreement.

Person concerned:

- Hubert Benhamou, an indirect shareholder of the company and member of its Supervisory Board at the date on which this agreement was entered into.

2.2.3 Activation of the return to profitability clause in respect of the Grand Casino de Cabourg subsidiary

The return to profitability clause relating to the debt forgiveness agreement with Grand Casino de Cabourg was triggered in respect of an amount of €248,123 in the financial year. At 31 October 2018, the outstanding debt not triggering the return to profitability clause with the aforementioned company totalled €3,626,424.

Persons concerned:

- Isidore Partouche and Ari Sebag.

2.3 OTHER AGREEMENTS WITH SENIOR EXECUTIVES

We have not been informed of any agreements falling into this category.

B) NOT GIVING RISE TO PERFORMANCE DURING THE FINANCIAL YEAR UNDER REVIEW

We have also been informed that the agreements and commitments listed below, which were approved by the Shareholders' Meeting in previous financial years, remained in force but did not give rise to any performance during the financial year. These agreements are as follows:

2.4 AGREEMENTS WITH SHAREHOLDERS

We have not been informed of any agreements falling into this category.

2.5 AGREEMENTS WITH COMPANIES SHARING SENIOR EXECUTIVES

2.5.1 Debt forgiveness agreements with return to profitability clauses relating to cash advances recorded in current accounts

The terms and conditions of these agreements are as follows:

- with Grand Casino du Havre SA: return to profitability clause for a debt forgiveness in the amount of €18,503,867;
- with Casino de la Trinité: return to profitability clause for a debt forgiveness in the amount of €3,267,000;
- with Casino de la Tremblade: return to profitability clause for a debt forgiveness in the amount of €677,846;
- with Hôtel Cosmos SARL: return to profitability clause for a debt forgiveness in the amount of €3,516,140;
- with Partouche Interactive SA: return to profitability clause for a debt forgiveness in the amount of €12,000,000;
- with Société d'exploitation du Casino et d'Hôtels de Contrexéville SAS: return to profitability clause for a debt forgiveness in the amount of €550,000.

2.5.2 Current account subordination agreement with SAS Casinos de Vichy «Les 4 Chemins", company undergoing liquidation

On 31 October 2012, a current account subordination agreement was entered into by your Company and Casinos de Vichy "Les 4 Chemins", 91.83% of which is indirectly held. This agreement remained in force until the court-ordered liquidation date of this subsidiary in February 2017, and since that date it is no longer in force.

Under this agreement, your Company forbade itself from claiming from its subsidiary the repayment of its claim as at 24 October 2012 (€15,106,491 excluding interest from 1 November 2011 to 24 October 2012) as long as liabilities towards third parties appear on its balance sheet, with the exception of disposals of equity securities or assets.

The aim of this agreement is to enable Casinos de Vichy "Les 4 Chemins" to consider said amount on its current account as a stable resource ("quasi-equity").

At 31 October 2018, the company's current account advance to Casinos de Vichy "Les 4 Chemins" SAS stood at €18,328,883, unchanged from the previous financial year. Given the aforementioned subsidiary's situation, this receivable has been fully impaired.

2.6 OTHER AGREEMENTS WITH SENIOR EXECUTIVES

We have not been informed of any agreements falling into this category.

Marseille and Paris, 19 February 2019

MCR Walter France	**France Audit Expertise**
Emmanuel Mathieu	José David

20

FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, FINANCIAL POSITION AND PERFORMANCE

20.1 HISTORIC FINANCIAL INFORMATION

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

- the consolidated financial statements for the financial year ended 31 October 2016, prepared in accordance with IFRS/IAS as adopted by the European Union and the report of the Statutory Auditors on the consolidated financial statements for the financial year ended 31 October 2016, both of which are included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 14 February 2017 under No. D.17-0093, pages 131 et seq.;
- the consolidated financial statements for the financial year ended 31 October 2017, prepared in accordance with IFRS/IAS as adopted by the European Union and the report of the Statutory Auditors on the consolidated financial statements for the financial year ended 31 October 2017, both of which are included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 22 February 2018 under No. D.18-0067, pages 128 et seq.;
- the parent company financial statements for the financial year ended 31 October 2016 and the report of the Statutory Auditors on the parent company financial statements for the financial year ended 31 October 2016, both of which are included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 14 February 2017 under No. D.17-0093, pages 186 et seq.
- the parent company financial statements for the financial year ended 31 October 2017 and the report of the Statutory Auditors on the parent company financial statements for the financial year ended 31 October 2017, both of which are included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 22 February 2018 under No. D.18-0067, pages 187 et seq.

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

20.2 FINANCIAL STATEMENTS

20.2.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

DETAILED CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AT 31 OCTOBER 2018

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT €000 AT 31 OCTOBER (EXCEPT PER SHARE DATA)	NOTES	2018	2017	2016
Turnover	**4.2, 5.1**	**410 844**	**406 885**	**405 203**
Purchases and external expenses	5.3	(146 903)	(134 619)	(133 533)
Taxes and duties		(16 993)	(17 865)	(17 990)
Employee expenses	7.2	(175 429)	(173 013)	(168 389)
Depreciation, amortisation and impairment of fixed assets		(40 193)	(37 594)	(35 531)
Other current operating income and expenses	5.4	(4 680)	(7 436)	(8 475)
Current operating profit	**4.3**	**26 647**	**36 358**	**41 286**
Other non-current operating income and expenses	5.4	(1 078)	(1 675)	(2 965)
Gain (loss) on the sale of consolidated investments	3.1	-	16 547	123
Impairment of non-current assets	6.1	(4 662)	(4 718)	(16 359)
Non-current operating profit		**(5 740)**	**10 154**	**(19 202)**
Operating profit		**20 907**	**46 512**	**22 084**
Financial income (expense)	**9.4**	**(1 404)**	**(2 156)**	**(2 529)**
Profit before tax		**19 503**	**44 356**	**19 555**
Corporate income tax	10.1	(1 295)	2 000	2 417
CVAE tax	10.1	(3 354)	(277)	(3 325)
Profit after tax		**14 854**	**46 079**	**18 647**
Share in earnings of equity-accounted associates	5.7	(2 261)	(537)	-
Total net profit		**12 593**	**45 542**	**18 647**
o/w Group share		6 233	37 430	11 144
o/w minority interests		6 360	8 112	7 504
Net earnings per share attributable to the Group		**0,65**	**3,89**	**1,16**
Dividend distributed per share		-	(0,31)	-
Number of shares on which the earnings per share calculation is based		9 615 143	9 623 476	9 645 986

STATEMENT OF COMPREHENSIVE INCOME

COMPREHENSIVE INCOME €000 AT 31 OCTOBER	2018	2017	2016
Total net profit	**12 593**	**45 542**	**18 647**
Change in fair value of financial instruments net of tax (effective portion)	231	240	(18)
Other comprehensive income items*	464	(2 517)	148
Other comprehensive income items (that may be recycled subsequently to net profit)	**695**	**(2 277)**	**130**
Remeasurements of the defined-benefit liability (IAS 19 (revised)), impact net of tax	(361)	(144)	(444)
Other comprehensive income items (that will not be recycled subsequently to net profit)	**(361)**	**(144)**	**(444)**
Total comprehensive income	**12 927**	**43 121**	**18 333**
Group share of comprehensive income	5 834	36 324	10 739
Minority interest share of comprehensive income	7 093	6 797	7 594

(*) Other comprehensive income items include changes in Group and non-Group translation reserves representing a negative impact of €287k and a positive impact of €751k respectively in year Y, and negative impacts of €1,110k and €1,407k respectively in year Y-1.
The Notes to the consolidated financial statements are an integral part thereof.

CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2018 (NET VALUES)

NET ASSETS €000 AT 31 OCTOBER	NOTES	2018	2017	2016
Intangible assets	6.3	4 513	3 627	4 060
Goodwill	6.1	232 504	237 076	239 944
Tangible fixed assets	6.4	290 377	262 361	241 723
Investments in equity-accounted associates	5.7	-	-	-
Other non-current financial assets	9.1	15 214	15 963	4 630
Deferred tax – Assets	10.2	2 181	2 427	3 415
Other non-current assets	12.1	8 829	8 938	17 454
TOTAL NON-CURRENT ASSETS		**553 618**	**530 392**	**511 227**
Inventories and semi-finished goods	5.5	9 372	7 756	3 142
Trade and other receivables	5.6	29 972	26 037	25 068
Corporate income tax receivables	10.1	6 797	5 568	3 824
Other current assets	12.1	12 414	12 424	9 940
Cash and cash equivalents	9.2	109 932	116 406	152 492
TOTAL CURRENT ASSETS		**168 487**	**168 191**	**194 465**
Assets held for sale	3.3	-	-	-
TOTAL NET ASSETS		**722 105**	**698 583**	**705 692**

LIABILITIES AND EQUITY €000 AT 31 OCTOBER	NOTES	2018	2017	2016
Share capital	11.1	192 541	192 541	193 631
Treasury shares	11.2	(415)	(224)	(1 426)
Share premium		9 411	9 411	9 411
Consolidated reserves	11.3	140 505	103 171	95 959
Translation reserve		793	1 080	2 242
Net profit (loss), Group share		6 233	37 430	11 144
GROUP EQUITY		**349 068**	**343 409**	**310 962**
MINORITY INTERESTS	**11.4**	**22 859**	**24 509**	**24 197**
TOTAL EQUITY		**371 926**	**367 918**	**335 159**
Non-current financial debt	9.3	144 255	133 524	161 668
Non-current employee commitments	7.4	14 688	14 607	14 621
Other non-current provisions	8.1	6 122	4 922	4 545
Deferred tax – Liabilities	10.2	15 753	18 249	27 294
Other non-current liabilities	12.3	4 103	6 972	6 030
TOTAL NON-CURRENT LIABILITIES		**184 922**	**178 274**	**214 158**
Current financial debt	9.3	35 380	24 222	27 627
Current employee commitments	7.4	235	345	337
Current provisions	8.1	1 738	2 836	3 512
Trade and other payables	12.2	96 164	92 170	91 029
Current tax liabilities	10.1	30 311	31 238	32 278
Other current liabilities	12.3	1 429	1 579	1 591
TOTAL CURRENT LIABILITIES		**165 257**	**152 391**	**156 375**
Held for sale liabilities	3.3	-	-	-
TOTAL LIABILITIES AND EQUITY		**722 105**	**698 583**	**705 692**

	2018	2017	2016
Number of shares in circulation (excluding treasury shares)	9 614 033	9 620 777	9 631 831

The Notes to the consolidated financial statements are an integral part thereof.

CONSOLIDATED CASH FLOW STATEMENT

€000 AT 31 OCTOBER	2018	2017	2016
Total net profit	**12 593**	**45 542**	**18 647**
Adjustments:			
Elimination of income from equity-accounted associates	2 261	537	-
Elimination of tax expense (income)	4 649	(1 723)	908
Elimination of depreciation, amortisation and provisions	42 330	42 860	55 092
Elimination of gains and losses on remeasurement to fair value	-	-	-
Elimination of gains and losses on asset disposals	650	(16 193)	(223)
Elimination of net interest expense (income)	3 888	4 433	5 609
Elimination of dividend income	(115)	(230)	(815)
Impact of the change in WCR	(9 558)	(10 654)	(9 740)
Interest paid	(3 947)	(4 476)	(5 684)
Tax paid	(3 415)	5 630	(9 564)
Cash flow from operating activities	**49 336**	**65 728**	**54 231**
Acquisition of investment securities net of cash acquired	40	(7 200)	(3 538)
Disposal of consolidated companies, less cash sold	329	803	400
Impact of other changes in consolidation scope	-	11 730	-
Acquisition of intangible assets	(1 350)	(522)	(330)
Acquisition of tangible fixed assets	(65 097)	(63 985)	(41 604)
Acquisition of financial assets	-	-	(109)
Loans and advances granted	(434)	(271)	(381)
Disposal of intangible assets	-	-	-
Disposal of tangible fixed assets	421	809	545
Disposal of financial assets	2	-	-
Reimbursements received from loans	376	229	319
Interest received	151	90	88
Dividends received	115	230	815
Cash flow from (used in) investing activities	**(65 448)**	**(58 087)**	**(43 795)**
Capital increase subscribed by minority interests	-	-	12
Net disposal of treasury shares	(191)	(470)	(1 028)
Loans issued	43 668	25 348	10 979
Bank loans reimbursed	(25 314)	(36 696)	(22 945)
Other financial debts reimbursed	(488)	(20 251)	(2 513)
Dividends paid to owners of the Group	-	(988)	-
Dividends paid to minority shareholders	(8 586)	(8 463)	(7 923)

€000 AT 31 OCTOBER	2018	2017	2016
Cash flow from (used in) financing activities	**9 090**	**(41 521)**	**(23 419)**
Impact of foreign exchange rates	551	(2 030)	442
Change in cash and cash equivalents	**(6 472)**	**(35 910)**	**(12 541)**
Opening cash position	116 390	152 300	164 841
Closing cash position	**109 918**	**116 390**	**152 300**

The closing cash position of €109,918k plus "cash liabilities" (trésorerie passive), i.e. €14k, corresponds to the item "Cash and cash equivalents under assets", i.e. €109,932k.

The comments on the consolidated cash flow statement are presented in Note 13.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

€000	CAPITAL	TREASURY SHARES	SHARE PREMIUM	CONSOLIDATED RESERVES AND NET PROFIT FOR THE YEAR	GROUP TRANSLATION RESERVE	GROUP EQUITY	MINORITY INTERESTS	TOTAL EQUITY
Equity at 31 October 2015	**193 631**	**(398)**	**9 411**	**98 149**	**2 607**	**303 400**	**28 849**	**332 250**
Net profit for 2016 financial year	-	-	-	11 144	-	11 144	7 504	18 647
Change in fair value of financial instruments net of tax (effective portion)	-	-	-	(18)	-	(18)	-	(18)
Remeasurements of the defined-benefit liability (IAS 19 (revised))	-	-	-	(362)	-	(362)	(82)	(444)
Other comprehensive income items	-	-	-	-	(25)	(25)	173	148
Comprehensive income	**-**	**-**	**-**	**10 764**	**(25)**	**10 739**	**7 594**	**18 333**
Distribution of dividends	-	-	-	-	-	-	(7 928)	(7 928)
Other movements	-	(1 028)	-	(1 810)	(340)	(3 177)	(4 318)	(7 496)
Equity at 31 October 2016	**193 631**	**(1 426)**	**9 411**	**107 103**	**2 242**	**310 962**	**24 197**	**335 159**
Net profit for 2017 financial year	-	-	-	37 430	-	37 430	8 112	45 542
Change in fair value of financial instruments net of tax (effective portion)	-	-	-	240	-	240	-	240
Remeasurements of the defined-benefit liability (IAS 19 (revised))	-	-	-	(237)	-	(237)	93	(144)
Other comprehensive income items	-	-	-	-	(1 110)	(1 110)	(1 407)	(2 517)
Comprehensive income	**-**	**-**	**-**	**37 434**	**(1 110)**	**36 324**	**6 797**	**43 121**
Distribution of dividends	-	-	-	(3 001)	-	(3 001)	(8 459)	(11 460)
Other movements	(1 091)	1 202	-	(934)	(53)	(875)	1 973	1 098
Equity at 31 October 2017	**192 541**	**(224)**	**9 411**	**140 602**	**1 080**	**343 409**	**24 509**	**367 918**

€000	CAPITAL	TREASURY SHARES	SHARE PREMIUM	CONSOLIDATED RESERVES AND NET PROFIT FOR THE YEAR	GROUP TRANSLATION RESERVE	GROUP EQUITY	MINORITY INTERESTS	TOTAL EQUITY
Net profit for 2018 financial year	-	-	-	6 233	-	6 233	6 360	12 593
Change in fair value of financial instruments net of tax (effective portion)	-	-	-	231	-	231	-	231
Remeasurements of the defined-benefit liability (IAS 19 (revised))	-	-	-	(343)	-	(343)	(18)	(361)
Other comprehensive income items	-	-	-	-	(287)	(287)	751	464
Comprehensive income	**-**	**-**	**-**	**6 121**	**(287)**	**5 834**	**7 093**	**12 927**
Distribution of dividends	-	-	-	-	-	-	(8 737)	(8 737)
Other movements (including changes in scope of consolidation)	-	(191)	-	15	-	(176)	(7)	(182)
Equity at 31 October 2018	**192 541**	**(415)**	**9 411**	**146 738**	**793**	**349 068**	**22 859**	**371 926**

Comments on the changes in equity at 31 October 2018 are presented in Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Notes to the consolidated financial statements are an integral part thereof.

NOTE 1. KEY EVENTS DURING THE FINANCIAL YEAR

Changes to CSG rate

Under the 2018 French Social Security Act, the rate of the CSG (general social contribution) applying to French casinos, and in particular to a fraction (68%) of GGR from slot machines (subject to an allowance of 15%) was increased from 9.5% to 11.2% as from 1 January 2018.

The negative impact on the Group's turnover was €3.7m.

NOTE 2. ACCOUNTING POLICIES

In the following notes to the financial statements, the terms "Groupe Partouche" and "the Group" refer to the entire Group and its consolidated subsidiaries. "Groupe Partouche SA" refers to the parent company of Groupe Partouche.

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

Groupe Partouche, the company and its subsidiaries, are mainly organised around the casino, hospitality and online gaming businesses. The consolidated financial statements were approved for publication by the Executive Board of Groupe Partouche SA on 21 January 2019.

Pursuant to French legislation, the consolidated financial statements for the financial year ended 31 October 2018 will be subject to the approval of the shareholders of the Group at the Shareholders' Meeting convened for 27 March 2019.

In accordance with IAS 1 – Presentation of Financial Statements, the Group breaks out its assets and liabilities in the balance sheet into current and non-current. Items qualify as "current" if:

- the Group expects to realise the asset or settle the liability within 12 months or in its normal operating cycle;
- the assets and liabilities in question are held for the purpose of trading.

2.1 STANDARDS APPLIED

Pursuant to Regulation (EC) No. 1606/2002 of 19 July 2002, the financial statements of Groupe Partouche for the financial year ended 31 October 2018 have been prepared under International Financial Reporting Standards (IFRS) as adopted in the European Union.

The financial information was prepared for all the periods presented in compliance with the rules of measurement and recognition under IFRS.

IFRSs, as adopted by the European Union at 31 October 2018, are available under the IAS/IFRS and SIC-IFRIC interpretations adopted by the European Commission on the following website: https://ec.europa.eu/info/law_en.

2.1.1 IFRS/IFRIC Standards and Interpretations (International Financial Reporting Interpretations Committee)

The accounting policies and valuation methods applied for preparing the consolidated financial statements are the same as those used at 31 October 2017, except for new EU-adopted standards and interpretations that came into force at the beginning of the financial year under review.

- Standards and interpretations applied by the Group at 1 November 2017:
  - Amendments to IAS 7, "Disclosure initiative" (applicable with effect from 1 November 2017);
  - Amendments to IAS 12, "Recognition of deferred tax assets for unrealised losses" (applicable with effect from 1 November 2017);
  - Annual Improvements to IFRSs 2012-2014 Cycle (applicable with effect from 1 November 2016) and 2014-2016 Cycle (applicable with effect from 1 November 2017).

The adoption of these standards did not have a material impact on the consolidated financial statements.

- Standards and interpretations adopted or in the process of being adopted by the European Union and not applied early by the Group at 1 November 2017:
  - IFRS 9, "Financial instruments" (applicable with effect from 1 November 2018);
  - Amendments to IFRS 9, "Prepayment features with negative compensation" (applicable with effect from 1 November 2019);
  - IFRS 15 – Revenue from Contracts with Customers (applicable with effect from 1 November 2018);
  - IFRS 16 – Leases (applicable with effect from 1 November 2019);
  - Amendments to IAS 19, "Plan amendment, curtailment or settlement" (not adopted by the EU);
  - Annual Improvements to IFRSs 2015-2017 Cycle (not adopted by the EU).

Groupe Partouche is currently analysing the potential impact that applying these standards and amendments has on its statement of comprehensive income, balance sheet, cash flows and notes to the consolidated financial statements.

2.2 ACCOUNTING JUDGMENTS AND ESTIMATES

2.2.1 Preparation principles

The consolidated financial statements are prepared on the basis of historical costs, with the exception of certain financial instruments which have been recorded since 1 November 2004, based on their fair value, namely:

- derivative financial instruments;
- available for sale financial assets.

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

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

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

The principal estimation bases applied by the Group are presented below and relate to:

- measurement in the balance sheet of tangible fixed assets, intangible assets and goodwill. The Group regularly reviews certain indicators which, where applicable, may lead to an impairment test;
- determination of deferred tax and the level of recognition of deferred tax assets based on the principles described below. Management has established a tax recoverability plan enabling the amount of deferred tax assets that may be recognised in the Group's consolidated balance sheet to be estimated;
- determination by the Group of the provision for retirement commitments and similar benefits and related expenses depends on the assumptions used in the actuarial provision calculation;
- analysis of contingencies and legal claims, including the estimate of the probability of the outcomes of litigation in progress and future litigation, which are intrinsically dependant on necessarily uncertain future events.

The financial statements reflect management's best estimates, on the basis of the information available to them on the date that the financial statements are approved for publication.


Le joueur garde sa Mise si la Banque a moins d'une paire

NOTE 3. CONSOLIDATION SCOPE

3.1 ACCOUNTING POLICIES RELATED TO THE CONSOLIDATION SCOPE

3.1.1 Consolidation principles

▸ Full consolidation

Subsidiaries over which the Group has exclusive control, whether directly or indirectly, are fully consolidated. The Group considers that it has exclusive control over an entity in which it has invested if:

- it has power over the investee;
- it is exposed or entitled to variable returns resulting from its links with the investee;
- it is able to exert its power over the entity in such a way as to influence the amount of returns it obtains from the entity.

The full consolidation method takes into account, after eliminating internal transactions and results, all assets, liabilities and income statement items of the companies in question; that portion of profits and equity due to Group companies (Group share) is distinguished from that relating to interests held by other shareholders (non-controlling interests). All significant transactions between consolidated companies and results within the consolidated group (including dividends) are eliminated.

▸ Equity-accounted joint arrangements and associates

A partnership agreement structures the control of a firm and ensures that it is jointly controlled by at least two partners. This type of firm is known as a joint arrangement, as defined in IFRS 11, retroactively applicable with effect from 1 January 2014, where the partners have rights over the firm's net assets.

Groupe Partouche also has significant influence over some companies, known as associates. Significant influence means the power to participate in decisions concerning a company's financial and operational policies without controlling or jointly controlling those policies. Significant influence is assumed where the Group holds more than 20% of the voting rights. Such joint arrangements and associates are recognised using the equity method.

Under this method, an investment in equity-accounted companies is recognised in the consolidated balance sheet at the date at which the company becomes an associate or a joint arrangement. This investment is initially recognised at acquisition cost. After the acquisition date, it is adjusted to reflect the Group's share of comprehensive income not distributed by the investee. This income may be adjusted to comply with the Group's accounting policies.

The rules for impairment testing of equity-accounted investments are governed by IAS 39 – Financial Instruments: Recognition and Measurement, and IAS 28 (revised) – Investments in Associates and Joint Ventures. Impairment losses on equity-accounted investments, as well as any profit or loss upon the re-measurement at fair value of the previously held share (when control of an equity-accounted company is acquired), are recognised under "Share in earnings of equity-accounted associates".

▸ Change in the percentage of interests held in companies without the loss of control

Under IAS 27 (revised), in the event that additional shares in a subsidiary are acquired, the difference between the price paid and the carrying amount of the acquired minority interest, as determined from the financial statements prior to the acquisition, is deducted from consolidated equity.

3.1.2 Foreign currency translation methods

▸ Translation of foreign companies' financial statements

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

Foreign companies' financial statements are initially prepared in each subsidiary's functional currency. Balance sheet items are translated into euros on the basis of the exchange rates prevailing at the balance sheet date. Equity items are translated on the basis of the historical exchange rates, with translation differences from the previous financial year being aggregated under the heading "translation differences" included in the statement of comprehensive income. The income statement and cash flow headings are translated using average rates during the financial year.

▸ Translation of foreign currency transactions

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

▸ Main conversion rates

The main exchange rates applied outside the eurozone are as follows:

CURRENCIES / EURO	CLOSING RATE AT 31/10/2018	AVERAGE RATE AT 31/10/2018	CLOSING RATE AT 31/10/2017	AVERAGE RATE AT 31/10/2017	CLOSING RATE AT 31/10/2016	AVERAGE RATE AT 31/10/2016
CHF Swiss franc	**1,139900**	**1,160370**	1,162200	1,096390	1,082000	1,091440
GBP Pound sterling	**0,888730**	**0,884050**	0,878530	0,871380	0,900500	0,795490
TND Tunisian dinar	**3,264236**	**3,039970**	2,913130	2,637120	2,466293	2,331730

3.2 CHANGES IN THE SCOPE OF CONSOLIDATION

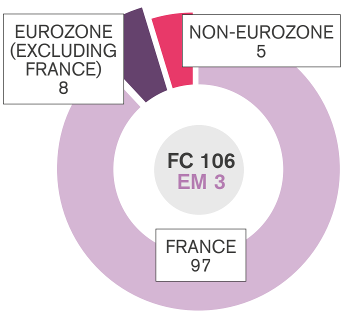
Groupe Partouche's consolidated financial statements, prepared at 31 October 2018, comprise the financial statements of the companies listed in Note 17.

The graphics below summarise the number of entities consolidated by the full consolidation and equity methods.

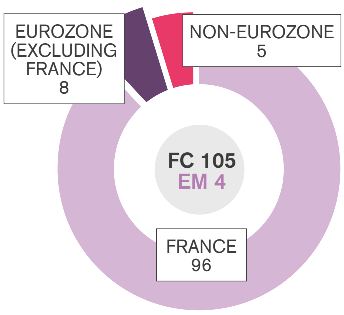
FC: Full consolidation

EM: Equity method

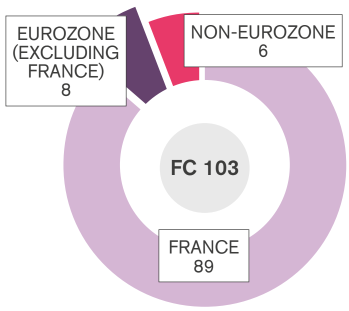
2018 scope of consolidation



2017 scope of consolidation



2016 scope of consolidation



France:

In 2018:

- *Consolidation of SCI Green Auron;*

In 2017:

- *Consolidation of SEGR Le Laurent, Plage 3.14, Partouche Studio, Club Partouche Paris, Club Partouche Capitale, Green 3.14,*
- *The Garden Pinède holding company was wound up through a transmission universelle de patrimoine (transfer of all its assets and liabilities), and the Vichy 4 Chemins casino company was deconsolidated following its liquidation,*
- *Impact of the equity-accounted sub-group (see Note 3.2.1 "Equity-accounted sub-group" to the consolidated financial statements included in the 2017 Annual Report).*

Non-eurozone:

- *In 2017, Casino de Tabarka was deconsolidated following its liquidation.*

3.2.1 Changes in scope

All the changes in percentage ownership interest are presented in Note 17.

The impact of changes in the Group's scope of consolidation in the 2018 financial year was as follows:

▸ Consolidation of SCI Green Auron:

The company, which owns the 3.14 Green building, was consolidated for the first time in the previous financial year.

3.2.2 Gain (loss) on the sale of consolidated investments

€000 AT 31 OCTOBER	2018	2017	2016
Gain (loss) on the deconsolidation of Casino de Vichy 4 Chemins	-	(1 124)	-
Gain (loss) on the deconsolidation of Casino de Tabarka	-	(129)	-
Gain (loss) on the divestment of Cannes Balnéaires	-	17 800	-
Net liquidation proceeds from Partouche Interactive Gibraltar	-	-	123
Total	**-**	**16 547**	**123**

3.2.3 Disposals of tangible fixed assets

Groupe Partouche also completed disposals of non-material assets during the 2018 financial year. These are shown in the consolidated income statement to 31 October 2018 under "Other current operating income and expenses" for a total of €45k *(see Note 5.4.2)*.

3.2.4 Impact of companies added to the scope of consolidation on the consolidated income statement and financial position

▸ **SCI Green Auron**

The financial impact of the addition of SCI Green Auron to Groupe Partouche's scope of consolidation on the various components of current operating profit in the 2018 financial year was as follows:

€000 AT 31 OCTOBER	2018
Turnover	**-**
Purchases and external expenses	(1)
Taxes and duties	(7)
Employee expenses	-
Depreciation, amortisation and impairment of fixed assets	(15)
Other current operating income and expenses	16
Current operating profit	**(8)**

The company's financial impact on the main components of the Group's financial position in the 2018 financial year was as follows:

ASSETS €000 AT 31 OCTOBER	2018
Non-current assets	2 127
Current assets	144
Assets held for sale	-
TOTAL ASSETS	**2 271**

LIABILITIES AND EQUITY €000 AT 31 OCTOBER	2018
Equity	69
Non-current liabilities	1 699
Current liabilities	503
Held for sale liabilities	-
TOTAL LIABILITIES AND EQUITY	**2 271**

3.3 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, an asset is classified as held for sale only if the sale is highly probable within a reasonable time frame, the asset is available for immediate sale in its current condition and management is committed to a plan to sell.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and:

a) represents either a separate major line of business or a geographical area of operations; or

b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

c) is a subsidiary acquired exclusively with a view to resale.

At 31 October 2018, there were no assets held for sale.

NOTE 4. SEGMENT INFORMATION

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

- the Casino division, which comprises gaming, catering and entertainment;
- the Hotel division, which comprises accommodation and hospitality services;
- the Group's Other activities, which mainly comprise the business of Groupe Partouche SA, the Group's parent company, sports betting companies (Belgium), and all the other secondary businesses (holding companies, spa-related activities, real estate companies, IT services companies, beach resorts, etc.).

With regard to casino subsidiaries, the Group believes that its operating companies have a unique activity contributing to a global service offering for its customers. Several restrictions are attached to the operation of casinos, which, according to gaming regulations, are establishments comprising three distinct activities: gaming, entertainment and food services, together under a single management structure. The operating requirements to be followed therefore include ancillary services necessarily incidental to the main activity, gaming.

Current operating profit (loss) is the main benchmark indicator monitored across the various business sectors.

The current operating profit of online gaming activity in Belgium (excluding sports betting companies) is presented under "Casinos". It is part of the relevant companies' casino business. As always, online gaming licences in Belgium are awarded only to physical casino operators.

To make it easier to understand segment performance, Groupe Partouche presents segment information in the form set out below, with the contribution from each segment shown before intra-group eliminations between the Group's various business segments.

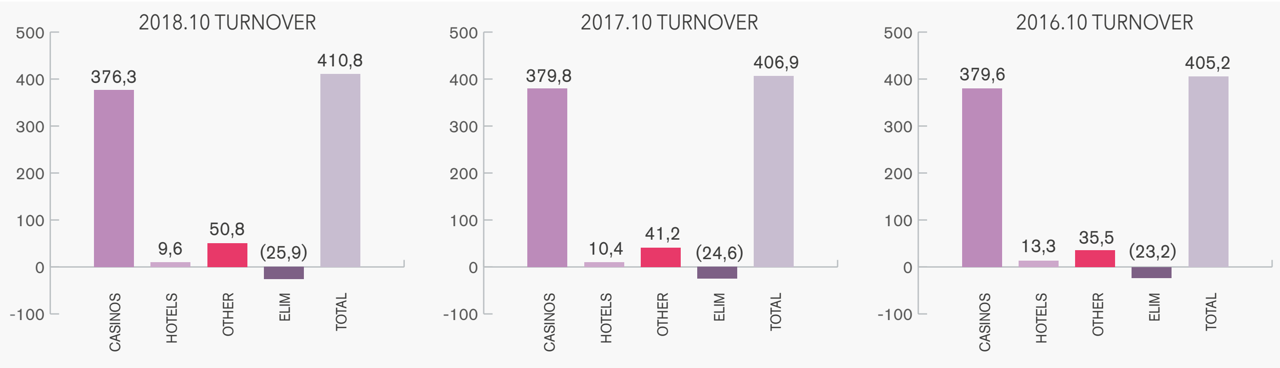
4.1 BUSINESS OVERVIEW BY SEGMENT

€000 AT 31 OCTOBER 2018	SECTORS BEFORE ELIMINATION				TOTAL ELIMINATION	CONSOLIDATED TOTAL
	TOTAL	CASINOS	HOTELS	OTHER		
Turnover	436 708	376 307	9 636	50 765	(25 864)	410 844
Purchases and external expenses	(163 278)	(122 943)	(5 096)	(35 239)	16 375	(146 903)
Taxes and duties	(27 412)	(25 100)	(751)	(1 561)	10 419	(16 993)
Employee expenses	(175 102)	(154 832)	(4 168)	(16 102)	(327)	(175 429)
Depreciation, amortisation and impairment of fixed assets	(40 193)	(35 726)	(1 054)	(3 412)	-	(40 193)
Other current operating income and expenses	(4 076)	(5 433)	140	1 217	(604)	(4 680)
Current operating profit	**26 647**	**32 274**	**(1 293)**	**(4 334)**	**-**	**26 647**

€000 AT 31 OCTOBER 2017	SECTORS BEFORE ELIMINATION				TOTAL ELIMINATION	CONSOLIDATED TOTAL
	TOTAL	CASINOS	HOTELS	OTHER		
Turnover	431 465	379 793	10 425	41 247	(24 580)	406 885
Purchases and external expenses	(149 892)	(115 930)	(6 084)	(27 878)	15 273	(134 619)
Taxes and duties	(27 915)	(25 555)	(884)	(1 477)	10 050	(17 865)
Employee expenses	(172 814)	(153 494)	(5 350)	(13 970)	(199)	(173 013)
Depreciation, amortisation and impairment of fixed assets	(37 594)	(32 369)	(1 096)	(4 129)	-	(37 594)
Other current operating income and expenses	(6 892)	(8 426)	(299)	1 832	(544)	(7 436)
Current operating profit	**36 358**	**44 020**	**(3 288)**	**(4 374)**	**-**	**36 358**

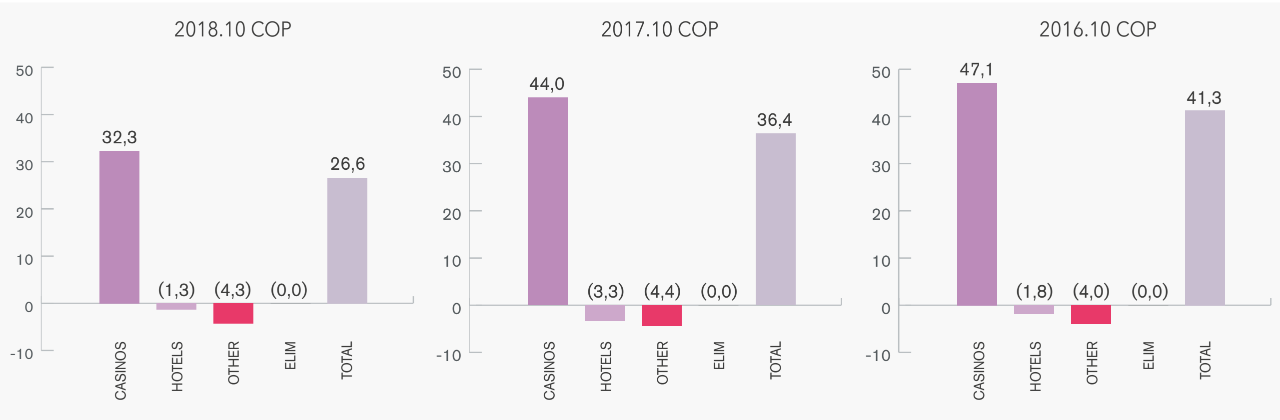
4.2 TURNOVER BY DIVISION (€M)

Breakdown of turnover by division (€m)

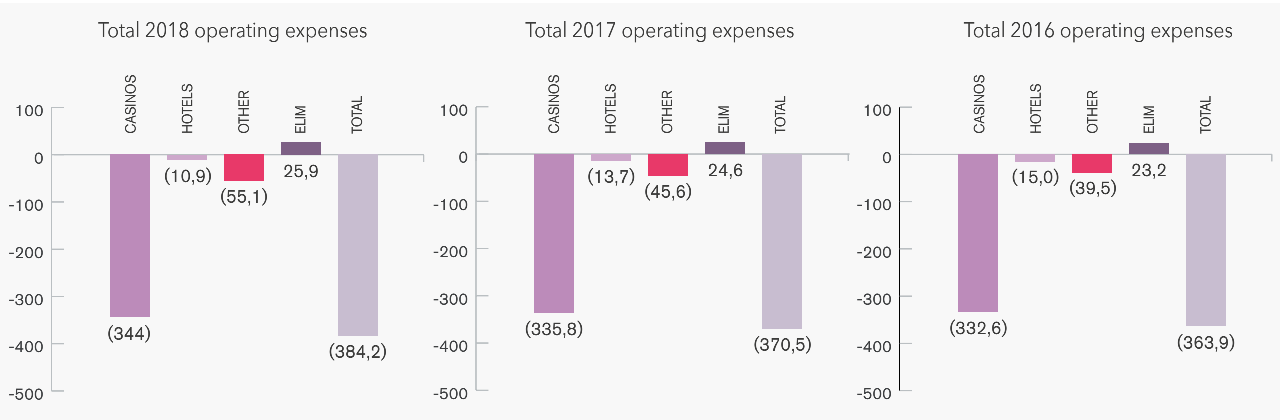


4.3 CURRENT OPERATING PROFIT BY DIVISION

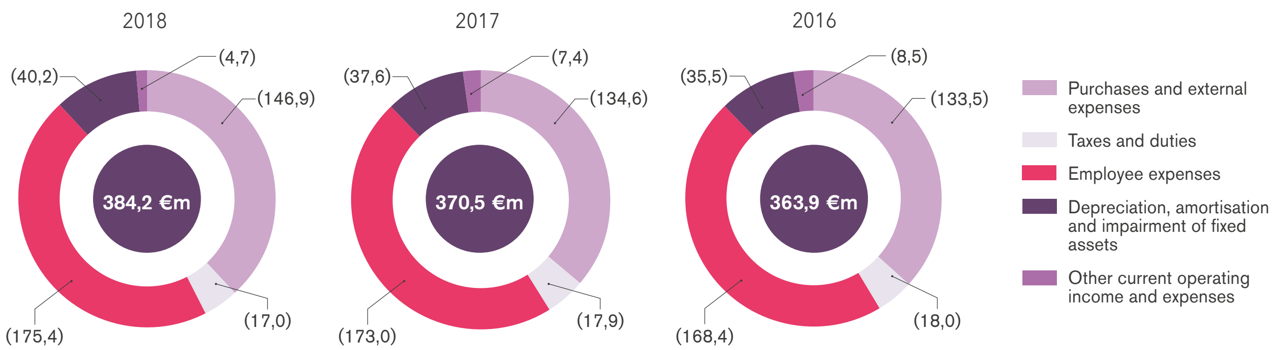
Breakdown of current operating profit by division (€m)



Operating expenses by business sector



Breakdown of operating expenses by type



4.4 BALANCE SHEET ITEMS BY DIVISION

€000 AT 31 OCTOBER	SEGMENT ASSETS		OF WHICH EQUITY-ACCOUNTED	
	2018	2017	2018	2017
Casinos	564 696	546 480	-	-
Hotels	14 936	15 977	-	-
Other	142 473	136 125	-	-
TOTAL	**722 105**	**698 583**	-	-

Financial statement reconciliation of segment liabilities:

€000 AT 31 OCTOBER	SEGMENT LIABILITIES	
	2018	2017
Casinos	161 546	149 385
Hotels	3 655	4 331
Other	184 978	176 949
TOTAL	**350 179**	**330 665**

€000 AT 31 OCTOBER	2018	2017
Segment liabilities	350 179	330 665
Equity	371 926	367 918
TOTAL LIABILITIES AND EQUITY	**722 105**	**698 583**

Cash flow items by business division:

€000 AT 31 OCTOBER	ACQUISITION OF INTANGIBLE ASSETS		ACQUISITION OF TANGIBLE FIXED ASSETS		ELIMINATION OF DEPRECIATION, AMORTISATION AND PROVISIONS	
	2018	2017	2018	2017	2018	2017
Casinos	(295)	(139)	(53 702)	(53 043)	38 134	37 283
Hotels	(14)	(173)	(290)	(605)	896	1 242
Other	(1 042)	(210)	(11 105)	(10 337)	3 300	4 335
TOTAL	**(1 350)**	**(522)**	**(65 097)**	**(63 985)**	**42 330**	**42 860**

NOTE 5. OPERATIONAL DATA

5.1 REVENUE RECOGNITION

Consolidated turnover recognised for the Group corresponding to income from ordinary activities as defined under IAS 18 mainly includes income generated by the following activities:

- net gaming revenue;
- sales of services.

Turnover is recognised on the accrual basis for net gaming revenue or in relation to the degree of completion for sales of services and lease agreements, provided that the price is fixed or may be determined and that the corresponding receivable is likely to be recovered. Turnover is measured at the fair value of the consideration received or to be received.

a. Net gaming revenue

This item corresponds to gross gaming revenue, less the corresponding gaming levies, in accordance with the chart of accounts for casinos. Net gaming revenue is known and recognised when the service is performed.

b. Sales of services

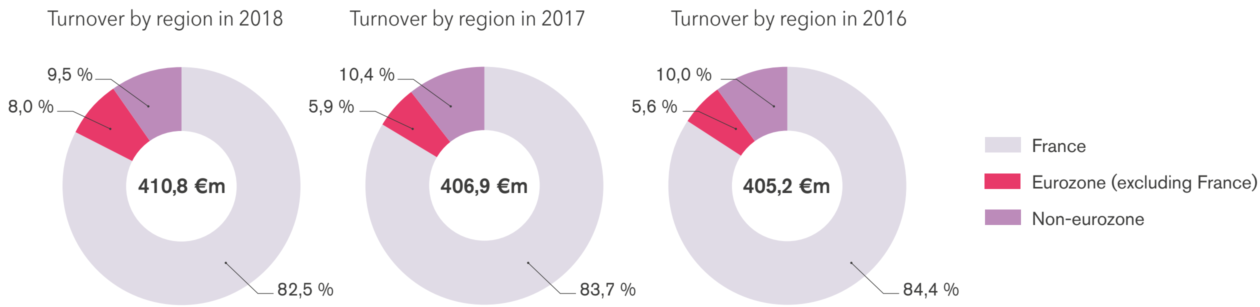
Turnover generated by sales of services includes proceeds arising from restaurant, hotel and entertainment activities constituting the full range of leisure services provided to the clientele of the Group's establishments in addition to gaming activities.

Turnover by geographical area

Geographic information is based on the breakdown of turnover by the geographic regions in which the Group operates, which are as follows:

- France;
- Eurozone (excluding France);
- Non-eurozone.

BREAKDOWN OF TURNOVER €000 AT 31 OCTOBER	2018	%	2017	%	2016	%
France	339 142	82,5 %	340 506	83,7 %	341 911	84,4 %
Eurozone (excluding France)	32 727	8,0 %	24 071	5,9 %	22 892	5,6 %
Non-eurozone	38 975	9,5 %	42 307	10,4 %	40 400	10,0 %
TOTAL	**410 844**	**100 %**	**406 885**	**100 %**	**405 203**	**100 %**



5.2 OPERATING PROFIT AND EBITDA

In order to aid in the understanding of its financial performance, the Group considers that it is pertinent to divide its operating profit into two components on its income statement: current operating profit and non-current operating profit.

▸ Current operating profit (COP)

Current operating profit combines all of the income and expenses directly related to the Group's businesses to the extent that these items are recurring, usual items of the operating cycle or that they result from ad hoc events or decisions related to the Group's operations. This indicator used by the Group allows for the presentation of a level of operating performance able to facilitate a forward-looking approach to recurring performance. This aggregate is the operating profit before impairment of goodwill and other non-recurring operating income and expenses defined as follows: net gains/losses from the disposal of assets and exceptional items, income and expenses which are unusual in their frequency, nature or amount.

▸ Non-current operating profit (NCOP)

Non-current operating profit comprises all non-current events that are not usually part of the operating cycle: it therefore comprises impairments of fixed assets, the gain or loss from the sale of consolidated investments, the gain or loss on the sale of assets, and other non-current operating income and expenses that are not related to the normal operating cycle.

▸ Consolidated EBITDA

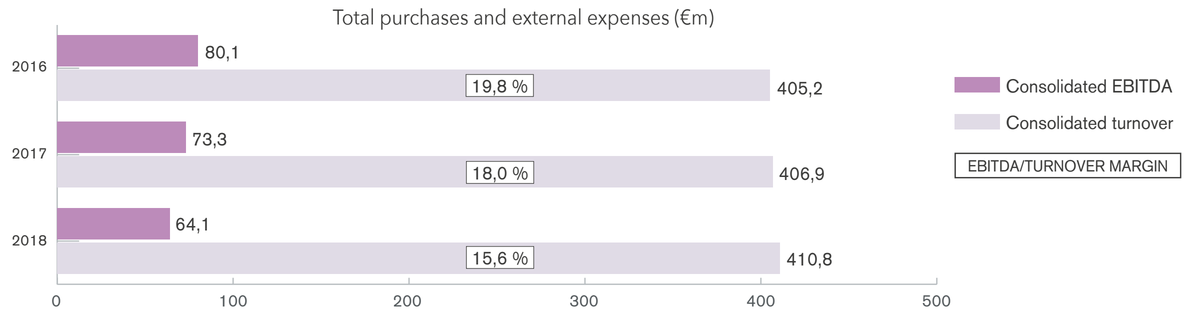
Consolidated EBITDA comprises the income and expense items constituting current operating profit (as defined in the interim and annual financial statements of Groupe Partouche), excluding depreciation and amortisation (allocations and reversals) and provisions (allocations and reversals) relating to the operating cycle and one-off items relating to the Group's activities that are included under current operating profit but are excluded from EBITDA given their non-recurring nature.

▸ Adjustments to reconcile current operating profit to EBITDA at 31 October 2018

€000 AT 31 OCTOBER	2018 COP	RESTATEMENT RECLASSIFICATION	2018 EBITDA
Turnover	410 844	-	410 844
Purchases and external expenses	(146 903)	-	(146 903)
Taxes and duties	(16 993)	-	(16 993)
Employee expenses	(175 429)	(394)	(175 823)
Depreciation, amortisation and impairment of fixed assets	(40 193)	40 193	-
Other current operating income and expenses	(4 680)	(2 305)	(6 986)
Adjustments to reconcile COP to EBITDA	**26 647**	**37 494**	**64 141**

Adjustments to reconcile current operating profit to EBITDA at 31 October 2017

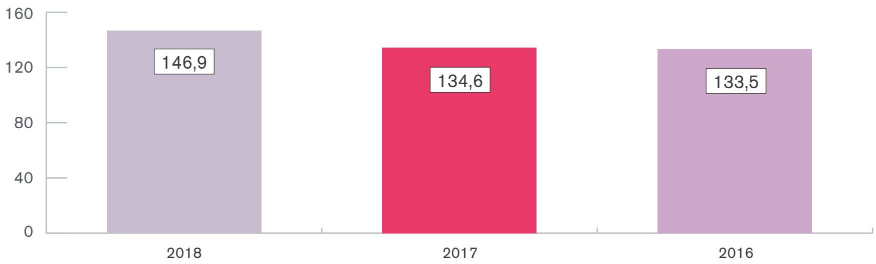
€000 AT 31 OCTOBER	2017 COP	RESTATEMENT RECLASSIFICATION	2017 EBITDA
Turnover	406 885	-	406 885
Purchases and external expenses	(134 619)	-	(134 619)
Taxes and duties	(17 865)	-	(17 865)
Employee expenses	(173 013)	(58)	(173 071)
Depreciation, amortisation and impairment of fixed assets	(37 594)	37 594	-
Other current operating income and expenses	(7 436)	(576)	(8 011)
Adjustments to reconcile COP to EBITDA	**36 358**	**36 960**	**73 318**



5.3 PURCHASES AND EXTERNAL EXPENSES

The lease agreements referenced at the level of the Group as a whole are in large part operating leases under which the lessor retains a significant portion of the risks and benefits inherent in ownership of the asset under lease. Payments made under these leases are recognised in expenses on a straight-line basis over the term of the leases. Only significant finance-lease agreements for fixed assets are restated. They give rise to recognition of an asset, the leased property, and a liability, the financial debt. These assets are depreciated in accordance with the schedule defined by the Group in respect of the fixed assets concerned.

Comparison of purchases and external expenses



Breakdown of purchases and external expenses (€m)

€M AT 31 OCTOBER	2018	2017	2016
Raw materials	39,1	37,9	36,9
Fixed asset leases	10,1	9,8	9,0
Current asset leases	8,4	7,5	7,0
Maintenance	9,9	9,5	9,2
Professional fees*	17,2	15,7	15,1
Advertising	21,3	21,0	24,6
Subcontracting expenses	29,5	22,0	21,7
Miscellaneous	11,3	11,2	10,1
TOTAL	**146,9**	**134,6**	**133,5**

(*) Please refer to Section 21.3 "Statutory Auditors' fees" for details of the Statutory Auditors' fees.

Breakdown of "Sundry" item

€000 AT 31 OCTOBER	2018	2017	2016
Insurance premiums	1 072	1 076	1 018
External staff	1 306	1 431	1 044
Entertainment	2 523	2 734	2 348
Post and telecoms	2 198	2 086	1 914
Banking fees	2 365	2 445	2 080
Miscellaneous	1 884	1 475	1 666
TOTAL	**11 347**	**11 247**	**10 070**

5.4 OTHER OPERATING INCOME AND EXPENSES

5.4.1 Other current operating income and expenses

€000 AT 31 OCTOBER	2018	2017	2016
Net gain (loss) on asset disposals	(522)	(486)	(149)
Changes in impairment of current assets	536	486	(745)
Changes in provisions for contingencies	1 156	164	(861)
Sundry current operating income and expenses	(5 851)	(7 600)	(6 719)
Other current operating income and expenses	**(4 680)**	**(7 436)**	**(8 475)**

Breakdown of "Sundry current operating income and expenses" at 31 October 2018

Charges related to casino operating requirements	(10 983)
Gaming oversight fees	(618)
Other sundry current operating expenses*	(1 849)
Total sundry current operating expenses	**(13 450)**
Investments subsidies taken to income for the period	1 045
Other sundry current operating income**	6 555
Total sundry current operating income	**7 599**
Total sundry current operating income and expenses	**(5 851)**

(*) Mainly includes all other recurring operating costs (image costs, copyright, other royalties and miscellaneous operating costs, etc.) incurred by all the Group's companies.

(**) Mainly includes all other recurring operating revenue earned by all the Group's companies.

"Other sundry current operating income" to 31 October 2018 consisted of €3.9m in accrued income from high-quality artistic events in the period and €1.5m in income related to allowances on Article 34 investments.

5.4.2 Other non-current operating income and expenses

€000 AT 31 OCTOBER	2018	2017	2016
Net gain (loss) on asset disposals*	45	236	178
Sundry operating income and expenses**	(1 123)	(1 911)	(3 143)
Total	**(1 078)**	**(1 675)**	**(2 965)**

(*) At 31 October 2018, this item solely comprised the net gain of €45k from the sale of a real estate asset owned by SCI Foncière de Contrexéville.

At 31 October 2017, this item solely comprised the net gain of €236k from the sale of a real estate asset owned by SCI Foncière de Contrexéville.

(**) Includes all non recurring sundry operating income and expenses not related to the Group's usual operating cycle.

In the year to 31 October 2018, this included €301k in exceptional depreciation charges on a number of establishments, mainly consisting of the Aix-en-Provence and Pornic casinos (€121k and €93k respectively) corresponding to depreciation for obsolescence in connection with renovation work, as well as non-recurring costs arising from the closure of the Hôtel 3.14 business (€354k) and the sale of Cannes Balnéaires in October 2017 (€270k).

At 31 October 2017, this included exceptional depreciation charges on the Palm Beach and Aix-en-Provence casinos (€1,150k and €579k respectively) corresponding to depreciation for obsolescence as part of the relocation of the Palm Beach de Cannes casino and renovation works at Aix-en-Provence.

5.5 INVENTORIES AND SEMI-FINISHED GOODS

Inventories are stated at their acquisition cost. The costs of inventories sold are determined on the basis of the first-in-first-out method. An impairment loss is recognised when the carrying amount of inventories is higher than their net realisable value.

€000 AT 31 OCTOBER	2018	2017	2016
Inventories – Solids	723	703	639
Inventories – Liquids	1 729	1 816	1 149
Inventories – Other consumed purchases	301	284	244
Inventories – Production in progress*	5 029	3 476	87
Inventories – Finished and semi-finished products	-	-	-
Inventories – Merchandise inventories	1 595	1 506	1 050
GROSS AMOUNT	**9 377**	**7 785**	**3 169**
Provision	(5)	(29)	(28)
NET AMOUNT	**9 372**	**7 756**	**3 142**

(*) At 31 October 2017, the €3.4m in relevant fixed assets had been reclassified under "Inventories – Production" in progress in connection with the property development plan for the former casino building at La Grande-Motte, in accordance with IFRIC 15.

The amount included in "Inventories in progress" in connection with this project at 31 October 2018 is €4.9m.

5.6 RECEIVABLES AND OTHER DEBTORS

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

€000 AT 31 OCTOBER	2018	2017	2016
Trade receivables	22 373	21 321	19 863
Provisions for trade accounts receivable	(9 602)	(9 485)	(9 891)
Total net value of trade receivables	**12 771**	**11 836**	**9 972**
Other debtors	59 533	56 401	38 360
Provisions for other debtors	(42 331)	(42 200)	(23 265)
Total net value of other debtors	**17 201**	**14 201**	**15 096**
Total net value of trade receivables and other debtors	**29 972**	**26 037**	**25 068**

Breakdown of other debtors

€000 AT 31 OCTOBER	2018	2017	2016
Suppliers: advances and down payments	823	699	911
Employee receivables – advances and down payments	169	159	162
Receivables from social security organisations	371	418	499
Tax receivables – excluding corporate income tax	9 720	8 090	7 460
Current accounts – assets	32 376	32 428	15 353
Receivables in respect of sales of property and equipment	1 881	20	20
Receivables in respect of sales of securities	1 362	1 113	1 362
Other receivables	12 377	12 876	11 985
Dividends receivable	-	-	-
Other income receivables	454	599	607
Total other debtors	**59 533**	**56 401**	**38 360**

Comments on other debtors:

At 31 October 2018, "Tax receivables – excluding corporate income tax" primarily included accrued income as tax relief for high-quality artistic events and/or hotel investments, the most individually material of which were €3.2m for the Aix-en-Provence casino (vs. €1.8m at 31 October 2017) and €1.4m for the Lyon Pharaon casino (vs. €1.5m at 31 October 2017).

Current receivables from disposals of securities correspond in particular to the current portion (€890k) of the balance receivable in connection with the sale of Société Française de Casinos (SFC) to Tête Dans les Nuages (TDN) (receivable fully impaired) and the current portion (€471k) of the seller financing related to the divestment of the Dinant casino which took place in 2014.

"Other receivables" includes in particular a longstanding €6.9m receivable from a third party that has yet to deliver a property title acquired under contract and against which proceedings have been filed. This receivable is provided for in full.

Breakdown of provisions for other debtors

€000 AT 31 OCTOBER	2018	2017	2016
Provisions on current accounts – assets	(31 246)	(31 285)	(12 174)
Provision for receivables in respect of sales of securities	(890)	(712)	(961)
Provision for other receivables	(10 196)	(10 204)	(10 130)
Provision for other debtors	**(42 331)**	**(42 200)**	**(23 265)**

Comments on provisions for other debtors:

Besides the impairment losses mentioned above, provisions for other debtors mainly include the following:

- a €2.1m provision recognised in previous financial years by Compagnie Européenne de Casinos in its dealings with a foreign company;
- an €8.3m provision for Groupe Partouche SA's current account with the Beaulieu casino (currently being liquidated; deconsolidated in 2010);
- an €18.9m current account provision against Vichy 4 Chemins (currently being liquidated; deconsolidated during the previous financial year).

Accounts receivable aging of trade and other receivables

€000 AT 31 OCTOBER 2018 RECEIVABLES OUTSTANDING FOR:	< 1 MONTH OR NOT OUTSTANDING	< 3 MONTHS	< 6 MONTHS	< 9 MONTHS	> 9 MONTHS	TOTAL
Net value of trade receivables	4 978	1 561	479	230	5 523	12 771
Net value of other debtors	9 121	1 428	699	394	5 560	17 201
Total trade and other receivables	**14 099**	**2 989**	**1 178**	**623**	**11 083**	**29 972**

Receivables outstanding for more than nine months include accrued income on additional allowances receivable (linked to "Article 34" hotel investments and "high-quality artistic events").

Its collection is dependent on the Ministry of the Interior approving applications filed by casinos in this regard, which can give rise to relatively long delays between the point at which casinos pay out the expenditure and the point at which the Ministry authorises the allowances. However, no unfavourable settlements have been recorded for these casinos in recent financial years.

5.7 INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

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

Balances relating to equity-accounted associates

€000 AT 31 OCTOBER	2016	2017	SHARE IN PROFIT	CHANGES IN SCOPE	CAPITAL TRANSACTIONS	RECLASSIFICATION	2018
Investments in equity-accounted associates	-	-	(2 261)	25	979	1 257	-
Provision for share of negative equity	-	(511)	-	-	-	(1 257)	(1 768)
Total	**-**	**(511)**	**(2 261)**	**25**	**979**	**-**	**(1 768)**
Of which, goodwill relating to equity-accounted associates	-	-	-	-	-	-	-

NOTE 6. INTANGIBLE AND TANGIBLE FIXED ASSETS

6.1 GOODWILL

Determination of goodwill

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

Goodwill is the difference between the acquisition cost of shares and the Group's share in the fair value of any identifiable assets and liabilities. Under the previous IFRS 3, all of the expenses representing external costs directly related to the acquisition are included in the acquisition cost. Most of the goodwill has been generated by external growth operations. However, as of the financial year ended 31 October 2010, and where no change in control has occurred, this difference is recorded directly as a reduction in equity, in accordance with IAS 27 (revised). Goodwill is accounted for in the functional currency of the acquired entity and is translated in the consolidated financial statements according to the rules of conversion as previously defined.

Upon the sale of a subsidiary, the amount of goodwill attributable to the company sold is included in the calculation of the gain or loss on disposal.

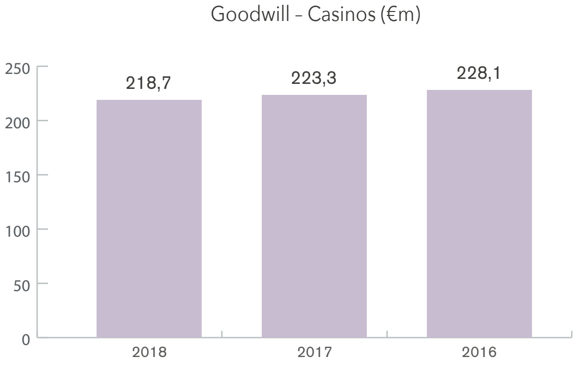
€000 AT 31 OCTOBER	2018	2017	2016
Net goodwill, excluding impairment for the financial year	237 166	241 795	245 680
Impairment for the financial year	(4 662)	(4 718)	(5 737)
Net goodwill	**232 504**	**237 076**	**239 944**

Impairment of goodwill in respect of financial year 2018, recognised in "Impairment of non-current assets" under "Non-current operating profit (loss)" in the consolidated income statement, totalled €4.7m and concerned only the casino CGUs based on value in use.

The full methodology used for the impairment of goodwill is set out in Section 6.2 below.

No CGUs were rebundled or subdivided in relation to the previous financial year.

6.1.1 Breakdown of changes in goodwill by division



€000 AT 31 OCTOBER	2018	2017	2016
Casinos	218 671	223 333	228 051
Hotels	3 072	3 072	3 072
Other	10 761	10 672	8 821
TOTAL	**232 504**	**237 076**	**239 944**

Breakdown of changes

NET VALUE AT 31 OCTOBER 2017 IN €000	237 076
Increase*	89
Decreases	-
Impairment	(4 662)
IFRS 5 reclassification	-
Net value at 31 October 2018	**232 504**

(*) At 31 October 2018, the increase reflects the first-time consolidation of SCI Green Auron.

Breakdown of impairment

BREAKDOWN OF IMPAIRMENT IN €000	2018
Casino Bandol	(2 647)
Casino d'Hyères	(970)
Casino d'Andernos	(1 045)
Impairment	**(4 662)**

A goodwill impairment charge of €4,662k was recognised under line item "Impairment of non-current assets" within "Non-current operating profit" in the consolidated income statement.

6.1.2 Goodwill by company

The breakdown of accumulated goodwill (net of impairment) above €10m as at 31 October 2018 is as follows:

€M AT 31 OCTOBER	2018	2017
Casino Divonne	30,75	30,75
Casino Pornichet	30,13	30,13
Casino Annemasse	27,19	27,19
Casino La Grande-Motte	22,82	22,82
Casino Pornic	19,27	19,27
Casino La Roche-Posay	16,98	16,98
Casino Ostende	15,39	15,39
Casino Plouescat	12,98	12,98
SUBTOTAL	**175,52**	**175,52**
Other entities (aggregate)	56,99	61,56
TOTAL	**232,50**	**237,08**

6.2 IMPAIRMENT IN THE VALUE OF GOODWILL

6.2.1 Impairment testing of goodwill

Goodwill is not amortised, but is subject to impairment tests annually or more frequently if there is any indication of identified impairment in value. Besides external indicators that measure any loss in value related to the economic climate, the Group mainly uses changes in the following internal indicators: gross gaming revenue, turnover and EBITDA.

For the purposes of carrying out impairment testing, each goodwill item is allocated to a cash generating unit (CGU) representing the smallest group of identifiable assets that generate largely independent cash inflows, i.e. the lowest level at which goodwill is monitored for the purposes of monitoring for internal management purposes (generally a casino operating company). Monitoring the value of goodwill falls within the scope of application of paragraph 135 of IAS 36.

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

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

The value in use of a CGU is determined by discounting the future cash flows generated by its assets. The data used for the value-in-use method is extracted from the annual budgets and multi-annual plans drawn up by management for a period of five years. These forecasts are drawn up by each operating segment, drawing on their financial targets and assumptions on the following factors: discount rate, the long-term growth rate used to calculate the terminal value, EBITDA, investment expenditure, competition environment, regulatory environment, changes in technology and level of marketing and selling costs.

Beyond the five-year period, a terminal value corresponding to the value of the CGU at the end of the explicit projection period was calculated using the capitalisation, for an unlimited time, of normative cash flows, taking into consideration a specific forecast long-term growth rate for each business segment.

The forecast cash flows and the terminal value have been discounted to present value at the assessment date using a discount rate equal to the weighted average cost of capital (WACC), including a risk premium for each business segment.

Should the tests, once performed, yield a loss in value, the impairment is deducted from goodwill. It is charged to «Impairment of non-current assets» under non-current operating profit. Under IFRS as adopted by the European Union, a recorded impairment of goodwill can never be reversed.

The main assumptions used at 31 October 2018 are shown below:

DISCOUNT RATE	GROWTH RATE	DEBT-FREE SEGMENT BETA	MARKET PREMIUM	TAX RATE
7,7 %	Between 0 % and 2 %	0,70	7 %	25 %

The tests performed on the Group's goodwill at 31 October 2018 led to the recognition of additional impairment in the amount of €4,662k, as shown in the table in Note 6.1.1.

6.2.2 Sensitivity of impairment tests

Sensitivity to interest rate changes

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

CGU	IMPACT IN €M OF A CHANGE IN			
	DISCOUNT RATE		PERPETUAL GROWTH RATE	
	+1/2 POINT	-1/2 POINT	+1/2 POINT	-1/2 POINT
Casino de Pornic	(0,59)	2,19	1,87	(0,32)
Casino d'Andernos	(0,32)	0,37	0,33	(0,29)
Casino de La Grande-Motte	(1,73)	2,10	1,84	(1,51)
Casino d'Hyères	(0,81)	0,94	0,83	(0,71)
Casino d'Ostende	(0,58)	1,20	1,10	(0,56)
Casino de Bandol	(0,11)	0,17	0,20	(0,11)
Casino de Val-André	(0,18)	0,37	0,32	(0,14)

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

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

Sensitivity to changes in turnover and EBITDA

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

The results at 31 October 2018 are presented below:

CGU	IMPACT IN €M OF A CHANGE IN			
	TURNOVER		EBITDA	
	+1,5 %	-1,5 %	+2 %	-2 %
Casino d'Andernos	0,11	(0,11)	0,14	(0,14)
Casino de La Grande-Motte	0,78	(0,72)	0,62	(0,56)
Casino d'Hyères	0,23	(0,23)	0,26	(0,26)
Casino de Bandol	0,09	(0,09)	0,08	(0,08)

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

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

6.3 INTANGIBLE ASSETS

Intangible assets with indefinite useful lives are not amortised. In light of the Group's sectors of activity, they represent assets in respect of which it is possible to verify the change in value. They are subject to periodic impairment testing.

Intangible assets with definite useful lives are amortised based on their expected useful lives and are impaired where there is an indication of impairment in value.

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

€000	CONCESSIONS, PATENTS, BRANDS	INTERNALLY GENERATED GOODWILL	OTHER INTANGIBLE ASSETS	TOTAL
Gross value at 31 October 2016	**5 239**	**9 716**	**6 393**	**21 349**
Accumulated depreciation at 31 October 2016	(4 683)	(6 722)	(5 883)	(17 288)
Net value at 31 October 2016	**556**	**2 994**	**510**	**4 060**
Acquisitions	53	160	309	522
Assets sold or scrapped	(9)	(66)	(268)	(343)
Additions to the consolidation scope	-	-	41	41
Removals from the consolidation scope	(2)	(1 250)	(21)	(1 272)
Translation difference	-	-	(44)	(44)
Transfers, miscellaneous reclassifications, IFRS 5 reclassification	-	-	110	110
Amortisation charges and reversals	(29)	716	(135)	552
Gross value at 31 October 2017	**5 281**	**8 560**	**6 522**	**20 364**
Accumulated amortisation at 31 October 2017	(4 712)	(6 007)	(6 018)	(16 736)
Net value at 31 October 2017	**569**	**2 554**	**504**	**3 627**
Acquisitions	(20)	-	1 370	1 350
Assets sold or scrapped*	(15)	-	(330)	(345)
Additions to the consolidation scope	-	-	-	-
Removals from the consolidation scope	-	-	-	-
Translation difference	-	-	6	6
Transfers, miscellaneous reclassifications, IFRS 5 reclassification	-	-	-	-
Amortisation charges and reversals	4	(81)	(48)	(125)
Gross value at 31 October 2018	**5 246**	**8 560**	**7 568**	**21 375**
Accumulated amortisation at 31 October 2018	(4 708)	(6 088)	(6 065)	(16 861)
Net value at 31 October 2018	**538**	**2 473**	**1 503**	**4 513**

(*) At 31/10/2018 this item consisted wholly of assets scrapped.

6.4 TANGIBLE FIXED ASSETS

▸ Measurement

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

Borrowing costs directly attributable to the acquisition, construction or production of certain assets until the date on which they are brought into service are recognised in addition to the value of the corresponding asset.

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

Assets under construction correspond to fixed assets for which the acquisition or production is not yet complete, with the result being that the expected initial return has yet to be realised.

▸ Depreciation method and period

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

Land is not depreciated. Depreciation is applied based on the expected useful life of the assets. The main useful lives fall within the following ranges:

- Buildings – structures	20 to 50 years
- Buildings – fluids	15 to 20 years
- Buildings – fixtures and fittings	8 to 15 years
- Equipment, fixtures and fittings	5 to 10 years
- Other tangible fixed assets	3 to 7 years

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

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

Gains and losses on disposal are determined by comparing the proceeds on sale with the carrying amount of the asset sold. They are recognised in the income statement under "Other current operating income and expenses", or "Other non-current operating income and expenses" according to the principles described in Note 5.2.

€000 AT 31 OCTOBER	LAND	BUILDINGS	TECHNICAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
Gross value at 31 October 2016	**29 530**	**422 413**	**230 063**	**110 811**	**792 818**
Accumulated depreciation at 31 October 2016	(8 217)	(268 380)	(185 460)	(78 415)	(540 472)
Accumulated impairment losses at 31 October 2016	(20)	(10 603)	-	-	(10 623)
Net value at 31 October 2016	**21 293**	**143 430**	**44 604**	**32 396**	**241 723**
Acquisitions	109	24 272	27 659	15 151	67 191
Assets sold or scrapped**	(31)	(15 051)	(11 584)	(6 861)	(33 527)
Additions to the consolidation scope***	-	-	1 557	2 306	3 863
Removals from the consolidation scope****	-	(9 634)	(109)	(212)	(9 954)
Translation difference	(53)	(1 534)	(1 858)	(427)	(3 872)
Transfers, miscellaneous reclassifications, IFRS 5 reclassification*	-	2 730	912	(8 847)	(5 204)
Additions to/reversals from depreciation (including reductions in depreciation arising from retirements of fixed assets)	(251)	7 857	(5 756)	292	2 142
Impairment for the financial year	-	-	-	-	-
Gross value at 31 October 2017	**29 555**	**423 196**	**246 641**	**111 921**	**811 313**
Accumulated amortisation at 31 October 2017	(8 468)	(260 523)	(191 216)	(78 123)	(538 330)
Accumulated impairment losses at 31 October 2017	(20)	(10 603)	-	-	(10 623)
Net value at 31 October 2017	**21 068**	**152 070**	**55 425**	**33 798**	**262 361**
Acquisitions and assets under construction	126	10 481	26 235	28 768	65 610
Assets sold or scrapped	(222)	(2 617)	(14 309)	(4 493)	(21 642)
Additions to the consolidation scope*****	203	1 826	-	52	2 081
Removals from the consolidation scope	-	-	-	-	-
Translation difference	(32)	(24)	298	33	275
Transfers, miscellaneous reclassifications, IFRS 5 reclassification	2 513	1 731	(306)	(2 519)	1 420
Additions to/reversals from depreciation (including reductions in depreciation arising from retirements of fixed assets)	(174)	(11 937)	(5 678)	(1 939)	(19 728)
Impairment for the financial year	-	-	-	-	-
Gross value at 31 October 2018	**32 143**	**434 594**	**258 558**	**133 762**	**859 057**
Accumulated depreciation at 31 October 2018	(8 642)	(272 460)	(196 894)	(80 062)	(558 058)
Accumulated impairment losses at 31 October 2018	(20)	(10 603)	-	-	(10 623)
Net value at 31 October 2018	**23 481**	**151 532**	**61 664**	**53 700**	**290 377**

(*) At 31 October 2017, this item reflected a reclassification to inventories of the former building occupied by the Casino de La Grande-Motte after the property development agreement was entered into, in accordance with IFRIC 15. This had a negative impact of €4.5m. The remainder consists of assets internally transferred and miscellaneous reclassifications.
(**) At 31 October 2017, this item mainly reflected the scrapping of renovation works and improvements to the Group's facilities (including a negative impact of €18,798k gross in respect of Casino 3.14 Cannes, of which €18,533k was depreciated).
(***) At 31 October 2017, this item fully reflected the acquisition of the SEGR Le Laurent restaurant by Groupe Partouche.
(****) At 31 October 2017, this item mainly included cash flows related to the disposal of Cannes Balnéaires.
(*****) At 31 October 2018, this item relates exclusively to the acquisition of SCI Green Auron by Partouche Immobilier.

Land:

The main change in this item concerns the leasing of land by SCI Pietra Pornic in connection with construction of the new Pornic casino.

Buildings:

The main changes in this item relate to renovation and refitting work on the Group's establishments, the main contributors being the Dieppe casino (€2,421k), the Ostend casino (€1,490k), Casino 3.14 in Cannes (€1,057k), the Forges casino (€757k), the Berck casino (€792k) and the Meyrin casino (€988k).

In addition, SCI Green Auron was consolidated for the first time (€1,826k).

Technical equipment:

The main acquisitions during the financial year derived from the renewal of the slot machine portfolio and the extension of the electronic English roulette base with investments of €16,538k and €4,571k spread across all the Group's casinos.

Other tangible fixed assets (excluding assets under construction):
The most significant acquisitions relate to renovation work on the Palavas casino (€810k), the La Ciotat casino (€529k), the Aix-en-Provence casino (€443k), the Contrexéville casino (€381k) and Casino 3.14 in Cannes (€213k). This item also includes advances and down payments in connection with construction of the new Pornic casino (€683k) and the renovation of the La Roche-Posay (€220k), Aix-en-Provence (€211k) and Saint-Amand (€166k) casinos.

Assets under construction
The "Other tangible fixed assets" line item includes tangible assets under construction representing a net value of €26,914k at the balance sheet date. These relate chiefly to renovation work at the casinos in Aix-en-Provence (€10,346k) and La Roche-Posay (€2,824k) and construction work on the new Pornic casino, recognised against SCI Pietra Pornic (€11,403k).

NOTE 7. EMPLOYEE EXPENSES AND BENEFITS

7.1 WORKFORCE

7.1.1 AVERAGE WORKFORCE

AT 31 OCTOBER	2018	2017	2016
France	3 969	4 016	3 908
Other countries	297	272	260
TOTAL	**4 266**	**4 288**	**4 168**

At 31 October 2018, 1,901 people worked in the gaming sector.

7.1.2 BREAKDOWN OF WORKFORCE BY PROFESSIONAL CATEGORY

AT 31 OCTOBER	2018	2017	2016
Executives	846	838	809
Junior executive staff	262	248	248
Non-executives	3 023	3 064	2 964
Manual workers	135	138	147
TOTAL	**4 266**	**4 288**	**4 168**

7.2 EMPLOYEE EXPENSES

€000 AT 31 OCTOBER	2018	2017	2016
Wages and salaries	129 862	127 638	123 292
Social security expenses	42 680	42 117	41 781
Employee profit-sharing	2 886	3 259	3 316
TOTAL	**175 429**	**173 013**	**168 389**

At 31 October 2018, the Group recognised €5.7m in income related to the CICE tax credit for competitiveness and employment as a reduction in social security expenses (€6.1m at 31 October 2017 and €5.2m at 31 October 2016).

7.3 EMPLOYEE BENEFITS

- **Retirement plans**

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

The provision recognised in the balance sheet for defined-benefit plans relates to the discounted value of the commitment for defined benefits at the balance sheet date, less the fair value of the plan's assets at that date, adjusted for actuarial gains or losses, and less the cost of past service. The provision relating to defined-benefit plans is calculated annually according to the projected unit of credit method. In accordance with IAS 19 (revised), since 1

November 2013 the Company recognises service cost for the period and net interest on the net defined-benefit liability in net profit or loss, and recognises remeasurements of the net defined-benefit liability, including actuarial gains and losses, in equity (items of other comprehensive income that may not be recycled to net profit).

The discounted value of commitments under defined-benefit plans is determined by discounting future disbursements with a market rate at the balance sheet date based on first-class corporate bonds, corresponding to the currency and to the estimated schedule of benefit payments.

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

▸ Other post-employment benefit plans

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

▸ Termination benefits

Termination benefits are employee benefits payable as a result of either the Group's decision to terminate an employee's employment contract before the normal retirement date or an employee's decision to accept benefits in connection with a voluntary redundancy. The Group recognises these termination benefits when it is demonstrably committed either to terminate the employment contract of a staff member in accordance with a detailed official plan without any real possibility of withdrawal or to grant termination benefits as a result of an offer made to encourage voluntary redundancy.

7.4 EMPLOYEE COMMITMENTS

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

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

	2018	2017	2016
Discount rate	1,42 %	1,44 %	1,38 %
Salary inflation rate	1 %	1 %	1 %
Social charge provision rate	42 %	42 %	42 %

€000 AT 31 OCTOBER	2018	2017	2016
Provision at the beginning of the financial year	14 952	14 958	13 871
Impact recorded on employee expenses*	(394)	(58)	418
Impact on equity**	336	(39)	654
Changes in scope and translation adjustment	28	91	15
Total employee commitments	**14 923**	**14 952**	**14 958**
o/w non-current provision	14 688	14 607	14 621
o/w current provision	235	345	337

(*) Impact on employee expenses = current/past service cost for the period + net interest on the defined-benefit liability.
(**) Impact on equity = remeasurement of the net defined-benefit liability.

7.5 DIRECTORS' REMUNERATION

For the financial year ended 31 October 2018, the amount of gross remuneration allocated to the management and supervisory bodies of Groupe Partouche SA amounted to €2,041,539. For the 2017-18 financial year, €120,000 in directors' fees was allocated by Groupe Partouche to the members of the Supervisory Board and paid in full in October 2018.

NOTE 8. OTHER CURRENT AND NON-CURRENT PROVISIONS

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

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

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

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

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

Groupe Partouche sets aside provisions for progressive jackpots at the end of the financial year. This provision is recognised in the line item "Current provisions" in the consolidated balance sheet. The jackpot provision is calculated at the balance sheet date on the basis of the jackpot amount displayed on all progressive slot machines, minus the amounts at the start of the period for each of these jackpots in addition to the amount saved in levies relating to the jackpot payout.

8.1 CHANGE IN PROVISIONS

€000 AT 31 OCTOBER	2016	2017	CHANGES IN 2018						2018
			CHARGES	REVERSALS NOT USED	REVERSALS USED	TRANSLATION DIFFERENCE	RECLASS.	CHANGES IN SCOPE	
Non-current provisions	4 545	4 922	454	-	(583)	-	1 329	-	6 122
Current provisions	3 512	2 836	1 629	-	(2 656)	1	(72)	-	1 738
Total provisions	**8 057**	**7 758**	**2 083**	**-**	**(3 239)**	**1**	**1 257**	**-**	**7 860**

8.2 BREAKDOWN OF PROVISIONS BY TYPE

€000 AT 31 OCTOBER	TOTAL PROVISIONS		NON-CURRENT PORTION		CURRENT PORTION	
	2018	2017	2018	2017	2018	2017
Tax and social audits	2 080	1 298	1 731	1 093	349	205
Labour and redundancy disputes	2 304	3 935	1 783	2 701	520	1 235
Provision for net equity of companies accounted for under the equity method	1 768	511	1 768	511	-	-
Other contingency and loss provisions*	939	643	840	617	99	26
Jackpot provision	770	1 371	-	-	770	1 371
Total	**7 860**	**7 758**	**6 122**	**4 922**	**1 738**	**2 836**

(*) The "Other contingency and loss provisions" line consists of provisions across several entities that are not individually material.

Details on the main disputes are provided in Section 20.5 of this Annual Report.

NOTE 9. FINANCING AND FINANCIAL INSTRUMENTS

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

Financial assets and liabilities at fair value through profit or loss

A financial asset is classified in this category if it is acquired primarily for the purpose of being sold in the near term or has been designated as such by Management. Derivatives are designated as held for trading, except where they are qualified hedge accounting transactions. All of the derivatives held by the Group are designated as hedges. Assets attached to this category are classified under current assets when they are held for trading, or where they are expected to be realised within 12 months following the balance sheet date.

Assets held to maturity

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

Loans, receivables and debt issued by the Company

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

Available for sale financial assets

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

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

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

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

Derivative financial instruments

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

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

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

Derivative instruments are recognised in the balance sheet for their market value at the balance sheet date. The market value is established by reference to market data and according to commonly used models. The measurement of financial instruments is substantiated by two independent valuations.

In the case of hedging future interest expense, the hedged financial debt continues to be recognised at amortised cost, with the change in value of the effective portion of the hedging instrument being recorded in equity within comprehensive income (items that may be recycled subsequently to net profit).

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

When a hedging instrument reaches maturity or is sold, or when a hedge no longer meets the criteria for hedge accounting, the gains and losses accumulated on that hedging instrument and recorded in equity (comprehensive income) during the period of effective hedging remain in equity and are not reclassified to income unless earnings are affected by the hedged item.

9.1 OTHER NON-CURRENT FINANCIAL ASSETS

€000 AT 31 OCTOBER	2018	2017	2016
Non-consolidated investments	3 216	3 028	2 983
Other financial assets	11 998	12 935	1 647
Other non-current financial assets	**15 214**	**15 963**	**4 630**

Non-consolidated investments:

€000 AT 31 OCTOBER	GROSS VALUE IN 2018	IMPAIRMENT	NET VALUE IN 2018	NET VALUE IN 2017	NET VALUE IN 2016
Non-consolidated companies owned > 50%	2 846	(2 566)	280	241	-
Non-consolidated companies owned 20 to 50%	225	(155)	71	71	83
Non-consolidated companies owned< 20%	4 004	(1 138)	2 866	2 717	2 900
TOTAL	**7 075**	**(3 859)**	**3 216**	**3 029**	**2 983**

Due dates of other net non-current financial assets:

€000 AT 31 OCTOBER 2018	AMOUNT	1 TO 5 YEARS	> 5 YEARS
Non-current investment securities	1	1	-
Employee loans	202	23	179
Loans, guarantees and other receivables	1 368	1	1 367
Receivables attached to investments*	10 428	3 400	7 028
GROSS AMOUNT	**11 998**	**3 425**	**8 573**
Provision	-	-	-
NET AMOUNT	**11 998**	**3 425**	**8 573**

(*) Consisting of the current account advance to Palm Beach Cannes Côte d'Azur (recognised using the equity method; cf. 2017 Annual Report).

9.2 CASH AND CASH EQUIVALENTS

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

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

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

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

Pursuant to IAS 7, the amount of significant cash and cash equivalents balances held which are not available for the Group is disclosed below.

€000 AT 31 OCTOBER	2018	2017	2016
Highly liquid cash management financial assets	3 482	3 372	20 131
Cash	106 451	113 034	132 361
Cash and cash equivalents	**109 932**	**116 406**	**152 492**

€000 AT 31 OCTOBER	2018	2017	2016
Cash and cash equivalents (assets)	109 932	116 406	152 492
Cash (liabilities)	(14)	(16)	(192)
Neutralisation of impairment provision	-	-	-
Cash position per cash flow statement	**109 918**	**116 390**	**152 300**

Breakdown of cash management financial assets:

€000 AT 31 OCTOBER	2018	2017	2016
SICAV-type mutual fund units	3 485	3 373	20 131
FCP-type mutual fund units	-	-	-
Accrued interest / SICAV & FCP	-	-	-
Provision for impairment	(3)	(1)	-
Cash financial management assets	**3 482**	**3 372**	**20 131**

Breakdown of positive cash balances:

€000 AT 31 OCTOBER	2018	2017	2016
Bank	92 849	100 038	118 581
Cash	13 575	12 961	13 656
Interest receivable	27	34	125
Cash and cash equivalents	**106 451**	**113 034**	**132 361**

Cash less gaming levies:

€000 AT 31 OCTOBER	2018	2017	2016
Cash and cash equivalents (assets)	109 932	116 406	152 492
- Gaming levies	(30 239)	(30 708)	(32 136)
= Cash less gaming levies	**79 694**	**85 698**	**120 356**

In addition, regulations related to the Swiss gaming industry do not allow these establishments to transfer free cash flow, with the exception of payment of dividends. This concerns two of the Group's casinos (Lac Meyrin casino and Crans-Montana casino) which had cash net of levies of €20.1m at 31 October 2018 (compared with €23.1m at 31 October 2017).

9.3 FINANCIAL DEBT

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

The cost of net financial debt includes interest payable on borrowings, interest receivable on investments, and income from other dividends.

Financial debt is classified under current liabilities unless the Group has the unconditional right to defer the settlement of the debt at least twelve months after the balance sheet date, in which case those debts are classified as non-current liabilities.

€000 AT 31 OCTOBER	CURRENT PORTION IN 2018	NON-CURRENT PORTION IN 2018	TOTAL IN 2018	CURRENT PORTION IN 2017	NON-CURRENT PORTION IN 2017	TOTAL IN 2017	CURRENT PORTION IN 2016	NON-CURRENT PORTION IN 2016	TOTAL IN 2016
Bank borrowings	33 693	128 398	162 092	23 134	127 914	151 048	24 439	140 921	165 360
Interest accrued on loans	92	-	92	47	-	47	13	-	13
Restated capital lease	943	10 692	11 636	-	-	-	-	-	-
Bank overdrafts	14	-	14	16	-	16	192	-	192
Subtotal: Bank liabilities	**34 743**	**139 091**	**173 834**	**23 198**	**127 914**	**151 111**	**24 644**	**140 921**	**165 565**
Other borrowings	253	3 021	3 274	244	3 274	3 518	2 236	17 886	20 122
Employee profit-sharing	308	2 023	2 331	415	2 183	2 598	374	2 350	2 724
Deposits and guarantees	15	116	131	15	92	107	17	94	111
Liabilities in respect of investments in associates	-	4	4	-	4	4	-	5	5
Fair value remeasurement of hedging instruments	61	-	61	350	58	407	357	412	768
Total	**35 380**	**144 255**	**179 635**	**24 222**	**133 524**	**157 747**	**27 627**	**161 668**	**189 295**

Bank borrowings

1. Syndicated loan

A syndicated loan held by the parent company, Groupe Partouche SA, is the Group's main bank loan.

In light of the provisions of the Safeguard Plan approved by the Paris Commercial Court in its ruling of 29 September 2014 and the implementation during the 2017 financial year of the amended plan ratified in a ruling by the Paris Commercial Court (on 2 November 2016, corrected on 8 December 2016), the capital remaining due at 31 October 2018 amounted to €104.247m.

Key features of this loan are as follows:

- Original loan amount: €431m;
- Principal amount outstanding at period-end: €104.247m;
- Repayment terms: the balance is due to be repaid to the lenders according to the following repayment schedule, expressed in thousands of euros, pursuant to the amended Safeguard Plan:

MATURITY DATES	PRINCIPAL AMOUNT OUTSTANDING BEFORE AMORTISATION	REPAYMENT	PRINCIPAL AMOUNT OUTSTANDING AFTER AMORTISATION
15/12/2018	104 247	20 089	84 158
15/12/2019	84 158	20 089	64 069
15/12/2020	64 069	20 089	43 980
15/12/2021	43 980	22 387	21 593
15/12/2022	21 593	21 593	-

This repayment schedule is likely to be revised in light of the clause on early repayment upon asset sales provided for in the Safeguard Plan, as detailed in Section 4.1.2 "Liquidity risk" of the Annual Report.

- **Interest rates:**

Interest is calculated on the outstanding balance of the loan at an annual rate corresponding to one-, two- or three-month Euribor plus a margin of 3.50% per annum over the period from the date on which the plan was adopted to 15 December 2016, and 3.25% per annum from 16 December 2016 until the syndicated loan is repaid in full.

- **Guarantees:**

Pledges of securities described in Section 4.1.8 "Pledges" of the Annual Report.

2. Other bank borrowings

The €25m syndicated bank loan taken out by Groupe Partouche SA on 23 March 2017 to finance investments by certain subsidiaries, split into two credit lines, was drawn down in the amount of €19.5m as follows:

- Capex 1: €5.5m. After amortisation, the balance at 31 October 2018 stood at €4.959m;
- Capex 2: €14.0m. After amortisation, the balance at 31 October 2018 stood at €12.391m.

Lastly, certain operating subsidiaries and Groupe Partouche SA also took out new borrowings totalling €23.342m in the year. This notably included €13m to finance the renovation of the Aix-en-Provence casino.

3. Restated capital lease

A property lease for work on the Pornic casino resulted in the recognition of a financial liability of €11.636m in the consolidated financial statements to 31 October 2018 (consisting of a current portion of €0.943m and a non-current portion of €10.692m). The remaining funds will be released at the beginning of the following financial year.

4. Bank loans and overdrafts

In the 2017 financial year, "Other borrowings" included a €3.274m financial liability arranged by Partouche Immobilier with Ispar to cover a portion of the financing for the PleinAir casino in La Ciotat.

9.3.1 Maturity dates of financial debt

€000 AT 31 OCTOBER 2018	TOTAL	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Bank borrowings	162 092	33 693	117 614	10 785
Interest accrued on loans	92	92	-	-
Restated capital lease	11 636	943	3 595	7 098
Bank overdrafts	14	14	-	-
Other borrowings	3 274	253	1 094	1 927
Employee profit-sharing	2 331	308	1 896	128
Deposits and guarantees	131	15	108	8
Liabilities in respect of investments in associates	4	-	-	4
Fair value remeasurement of hedging instruments	61	61	-	-
Total	**179 635**	**35 380**	**124 307**	**19 949**

€000 AT 31 OCTOBER 2017	TOTAL	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Bank borrowings	151 048	23 134	101 181	26 733
Interest accrued on loans	47	47	-	-
Restated capital lease	-	-	-	-
Bank overdrafts	16	16	-	-
Other borrowings	3 518	244	1 060	2 214
Employee profit-sharing	2 598	415	2 022	160
Deposits and guarantees	107	15	38	54
Liabilities in respect of investments in associates	4	-	4	-
Fair value remeasurement of hedging instruments	407	350	58	-
Total	**157 747**	**24 222**	**104 363**	**29 161**

There is no foreign currency-denominated debt.

9.3.2 Change in bank borrowings and restated capital lease

€000 AT 31 OCTOBER	2016	2017	CHANGES IN SCOPE	INCREASE	DECREASE	2018
Bank loans and restated capital leases	165 360	151 048	1 815	**46 178**	**25 314**	**173 727**

Consolidation of SCI Green Auron entailed consolidation of its loan financing the hotel premises (€1.8m).

9.3.3 Analysis of bank loans and the restated capital lease by interest rate at the financial year-end

Please refer to Section 4.1.3 “Interest rate risk” of the Annual Report.

€000 AT 31 OCTOBER	BEFORE INTEREST RATE HEDGING IN 2018	AFTER INTEREST RATE HEDGING IN 2018	BEFORE INTEREST RATE HEDGING IN 2017	AFTER INTEREST RATE HEDGING IN 2017	BEFORE INTEREST RATE HEDGING IN 2016	AFTER INTEREST RATE HEDGING IN 2016
Fixed-rate loans	39 693	89 693	22 335	72 335	12 106	62 106
Variable-rate loans	134 035	84 035	128 713	78 713	153 254	103 254
Bank borrowings and restated capital leases at the financial year-end	**173 727**	**173 727**	**151 048**	**151 048**	**165 360**	**165 360**
Average interest rate – fixed	1,93 %	2,85 %	1,95 %	3,08 %	1,65 %	3,41 %
Average interest rate – variable	2,60 %	2,43 %	2,79 %	2,74 %	3,13 %	3,13 %
Weighted average interest rate at the financial year-end	**2,44 %**	**2,64 %**	**2,67 %**	**2,90 %**	**3,02 %**	**3,23 %**

At the balance sheet date, variable rate borrowings, including the syndicated loan, represented more than 77% of total bank borrowings.

Variable rate debt is partially covered by a single financial instrument: a €50m swap starting on 31 January 2015 and expiring on 31 December 2018 at 0.33%.

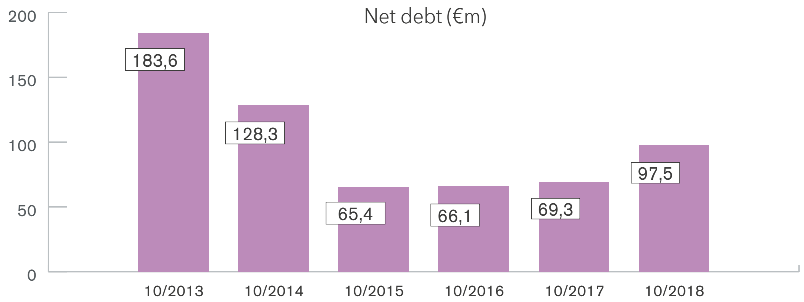
The accounting treatment of these hedges and the use of hedge accounting are documented in Note 9 “Derivative financial instruments”, and Note 9.4 “Financial income (expense)” in Section 20 of the Annual Report.

The hedging instrument described above was considered “highly effective” under the terms of IAS 39.

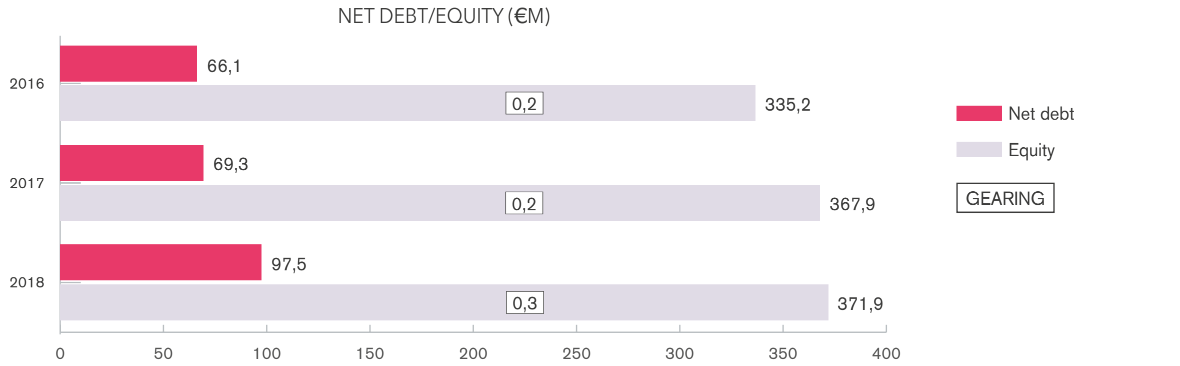
9.3.4 Net debt

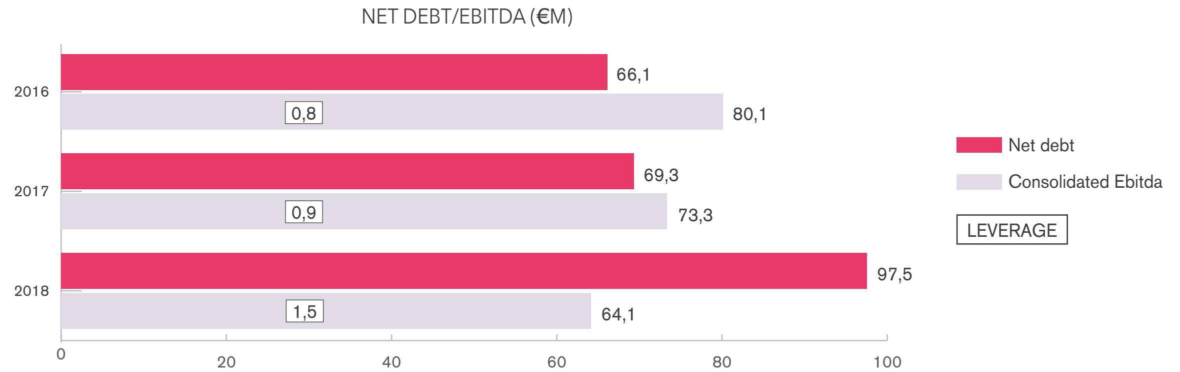
Gearing is the ratio of the Group’s net debt to its equity. It is a measure of the risk associated with the Group’s financial structure.

Leverage is the ratio of the net debt to consolidated Group EBITDA.



€000 AT 31 OCTOBER	2018	2017	2016
Bank loans and restated capital leases	173 727	151 048	165 360
Accrued interest	92	47	13
Sundry borrowings and financial liabilities	3 274	3 518	20 122
Financial instruments – assets	-	-	-
Financial instruments – liabilities	61	407	768
Bank overdrafts	14	16	192
Gross debt	**177 169**	**155 037**	**186 455**
Cash net of levies (see Note 9.2)	**79 694**	**85 698**	**120 356**
Other unavailable cash (cash subject to conditions precedent)	**-**	**-**	**-**
Net debt	**97 475**	**69 339**	**66 099**





For the entirety of this note, please refer to Section 4.1 "Financial risks" of the Annual Report.
For liquidity risk, please refer to Section 4.1.2 "Liquidity risk" of the Annual Report.

9.4 FINANCIAL INCOME (EXPENSE)

Income from interest is recognised in the income statement when it is acquired, using the effective interest-rate method.

Income from dividends is recognised in the income statement when the Group acquires the right to collect the payments.

€000 AT 31 OCTOBER	2018	2017	2016
Cost of debt	(4 039)	(4 523)	(5 692)
Cost of interest rate hedging	(355)	(356)	(316)
Investment income	185	152	447
Net financial income (expenses)	**(4 209)**	**(4 726)**	**(5 560)**
Finance costs linked to finance leases	-	-	(5)
Change in the fair value of hedging instruments (ineffective portion)	-	-	-
Cost of financial debt (a)	**(4 209)**	**(4 726)**	**(5 566)**
Foreign exchange gains	2 091	2 082	2 162
Foreign exchange losses	(46)	(74)	(491)
Dividends (non-consolidated companies)	115	230	815
Other	379	555	496
Financial provision charges and reversals	**266**	(222)	55
Other financial income and expenses (b)	**2 805**	**2 571**	**3 036**
Financial income (expense) (a+b)	**(1 404)**	**(2 156)**	**(2 529)**

The decrease in net financial expenses was mainly due to the average annual interest rate being lower than the previous year.

Regarding the fair value of interest rate hedging instruments, since the Company has opted for hedge accounting as described in the section on "Derivatives" above, the change in the effective portion of hedging instruments is recorded in equity (comprehensive income).

9.5 FINANCIAL RISKS

The Group could be exposed to liquidity risks and foreign exchange risks in the line of its activity. This exposure is detailed in Sections 4.1.2 "Liquidity risk", 4.1.3 "Interest rate risk" and 4.1.4 "Foreign exchange risk" of the Annual Report.

NOTE 10. TAXES

10.1 ANALYSIS OF THE TAX EXPENSE

€000 AT 31 OCTOBER	2018	2017	2016
Profit before tax	**19 503**	**44 356**	**19 555**
Current tax expense	(3 520)	(5 693)	(6 715)
Change in deferred tax	2 225	7 693	9 132
CVAE tax expense	(3 354)	(277)	(3 325)
Total tax expense	**(4 649)**	**1 723**	**(908)**
Total tax expense, excluding CVAE tax	**(1 295)**	**2 000**	**2 417**
Effective tax rate*	**6,64 %**	**(4,51 %)**	**(12,36 %)**

(*) CVAE tax excluded.

Rationalisation of the effective tax rate – Tax proof

€000 AT 31 OCTOBER	2018	2017	2016
Profit before tax	**19 503**	**44 356**	**19 555**
French corporate income tax rate	33,33%	33,33%	33,33%
Tax charge based on current corporate income tax rate (theoretical)	**(6 500)**	**(14 784)**	**(6 518)**
Temporary differences	(1)	(1 059)	21
Permanent differences	17 153	12 005	9 645
Net effect of consolidation operations	(10 247)	14 216	(3 992)
Impact of the change in the rate applied to deferred taxes (reduction from 33.33% to 28% or 28% to 25%, depending on the expected timing of their use)*	1 664	3 617	-
Tax losses generated by Group companies during the financial year	(15 102)	(14 158)	(2 540)
Impact of tax consolidation	12 075	12 296	11 264
Income taxed at the reduced tax rate, long-term capital gains or losses and effect of differences in foreign companies' tax rates	(1 215)	(8 644)	(12 369)
Tax loss carryforwards recognised as assets	(73)	(2 248)	5 335
Use of unrecognised tax loss carried forward	411	212	1 065
Tax credit and other	540	547	507
Total tax expense, excluding CVAE* tax expense	**(1 295)**	**2 000**	**2 417**
Consolidated net income before tax	**19 503**	**44 356**	**19 555**
Reconstituted Group tax rate	**6,64 %**	**(4,51 %)**	**(12,36 %)**

(*) The 2018 Finance Act passed in late December 2017 provides for a tapered reduction out to 2022 in the standard rate of corporate income tax to 25% for all French businesses (from 33.33% at present). Under IAS 12, deferred tax assets and liabilities have to be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. At 31 October 2018, Groupe Partouche conducted an analysis of these tax bases and the expected timing of their use and measured the deferred taxes accordingly.

10.1.1 Corporate income tax receivables

€000 AT 31 OCTOBER	2018	2017	2016
Current receivables from the French State	6 797	5 568	3 824
Current corporate income tax receivables	**6 797**	**5 568**	**3 824**

At 31 October 2018, 2017 and 2016, "Accounts receivable from the French State" mainly included tax credits and income tax receivables for companies outside the tax consolidation group.

10.1.2 Current tax liabilities

€000 AT 31 OCTOBER	2018	2017	2016
State – Gaming levies	30 239	30 708	32 136
State – Corporate income tax	73	530	142
TOTAL	**30 311**	**31 238**	**32 278**

10.2 DEFERRED TAX

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

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

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

Deferred tax assets relating to tax losses carried forward are only recognised if the tax entity is reasonably certain that it will recover these amounts in later years.

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

In accordance with Section 39 of IAS 12, the Group did not recognise a deferred tax liability relating to the difference between the book value of equity-accounted investments and their tax bases.

In accordance with IAS 12, deferred taxes are classified as non-current assets and liabilities.

10.2.1 Deferred tax assets and liabilities

Deferred tax is recognised using the liability method on all differences between tax bases and carrying amounts. Deferred tax assets and liabilities are not discounted. A breakdown of the net change in deferred taxes (both assets and liabilities) is as follows:

€000	2018	2017
Deferred tax assets at the beginning of the period	2 427	3 415
Deferred tax liabilities at the beginning of the period	(18 249)	(27 294)
Net deferred tax at the beginning of the period	**(15 824)**	**(23 880)**
Impact of profit*	2 371	8 202
Impact of changes in scope	-	236
Impact of foreign exchange rates	18	(79)
Other movements**	(137)	(303)
Net deferred tax at 31 October	**(13 572)**	**(15 824)**
Deferred tax assets at 31 October	2 181	2 427
Deferred tax liabilities at 31 October	(15 753)	(18 249)

(*) The impact on profit includes in 2018 (including the change in tax rates referred to above):

- *a €145k impact arising from the change in deferred taxes on CVAE timing differences;*
- *a negative €169k impact arising from the change in deferred taxes on CVAE timing differences;*
- *a €1,360k impact arising from the change in deferred taxes caused by eliminations of internal provisions; and*
- *a €1,196k impact arising from the use of deferred taxes relating to the amortisation and depreciation of property assets.*

In 2017, the impact of profit included the following:

- *a €510k impact arising from the change in deferred taxes on CVAE timing differences;*
- *a negative €2,910k impact arising from the use of deferred tax assets linked to tax loss carryforwards;*
- *a €8,875k impact arising from the change in deferred taxes caused by eliminations of internal provisions; and*
- *a €2,391k impact arising from the use of deferred taxes relating to the amortisation and depreciation of property assets.*

(**) The other items mainly concern deferred taxes arising from changes in the fair value of financial instruments recognised in equity (recyclable component). These movements had no impact on profit for the period.

Deferred tax was in relation to the following:

€000	2018	2017
Employee commitments	3 576	3 991
Derivative instruments	17	136
Revaluation adjustments / Real estate assets	(8 156)	(9 352)
Internal provisions	(13 245)	(14 605)
Tax loss carryforwards recognised as assets	2 352	2 425
Deferred tax on restatement of CVAE	(683)	(829)
Capital lease restatement	(607)	(761)
Other temporary items and consolidated adjustments	3 174	3 171
TOTAL	**(13 572)**	**(15 822)**

10.2.2 Tax losses carried forward

Deferred tax assets related to loss carryforwards are recognised on the balance sheet only when such losses are determined to be recoverable.

At 31 October 2018, the total amount of unrecognised tax in relation to uncapitalised loss carryforwards was around €23.3m (total for French companies at a rate of 28%).

At 31 October 2018, deferred tax assets recognised as capitalised loss carry-forwards were €2.4m, concerning the Groupe Partouche SA tax consolidation group.

To assess the capitalisation of loss carryforwards in the consolidated financial statements at 31 October 2018, the Group conducted an analysis of the expected use of the taxes over a 24-month horizon, while also factoring in actual uses during the 2017 and 2018 financial years.

NOTE 11. EQUITY

11.1 SHARE CAPITAL OUTSTANDING

SHARE CAPITAL AT 31 OCTOBER	2018	2017	2016
Amount of share capital	192 540 680 €	192 540 680 €	193 631 200 €
Shares issued, fully paid up	9 627 034 €	9 627 034 €	9 681 560 €
Nominal value	20 €	20 €	20 €

The share capital is fully paid up at 31 October 2018. Shares may be in registered or bearer form, based on the choice of the shareholder. In accordance with the Articles of Association, all of the shares have one voting right each.

11.2 TREASURY SHARES

IN EUROS AT 31 OCTOBER	2018	2017	2016
Treasury shares at historical cost held directly	411 483	309 551	1 636 333
Number of treasury shares held directly	13 001	6 257	49 729

Treasury shares are deducted from consolidated reserves.

Historical treasury shares:

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

Following the buyback of fractional shares during the financial year in connection with the reverse stock split referred to in Section 11.1, "Share capital outstanding" of Section 20 of the 2016 Annual Report, the 19,166 shares held by the Company since the Extraordinary Shareholders' Meeting of 10 November 2003 became 1,917 shares.

Agreement with Oddo/CM-CIC:

In 2012, Groupe Partouche and Oddo Corporate Finance signed a liquidity provider's agreement compliant with the code of ethics drawn up by Amafi and approved by the Autorité des Marchés Financiers in its decision dated 21 March 2011. The aim of this liquidity provider's agreement was to ensure the liquidity and regular trading of the Company's shares.

This agreement, which was renewable automatically for one-year terms, was not renewed with Oddo Corporate Finance upon its expiry on 12 May 2017 and was transferred to CM-CIC with effect from 15 May 2017.

At 31 October 2018, 11,084 treasury shares were held pursuant to this agreement.

IN EUROS AT 31 OCTOBER	2018	2017	2016
Number of Oddo treasury shares held	-	-	6 367
Value	-	-	255 322

IN EUROS AT 31 OCTOBER	2018	2017	2016
Number of CM-CIC treasury shares held	11 084	4 340	-
Value	242 709	140 777	-

Agreement with Aurel BGC:

Between October 2015 and September 2017, Aurel BGC was tasked with implementing a share buyback agreement on behalf of Groupe Partouche SA for the purpose of retiring the shares thus bought back.

This share buyback agreement with Aurel BGC was suspended after the share capital was decreased on 11 September 2017 by retiring 52,526 treasury shares.

AT 31 OCTOBER	2018	2017	2016
Number of Aurel BGC treasury shares held	-	-	15 615
Number of treasury shares held as registered shares	-	-	25 830
Number of treasury shares held for the purpose of cancellation	**-**	**-**	**41 445**
Value (at historic cost) of shares held for the purpose of cancellation	**-**	**-**	**1 212 237**

11.3 CONSOLIDATED RESERVES

€000 AT 31 OCTOBER	2018	2017	2016
Revaluation reserve	(42 663)	(42 663)	(42 663)
Other reserves and retained earnings	169 946	169 788	156 657
Legal reserve	9 741	9 732	9 684
Group consolidation reserves	(7 030)	(44 311)	(38 470)
Other Group reserves	10 512	10 624	10 751
Consolidated reserves	**140 505**	**103 171**	**95 959**

The change in "Consolidated reserves" chiefly reflects:

- the appropriation of the €37,430k in net profit attributable to equity holders of the parent in the 2017 financial year;
- the €231k change in the fair value of the effective portion of financial instruments net of related deferred taxes;
- the negative €343k impact of remeasurements of net defined-benefit liabilities (provision for post-employment benefit obligations) recognised in equity under the revised IAS 19.

11.4 MINORITY INTERESTS

€000 AT 31 OCTOBER	2018	2017	2016
Non-group reserves	13 458	14 108	13 000
Non-group translation reserves	3 040	2 289	3 694
Non-group earnings	6 360	8 112	7 504
Minority interests	**22 859**	**24 509**	**24 197**

The change in minority interests primarily reflects:

- the €6.4m net profit in the 2018 financial year attributable to minority interests;
- the €8.7m in payments of non-Group dividends;
- the €0.8m positive change in translation reserves.

NOTE 12. ADDENDA TO THE CONSOLIDATED FINANCIAL STATEMENTS

12.1 OTHER CURRENT AND NON-CURRENT ASSETS

12.1.1 Other non-current assets

€000 AT 31 OCTOBER	GROSS VALUE IN 2018	IMPAIRMENT	NET VALUE IN 2018	2017	2016
Receivables from the French state*	7 376	-	7 376	7 252	15 342
Other non-current receivables	2 015	(562)	1 453	1 685	2 112
Other non-current assets	**9 391**	**(562)**	**8 829**	**8 938**	**17 454**

(*) At 31 October 2018, this item was mainly comprised of:
- accrued income with respect to 10 months of the 2018 CICE tax credit currently being acquired, for €4.7m.
At 31 October 2017, this item was mainly comprised of:
- accrued income with respect to 10 months of the 2017 CICE tax credit currently being acquired, for €5.3m.

Breakdown of "Other non-current receivables":

€000 AT 31 OCTOBER	GROSS VALUE IN 2018	IMPAIRMENT	NET VALUE IN 2018	2017	2016
Receivables on disposal of assets > 1 year	534	(534)	-	400	676
Other receivables – due in more than one year	216	(28)	188	188	240
Prepaid expenses – portion > 1 year	1 265	-	1 265	1 097	1 195
Other non-current receivables	**2 015**	**(562)**	**1 453**	**1 685**	**2 112**

"Current receivables from disposals of securities" include the non current portion of the receivable related to the sale of Société Française de Casinos (SFC) to Tête Dans les Nuages (TDN), provided for in full (€534k).

The current portion of this receivable is classified as a current asset under "Trade receivables and other debtors" (in the amount of €890k, provided for in full).

12.1.2 Other current assets

€000 AT 31 OCTOBER	2016	2017	INCREASE	DECREASE	2018
Accrued interest/receivables and loans	-	-	-	-	-
Employee loans	105	80	181	(184)	77
Loans, guarantees	290	359	119	(118)	360
Receivables from the French state	3 821	5 022	830	(3)	5 850
Prepaid expenses	5 723	6 963	-	(837)	6 126
TOTAL GROSS VALUE	**9 940**	**12 424**	**1 130**	**(1 141)**	**12 414**
Provision/impairment loss	-	-	-	-	-
NET VALUE	**9 940**	**12 424**	**1 130**	**(1 141)**	**12 414**

12.2 TRADE AND OTHER PAYABLES

€000 AT 31 OCTOBER	2018	2017	2016
Customers, advances and down payments received	6 871	3 989	2 294
Trade accounts payable	17 453	15 882	13 371
Liabilities in respect of fixed asset acquisitions*	8 330	8 272	5 637
Liabilities in respect of securities acquisitions**	3	3	2 994
Employees	3 160	3 491	3 637
Employee profit-sharing	2 978	3 347	3 465
Social security organisations	7 063	7 873	7 308
Paid vacation	16 779	16 809	16 039
Applicable levy	545	559	685
Current account and partner liabilities	3 001	568	416
State – VAT	3 413	3 211	2 805
State – expenses payable	8 086	7 907	7 228
Miscellaneous	18 484	20 257	25 149
TOTAL	**96 164**	**92 170**	**91 029**

(*) At 31 October 2018, as had been the case at 31 October 2017, this item resulted from the various renovation programmes underway at the Group's entities. The main contributors at the balance sheet date were SCI Pietra Pornic, Aix-en-Provence, Cannes 3.14, Saint-Amand and Pornic.

(**) At 31 October 2016, liabilities on acquisitions of securities included €2,991k in respect of a put option on minority interests (with a corresponding amount recognised in minority interests). Following completion of the transaction during financial year 2017, this liability was settled (see Note 11.3 in the 2017 Reference Document).

12.3 OTHER CURRENT AND NON-CURRENT LIABILITIES

€000 AT 31 OCTOBER	2018	2017	2016
Tax liabilities	-	-	-
Other liabilities	-	1 995	-
Liabilities to suppliers of fixed assets	-	-	-
Deferred income – non-current portion	4 103	4 977	6 030
TOTAL OTHER NON-CURRENT LIABILITIES	**4 103**	**6 972**	**6 030**
Deferred income – current portion	1 429	1 579	1 591
TOTAL OTHER CURRENT LIABILITIES	**1 429**	**1 579**	**1 591**

At 31 October 2017, the "Other liabilities" (non-current) item included the current account advance from the principal shareholder Financière Partouche, reclassified as a current liability under "Trade and other payables" at 31 October 2018 in accordance with the clearance arrangements laid down in the amended Safeguard Plan.

Deferred income is mainly attributable to investment subsidies.

NOTE 13. BREAKDOWN OF THE CASH FLOW STATEMENT

13.1 BREAKDOWN OF CASH FLOW

Cash flow from operating activities

Net cash from operating activities before change in the working capital requirement, financial interest and taxes paid totalled €66.3m, versus €75.2m in 2017, related to the change in EBITDA measured during the financial year.

Total cash flow, which came to €49.3m (vs. €65.7m in 2017), also reflects:

- an unfavourable trend in the WCR, representing a €9.6m cash requirement chiefly owing to an increase in "Receivables and accrued and deferred items";
- €3.9m in interest paid, down €0.65m;
- taxes "paid" representing a €3.4m outflow, compared with a €5.6m inflow in 2017, which notably included repayment of three years' worth of the CICE tax credit (€11.8m).

Cash flow from (used in) investing activities

Cash flows used in investing activities totalled €65.4m, compared with €58.1m the previous year, notably including a €65.1m outflow for purchases of tangible fixed assets, including in particular €21.1m for slot machines and other electronic equipment, replacement investments, and, for construction projects, completion of the new Pornic casino and continued renovation work at the Aix-en-Provence casino.

Cash flow from (used in) financing activities

This item represented a net cash inflow of €9.1m, mainly consisting of the following:

- new borrowings totalling €43.7m, partly relating to investment at the Aix-en-Provence and Pornic sites (€13.0m and €11.6m respectively);
- repayment of bank borrowings (€25.3m), mainly consisting of the annual repayment on the syndicated loan (€16.2m);
- dividend payments to minority shareholders for €8.6m.

Based on these movements, cash amounted to €109.9m at the balance sheet date, down €6.5m compared with 31 October 2017.

13.2 BREAKDOWN OF WCR

Changes in items making up the working capital requirement are as follows: :

€000	2018	2017	2016
Inventories and semi-finished goods	(1 242)	(501)	47
Trade receivables	(2 624)	(3 369)	(3 885)
Receivables and accrued and deferred items	(6 579)	(7 572)	(8 221)
Trade accounts payable	1 658	1 867	(1 610)
Other payables	(772)	(1 077)	3 929
Deferred expenses	-	-	-
IMPACT OF THE CHANGE IN WCR	**(9 558)**	**(10 654)**	**(9 740)**

NOTE 14. OFF BALANCE SHEET COMMITMENTS

14.1 RELATED TO THE SCOPE

Commitments given at 31 October 2018:

None

Commitments received at 31 October 2018:

€000	2018	2017	2016
Sureties, deposits and pledges	1 424	2 136	2 741
TOTAL	**1 424**	**2 136**	**2 741**

At 31 October 2018, the above sureties, deposits and pledges covered the receivable from Société Française de Casinos in the amount of €1,424 (fully impaired).

14.2 RELATED TO FINANCING

Commitments given at 31 October 2018:

€000	2018	PAYMENTS DUE PER PERIOD			2017	2016
		LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS		
Long-term liabilities (bank debts with guarantees)	136 784	27 428	103 801	5 556	134 921	158 558
Capital leases	3 752	1 196	2 557	-	1 255	308
TOTAL	**140 536**	**28 624**	**106 358**	**5 556**	**136 176**	**158 866**

The amount of commitments given in respect of long-term liabilities reflects the principal amount outstanding on the Group's secured borrowings (note that commitments on borrowings taken out by Partouche Immobilier and the Group's non-trading property companies (SCIs), as well as on the property lease, are shown under "Sureties and deposits" for commitments relating to operating activities, given these entities' main business).

Individually non-material leases are not restated in the consolidated financial statements and are thus shown under commitments given and received related to financing.

Commitments received at 31 October 2018:

€000	2018	2017	2016
Capital leases	1 872	1 067	253
TOTAL	**1 872**	**1 067**	**253**

14.3 RELATED TO OPERATING ACTIVITIES

14.3.1 Contractual commitments

Commitments given at 31 October 2018:

€000	2018	PAYMENTS DUE PER PERIOD			2017	2016
		LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS		
Operating lease contracts (leases, non-real estate lease contracts, other)	52 957	9 836	27 043	16 078	56 761	59 772
Collateral or mortgages	-	-	-	-	505	547
Sureties and deposits	32 707	4 231	3 756	24 720	30 315	11 739
Notes issued	5	5	-	-	406	146
Liability guarantees	-	-	-	-	-	-
Other financial commitments	-	-	-	-	-	-
Other commercial commitments	13 765	7 300	6 460	5	9 408	7 800
EHB specification	61 651	12 320	29 747	19 584	61 866	66 661
TOTAL	**161 085**	**33 692**	**67 006**	**60 387**	**159 259**	**146 665**

The line item "Commitments in respect of operating requirements" includes all of the operator's obligations over the remaining term of the concession. The corresponding expenses, which are paid annually, are recognised in the income statement under "Other current operating income and expenses".

The "Sureties and deposits" item mainly consists of the following:

- a €15m guarantee in respect of the total value of lease financing of work on the Pornic casino (agreement entered into by SCI Pietra Pornic; amount used at 31 October 2018: €11.6m). Since the underlying work was still ongoing at 31 October 2018, the amount used is included in the consolidated balance sheet under tangible fixed assets on the asset side and under financial liabilities on the liability side;
- a guarantee covering the medium-term loan taken out by Partouche Immobilier in 2017 (principal amount outstanding at 31 October 2018: €6.6m).

Commitments received at 31 October 2018:

€000	2018	2017	2016
Claw back	98	98	98
Operating lease contracts (leases, non-real estate lease contracts, other)	732	473	2 093
Sureties and deposits	1 479	1 479	735
Liability guarantee	-	-	-
Other commercial commitments	1 022	-	9
TOTAL	**3 332**	**2 051**	**2 935**

The Sureties and deposits line chiefly reflects the €750k in commitments made by the SEGR Le Laurent subsidiary that was consolidated for the first time in 2017.

14.3.2 INVESTMENT COMMITMENTS

Commitments given at 31 October 2018:

€000	2018	PAYMENTS DUE PER PERIOD			2017	2016
		LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS		
Commitments related to investments	22 551	22 316	235	-	36 115	3 400
TOTAL	**22 551**	**22 316**	**235**	**-**	**36 115**	**3 400**

At 31 October 2018, the commitments disclosed in this table included €6,552k in respect of the Royat casino's commitment to carry out renovation work in connection with the renewal of the public service concession, €12,137k in respect of outstanding work on the Aix-en-Provence Pasino and €2,874k in respect of work at the La Roche-Posay casino.

Commitments received at 31 October 2018:

€000	2018	2017	2016
Other market commitments received	-	469	378
TOTAL	**-**	**469**	**378**

The commitments reported in this table concern the La Ciotat casino.
To the best of the Company's knowledge, there are no other significant off balance sheet commitments.

NOTE 15. RELATED-PARTY TRANSACTIONS

Concerning the provisions of IAS 24 on management remuneration, refer to Note 7, "Employee expenses and benefits".

▸ Agreements with Financière Partouche SA

Groupe Partouche SA rents the premises of its registered office from Financière Partouche SA. The total rent, including charges and tax, was €292,291 for the 2017-18 financial year.

In addition, following the dividend payment approved at the Extraordinary Shareholders' Meeting of 5 September 2017, the portion attributable to Financière Partouche was recognised as an advance in line with the terms of the amended Safeguard Plan. It carries interest at a rate of 12-month Euribor plus a margin of 0.25 points.

The balance of the current account stood at €2,000k at 31 October 2018.

▸ Investment agreement between Financière Partouche SA and Butler Capital Partners (BCP)

An investment agreement was executed on 19 April 2011 in order to define the terms and conditions of the entry of BCP in the share capital of the company, with the approval of the principal shareholder Financière Partouche SA. This agreement led in May 2011 to two capital increases.

▸ Agreements with Ispar Holding SA

Ispar Holding SA, controlled and chaired by Isidore Partouche, provides assistance and advice to the Swiss casinos. With respect to the 2017-18 financial year, the expenses recognised in respect of the remuneration of Ispar Holding SA by the Crans-Montana and Meyrin casinos amounted to €93k and €186k, respectively.

▸ Agreements with Shal & Co

Shal & Co, controlled and chaired by Hubert Benhamou, provides assistance with the management activities of certain Groupe Partouche casinos. The corresponding remuneration received for the 2017-18 financial year was €545,500.

▸ Intra-group loan

For reference, a €5.8m intra-group loan was arranged on 6 October 2017 with our Cannes Centre Croisette subsidiary to cover investments representing renovation work. The outstanding balance at 31 October 2018 was €4.930m.

Accrued interest on the loan amounted to €8,918 during the financial year.

Furthermore, two intra-group loans totalling €8.2m were granted by Groupe Partouche SA to its subsidiaries CBM Dieppe (€3m on 8 December 2017) and La Roche-Posay casino (€5.2m on 12 June 2018) to finance refitting work. At 31 October 2018, the outstanding balance on the loan to CBM Dieppe was €2.550m, while that on the loan to the La Roche-Posay casino was €4.911m.

Accrued interest on the two loans in the financial year totalled €4,613 and €8,884 respectively.

▸ **Other**

The other transactions in the 2017-18 financial year with related parties as part of ordinary activities are not considered significant for the Group and were carried out at market conditions.

NOTE 16. POST-BALANCE SHEET EVENTS

There were no post-balance sheet events.

NOTE 17. CONSOLIDATION SCOPE

Companies joining the Group at 31/10/2018

Changes in percentage interest at 31/10/2018

Companies leaving the Group at 31/10/2018

The following companies are consolidated by Groupe Partouche SA:

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2018	INTEREST PERCENTAGE IN 2017	INTEREST PERCENTAGE IN 2016	CONSOLIDATION METHOD
SA GROUPE PARTOUCHE	France				Parent company
FULLY CONSOLIDATED COMPANIES					
CASINOS					
SA CASINO DE SAINT-AMAND	France	100,00	100,00	100,00	FC
SA GRAND CASINO DE CABOURG	France	100,00	100,00	100,00	FC
SA CASINO DU GRAND CAFÉ	France	61,90	61,90	61,90	FC
SA FORGES THERMAL	France	60,38	60,38	60,38	FC
SA CASINO ET BAINS MERS DE DIEPPE	France	100,00	100,00	100,00	FC
SA JEAN METZ	France	100,00	100,00	100,00	FC
SA LE TOUQUET'S	France	90,10	90,10	90,10	FC
SA CASINOS DU TOUQUET	France	99,53	99,53	99,53	FC
SA CASINOS DE VICHY	France	0,00	0,00	92,00	FC
CASINO DE CONTREXÉVILLE	France	100,00	100,00	100,00	FC
SA NUMA	France	100,00	100,00	100,00	FC
SA GRAND CASINO DE LYON	France	100,00	100,00	100,00	FC
3.14 CASINO	France	100,00	100,00	100,00	FC
SA LE GRAND CASINO DE DJERBA	Tunisia	99,90	99,90	99,90	FC
CASINO NUEVO DE SAN ROQUE	Spain	98,90	98,90	98,90	FC
SA CASINO LA TOUR DE SALVAGNY	France	99,86	99,86	99,86	FC
SA CASINO MUNICIPAL DE ROYAT	France	99,86	99,86	99,86	FC
SA CASINO LE LION BLANC	France	99,86	99,86	99,86	FC
SA EDEN BEACH CASINO	France	99,65	99,65	99,65	FC
SA CASINO MUNICIPAL D'AIX THERMAL	France	99,61	99,61	99,61	FC
SA CASINO DES FLOTS BLEUS	France	99,59	99,59	99,59	FC
SA CASINO DE PALAVAS	France	99,87	99,87	99,87	FC
CASINO DE PORNICHET	France	100,00	100,00	100,00	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2018	INTEREST PERCENTAGE IN 2017	INTEREST PERCENTAGE IN 2016	CONSOLIDATION METHOD
CASINO DE PORNIC	France	100,00	100,00	100,00	FC
CASINO D'ANDERNOS	France	99,98	99,98	99,98	FC
CASINO D'ARCACHON	France	100,00	99,88	98,75	FC
CASINO DE SALIES DE BÉARN	France	100,00	100,00	100,00	FC
CASINO DE LA GRANDE-MOTTE	France	99,98	99,98	99,98	FC
CASINO DE GRÉOUX	France	100,00	100,00	100,00	FC
CASINO D'ÉVAUX-LES-BAINS	France	100,00	100,00	100,00	FC
CASINO DE PLOMBIÈRES	France	100,00	100,00	100,00	FC
CASINO D'OSTENDE	Belgium	99,98	99,98	99,98	FC
CASINO DE LA ROCHE-POSAY	France	100,00	100,00	95,24	FC
CASINO D'AGON COUTAINVILLE	France	100,00	100,00	95,39	FC
CASINO DE HYÈRES	France	99,90	99,90	99,90	FC
CASINO DE VAL-ANDRÉ	France	100,00	100,00	100,00	FC
CASINO DE PLOUESCAT	France	97,00	97,00	97,00	FC
CASINO DE BANDOL	France	100,00	100,00	100,00	FC
CASINO LAC MEYRIN	Switzerland	40,00	40,00	40,00	FC
CASINO DU HAVRE	France	100,00	100,00	100,00	FC
CASINO DE LA TRINITÉ	France	100,00	100,00	100,00	FC
CASINO DU PALAIS DE LA MÉDITERRANNÉE	France	100,00	100,00	100,00	FC
CASINO DE DIVONNE	France	98,71	98,71	98,71	FC
CASINO D'ANNEMASSE	France	100,00	99,92	99,92	FC
CASINO DE CRANS-MONTANA	Switzerland	57,00	57,00	57,00	FC
CASINO DE LA TREMBLADE	France	99,89	99,89	99,89	FC
CASINO TABARKA	Tunisie	0	99,89	99,89	FC
CLUB PARTOUCHE PARIS	France	100,00	100,00	0,00	FC
CLUB PARTOUCHE CAPITALE	France	100,00	100,00	0,00	FC
HOTELS					
SA ÉLYSÉE PALACE HOTEL	France	91,80	91,76	91,76	FC
SA HÔTEL INTERNATIONAL DE LYON	France	97,25	97,25	97,25	FC
SARL AQUABELLA	France	99,79	99,79	99,79	FC
HOTEL 3.14	France	100,00	100,00	100,00	FC
GRANDS HÔTELS DU PARC	France	100,00	100,00	100,00	FC
HÔTEL COSMOS	France	100,00	100,00	100,00	FC
SARL SINOCA	France	100,00	100,00	100,00	FC
GREEN 3.14	France	100,00	100,00	0,00	FC
OTHER					
SA CANNES BALNÉAIRES PALM BEACH*	France	0,00	0,00	99,99	FC
SA CHM	France	87,04	87,04	87,04	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2018	INTEREST PERCENTAGE IN 2017	INTEREST PERCENTAGE IN 2016	CONSOLIDATION METHOD
SA BARATEM	France	99,25	99,25	99,25	FC
SA HOLDING GARDEN PINÈDE	France	0,00	0,00	100,00	FC
SCI HÔTEL GARDEN PINÈDE	France	100,00	100,00	100,00	FC
SCI RUE ROYALE	France	99,99	99,99	99,99	FC
ELYSÉE PALACE EXPANSION	France	91,80	91,76	91,76	FC
ELYSÉE PALACE SA	France	91,77	91,73	91,73	FC
SCI LES THERMES	France	99,99	99,99	99,99	FC
SARL THERM'PARK	France	99,99	99,99	99,99	FC
SA GROUPE PARTOUCHE INTERNATIONAL	Belgium	99,90	99,90	99,90	FC
SARL SEK	France	99,86	99,86	99,86	FC
SCI PIETRA SAINT-AMAND	France	100,00	100,00	100,00	FC
SCI PALAVAS INVESTISSEMENT	France	99,88	99,88	99,88	FC
CBAP CENTRE BALNÉOTHÉRAPIE	France	99,99	99,99	99,99	FC
SCI FONCIÈRE DE VITTEL ET CONTREX	France	100,00	100,00	100,00	FC
EUROPÉENNE DE CASINO HOLDING	France	100,00	100,00	100,00	FC
BELCASINOS	Belgium	100,00	100,00	100,00	FC
CASINO CHAUDFONTAINE	Belgium	99,90	99,90	99,90	FC
SCI GAFA	France	100,00	100,00	95,28	FC
SCI LES MOUETTES	France	100,00	100,00	100,00	FC
SCI LES JARRES	France	100,00	100,00	100,00	FC
HOLDING LUDICA	France	100,00	100,00	100,00	FC
SCI JMB	France	100,00	100,00	100,00	FC
VZW	Belgium	100,00	100,00	100,00	FC
SCI PARC DE POSAY	France	100,00	100,00	95,24	FC
SARL PARC DU CHATEAU	France	100,00	100,00	76,19	FC
SCI DE L'ARVE	France	100,00	99,92	99,92	FC
SCI LA TREMBLADE	France	99,89	99,89	99,89	FC
PARTOUCHE IMMOBILIER	France	100,00	100,00	100,00	FC
SCI PIETRA PORNIC	France	100,00	100,00	100,00	FC
PARTOUCHE SPECTACLES	France	100,00	100,00	100,00	FC
KIOUSK	France	100,00	100,00	100,00	FC
GROUPEMENT DE MOYEN DES CASINOS	France	100,00	100,00	100,00	FC
CKO BETTING OSTENDE	Belgium	100,00	100,00	100,00	FC
PARTOUCHE INTERACTIVE	France	100,00	100,00	100,00	FC
QUARISMA	France	95,07	95,07	95,07	FC
PARTOUCHE PRODUCTION	France	75,43	75,43	75,43	FC
PARTOUCHE TECHNOLOGIES	France	100,00	100,00	100,00	FC
PARTOUCHE IMAGE	France	88,66	88,66	88,66	FC
PARTOUCHE TOURNOIS	France	100,00	100,00	100,00	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2018	INTEREST PERCENTAGE IN 2017	INTEREST PERCENTAGE IN 2016	CONSOLIDATION METHOD
AFRIGAMBLING	France	88,66	88,66	88,66	FC
SEGR LE LAURENT	France	100,00	100,00	0,00	FC
PLAGE 3.14	France	100,00	100,00	0,00	FC
PARTOUCHE STUDIO	France	100,00	100,00	0,00	FC
WORLD SERIES OF BACKGAMON	United Kingdom	100,00	100,00	96,00	FC
APPOLONIA FRANCE	France	70,00	70,00	67,20	FC
PARTOUCHE INTERACTIVE HOLDING	Gibraltar	100,00	100,00	96,00	FC
PARTOUCHE INTERACTIVE GIBRALTAR	Gibraltar	0,00	0,00	96,00	FC
PASINO BET	France	100,00	100,00	96,00	FC
SOCIÉTÉ D'EXPLOITATION DU CASINO DE DIVONNE	France	96,00	96,00	96,00	FC
INTERNATIONAL GAMBLING SYSTEMS	Belgium	19,00	19,00	19,00	FC
SCI GREEN AURON	France	90,00	0,00	0,00	FC

COMPANIES CONSOLIDATED USING THE EQUITY METHOD

OTHER					
PLAGE POINTE CROISETTE	France	0,00	49,00	0,00	EM
PALM BEACH ÉVÈNEMENTIEL	France	0,00	49,00	0,00	EM
PBCCA PALM BEACH CANNES CÔTE D'AZUR	France	49,00	49,00	0,00	EM
CANNES BALNÉAIRES*	France	49,00	49,00	99,99	EM

(*) With regard to the changes in the method used to consolidate Cannes Balnéaires during the 2017 financial year, please refer to the transaction presented in Note 3.2.1 "Changes in scope".

20.2.2 FINANCIAL STATEMENTS OF THE COMPANY – 31 OCTOBER 2018

BALANCE SHEET – ASSETS (NET VALUES) €000 AT 31 OCTOBER	NOTES	2018	2017	2016
FIXED ASSETS				
Intangible assets	**2.1 / 2.2**			
Concession and similar rights		406	107	47
Internally generated goodwill		610	686	72 547
Other intangible assets		62	-	-
Advances and down payments on intangible assets		7	24	31
Tangible fixed assets	**2.1 / 2.2**			
Land		7 280	7 280	7 280
Buildings		10 137	10 879	11 669
Technical equipment		148	230	156
Other tangible fixed assets		422	541	748
Assets under construction		38	15	15
Advances and down payments		-	-	4
Long-term financial investments				
Other investments	2.3 / 2.4	633 461	632 415	555 981
Receivables attached to investments	2.3 / 2.5	13 018	6 404	604
Other long-term investment securities	2.3	-	-	-
Loans	2.5	35	44	44
Other financial investments	2.4 / 2.5	187	194	1 395
Total fixed assets		**665 809**	**658 819**	**650 520**
CURRENT ASSETS				
Merchandise		-	-	-
Advances and down payments to suppliers		22	17	21
Trade receivables	2.5	147	103	102
Other receivables	2.4 / 2.5	137 671	119 262	132 363
Marketable securities		980	901	15 031
Cash and cash equivalents		24 933	34 488	42 439
Prepaid expenses	2.5 / 2.9	875	1 891	567
Total current assets		**164 628**	**156 662**	**190 522**
REGULARISATION ACCOUNTS				
Capitalised expenses		-	-	-
Translation adjustment – asset		-	-	-
GRAND TOTAL		**830 437**	**815 482**	**841 042**

BALANCE SHEET – LIABILITIES AND EQUITY €000 AT 31 OCTOBER	NOTES	2018	2017	2016
Share capital (o/w fully paid: €192,541)[1]	2.12	192 541	192 541	193 631
Share premium, merger and contribution reserves		70 056	70 056	54 285
Revaluation reserves[2]		-	-	-
Legal reserve		9 741	9 732	9 684
Statutory reserve[3]		-	-	-
Other reserves		10 841	10 841	14 423
Retained earnings		149 998	149 840	148 899
NET PROFIT (LOSS) FOR THE FINANCIAL YEAR		5 838	166	972
Equity	**2.11**	**439 014**	**433 176**	**421 894**
Provisions for contingencies	2.4	107	107	14
Provisions for losses	2.4	-	-	-
Provisions for contingencies and losses		**107**	**107**	**14**
Bank loans and overdrafts[5]	2.6	124 161	128 719	153 254
Sundry borrowings and financial liabilities	2.6	176	176	20 247
Advances and deposits on outstanding orders		-	-	-
Trade creditors	2.6	462	2 090	999
Tax and social security liabilities	2.6	2 826	2 713	2 561
Liabilities to fixed asset suppliers	2.6	44	19	21
Other liabilities	2.6	263 606	248 440	242 008
Deferred income	2.6 / 2.10	43	43	44
TOTAL[4]		**391 317**	**382 199**	**419 134**
Translation adjustment – liability		-	-	-
GRAND TOTAL		**830 437**	**815 482**	**841 042**
(1) Capitalised revaluation differential		294	294	294
(2) Includes a special revaluation reserve (1959)				
Free revaluation reserve				
Revaluation reserve (1976)				
(3) Includes a statutory reserve for long-term capital gains				
(4) Liabilities and deferred income falling due or to be released in less than one year		154 456	129 433	128 454
(5) Includes current account bank balances and bank overdrafts		-	-	-

INCOME STATEMENT €000 AT 31 OCTOBER	NOTES	2018	2017	2016
Merchandise sales		-	-	-
Sales of services		11 791	11 251	10 943
Net turnover	2.13	**11 791**	**11 251**	**10 943**
Self-constructed assets		-	-	-
Operational subsidies		-	-	-
Reversals of depreciation, amortisation, provisions and expense transfers[7]	2.14	1 521	1 574	1 340
Other revenue		-	-	-
Total operating revenue[2]		**13 312**	**12 824**	**12 283**
OPERATING EXPENSES				
Purchases of goods (and custom duties)		-	-	-
Change in inventory (goods)		-	-	6
Other purchases and external expenses[6a]		13 380	12 678	11 553
Tax		501	514	575
Wages and salaries		3 930	4 011	3 808
Social security expenses		1 620	1 655	1 546
Depreciation and amortisation charges and provision on fixed assets		1 296	1 270	1 194
Impairment of current assets		-	-	-
Other expenses		121	121	71
Total operating expenses[4]		**20 848**	**20 249**	**18 752**
OPERATING INCOME (LOSS)		**(7 536)**	**(7 425)**	**(6 470)**
Income allocated or loss transferred		107	59	46
Loss borne or income transferred		-	-	-
Financial income from associates[5]	2.15	11 554	10 276	11 873
Income from other marketable securities and receivables[5]		-	-	-
Other interest income[5]		1 092	845	1 162
Provision reversals and expense transfers		1 423	87 883	26 055
Positive foreign exchange differences		-	-	12
Net gains on the disposal of marketable securities		-	-	-
Total financial income		**14 070**	**99 005**	**39 102**
FINANCE COSTS				
Depreciation, amortisation and provision charges		8 705	13 637	36 667
Interest expense[6]		4 104	4 691	6 142
Negative foreign exchange differences		14	4	16
Total finance costs		**12 824**	**18 333**	**42 825**
FINANCIAL ITEMS		**1 246**	**80 672**	**(3 722)**
CURRENT INCOME BEFORE TAX		**(6 183)**	**73 307**	**(10 146)**

INCOME STATEMENT €000 AT 31 OCTOBER	NOTES	2018	2017	2016
Exceptional income on management transactions		21	28	11
Exceptional income on capital transactions		36	11 536	213
Provision reversals and expense transfers		-	-	-
Total exceptional income		**57**	**11 564**	**224**
Exceptional expense on management transactions		1	2	319
Exceptional expense on capital transactions		110	96 723	37
Exceptional depreciation, amortisation and provision charges		-	167	14
Total exceptional expense		**111**	**96 892**	**369**
EXCEPTIONAL ITEMS	2.16	**(54)**	**(85 328)**	**(145)**
Employee profit-sharing				
Corporate income tax	2.17	(12 075)	(12 187)	(11 264)
Total income		**27 545**	**123 453**	**51 655**
Total expense		**21 707**	**123 287**	**50 683**
NET PROFIT OR LOSS		**5 838**	**166**	**972**

(2) Includes property rental income		1 218	1 086	1 169
(2) Includes operating revenue relating to prior financial years		21	24	-
(4) Includes operating revenue relating to prior financial years		-	-	-
(5) Includes income from associated entities		12 364	10 837	12 462
(6) Includes interest from associated entities		277	357	597
(6a) Includes contributions made to organisations deemed to be in the public interest		58	10	31
(7) Includes expense transfers		1 521	1 574	1 213

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Notes to the balance sheet before appropriation for the financial year ending 31 October 2018 which totals €830,437k and the income statement for the financial year, presented in list format, showing total income of €27,545k and net profit of €5,838k.

The financial year is a 12-month period, from 1 November 2017 to 31 October 2018.

REMINDER ON THE SAFEGUARD PROCEDURE:

The Groupe Partouche SA Safeguard Plan was approved by a ruling of the Paris Commercial Court on 29 September 2014 (valid for nine years).

During financial year 2017, the amended plan, approved by a ruling of the Paris Commercial Court (on 2 November 2016, corrected 8 December 2016), entered into force.

The main provisions currently applicable are as follows:

- spreading of the syndicated loan repayment schedule until December 2022, with a clause requiring the Group to allocate 50% of the net proceeds of any asset sales towards the early repayment of the syndicated loan;
- freezing of intra-group debts until repayment in full of the other liabilities included in the plan, apart from any offsetting of related receivables or resulting from dividend distributions;
- methods of repaying current liabilities according to several options.

The key highlights of this financial year were as follows:

- a €979k capital injection into 49%-owned Palm Beach Cannes Côte d'Azur;
- acquisition of an 18% stake in Compagnie des Loisirs des Portes de Genève through a contribution in kind of shares in the Saint-Julien-en-Genevois casino with a value of €2.223m;
- expiry of the sponsorship agreement with Losc football club.

The notes and tables below are an integral part of the parent company financial statements.

There were no changes to methods or presentation affecting the parent company financial statements.

1 - 1 - ACCOUNTING POLICIES AND PRESENTATION

The Company's financial statements are prepared in accordance with French legislation and regulations. Accounting conventions have been applied in accordance with the provisions of the French Commercial Code and ANC Regulation 2014-03, including all amendments to date.

The main accounting policies applied are as follows:

1.1 INTANGIBLE ASSETS

Intangible assets related to software licences are written off over a period of one to four years.

A long lease charge is written off over a period of 30 years.

1.2 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated in the balance sheet at their historical acquisition cost (supplemented by acquisition expenses), at their production cost or at their contribution value in respect of SIHB SA fixed assets contributed as part of the merger-renunciation agreement concluded in 1994 with retroactive effect at 1 November 1993.

The straight-line method of depreciation is used over the expected useful lives of the assets.

Buildings:	Straight-line	20 to 50 years
Facilities and equipment:	Straight-line	3-8 years
Equipment, fixtures and fittings:	Straight-line	5-10 years
Events equipment:	Straight-line	3 years
Vehicles:	Straight-line	5 years
Office and computer equipment:	Straight-line	2 to 5 years

1.3 LONG-TERM FINANCIAL INVESTMENTS

Long-term financial investments are stated in the balance sheet at acquisition cost (excluding incidental expenses) or at contribution cost.

When their inventory value falls below their gross value, a provision for impairment is established for the amount of the difference.

The inventory value of investments is based on their value-in-use or fair value.

This value can notably be determined through:

- the calculation of their net asset value in the most recent financial statements of the subsidiary that owns them, adjusted for any unrecognised unrealised capital gains (internally generated goodwill, buildings, deferred tax, etc.);
- forward-looking data such as profitability prospects;

The securities contributed by SIHB SA are valued at their contribution value at the time of the merger.

The securities contributed under the terms of the transmission universelle du patrimoine (transfer of all assets and liabilities) in Groupe de Divonne SA completed in November 2007 were acquired at their carrying amount. The same applies to the securities contributed by means of the transmission universelle du patrimoine in respect of SAS Holding Garden Pinède and SAS Enderbury GR, which were completed in the 2017 financial year.

In accordance with ANC Regulation 2015-06, technical merger losses recognised in assets are attached to the underlying assets to which the unrealised capital gains apply.

The "Groupe de Divonne" merger loss has thus been shown under "Investment securities" since the financial year ended 31 October 2017.

1.4 RECEIVABLES

Receivables are recorded at their face value. A provision for impairment is established whenever their inventory value, based on the likelihood of their being recovered, is less than their carrying amount.

1.5 RECEIVABLES AND DEBTS DENOMINATED IN FOREIGN CURRENCIES

During the financial year, receivables in foreign currencies are translated on the basis of the exchange rate on the transaction date. At the end of the financial year, these receivables are translated on the basis of the closing rate, and the differences with respect to amounts previously accounted are recorded under "Unrealised gains or losses on foreign exchange transactions". Losses on foreign exchange are provided for under "Provisions for contingencies".

1.6 CASH AND CASH EQUIVALENTS

Marketable securities are recorded in the balance sheet at their acquisition cost.

Where the acquisition cost is greater than their net realisable value at the end of the financial year, a provision for impairment is established for the amount of the difference.

1.7 DIVIDENDS

Dividends received from foreign subsidiaries are recorded at their net amounts after any withholding taxes applicable under the relevant tax regulations.

1.8 PROVISIONS FOR CONTINGENCIES AND LOSSES

Claims have been estimated on the basis of information available at the balance sheet date

1.9 DISTINCTION BETWEEN CURRENT PROFIT AND EXCEPTIONAL ITEMS

The "Exceptional items" income statement heading includes exceptional items resulting from ordinary activities, as well as extraordinary items. Exceptional items resulting from ordinary activities are those whose achievement is not related to the Company's ordinary course of business, either because their amounts or impact are of abnormal nature or because they very rarely occur.

2 – ADDITIONAL INFORMATION IN RESPECT OF THE BALANCE SHEET AND INCOME STATEMENT (IN €000)

2.1 INTANGIBLE AND TANGIBLE FIXED ASSETS

€000 AT 31 OCTOBER 2018	GROSS VALUE OF FIXED ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR	INCREASES	
		REVALUATION DURING THE FINANCIAL YEAR	ACQUISITION, CREATION, INTER-ACCOUNT TRANSFER
Setup costs, research	-	-	-
Other intangible assets	**4 812**		**501**
Land	7 280		-
Buildings on own land	11 317		-
Buildings on other land	2 239		-
Fixtures and fittings – buildings	4 949		-
Machinery and equipment	391		13
Other equipment, fixtures and fittings	1 465		68
Vehicles	372		-
Office and computer equipment, furniture	755		61
Fixed assets under construction	15		23
Advances and down payments	-		-
Total tangible fixed assets	**28 783**		**165**
GRAND TOTAL	**33 595**		**666**

€000 AT 31 OCTOBER 2018	DECREASES		GROSS VALUE OF ASSET AT END OF FINANCIAL YEAR	LEGAL REVALUATION ORIGINAL VALUE AT END OF FINANCIAL YEAR
	BY INTER-ACCOUNT TRANSFER	BY SALE OR SCRAPPING		
Setup costs, research	-	-	-	-
Other intangible assets	**24**	**-**	**5 289**	**-**
Land	-	-	7 280	-
Buildings on own land	-	-	11 317	-
Buildings on other land	-	-	2 239	-
Fixtures and fittings – buildings	-	-	4 949	-
Machinery and equipment	-	-	405	-
Other equipment, fixtures and fittings	-	-	1 533	-
Vehicles	-	-	372	-
Office and computer equipment, furniture	-	-	816	-
Fixed assets under construction	-	-	38	-
Advances and down payments	-	-	-	-
Total tangible fixed assets	**-**	**-**	**28 949**	**-**
GRAND TOTAL	**24**	**-**	**34 238**	**-**

As a reminder, with a view to the application of CRC Regulation 2002.10, for the year ending 31 October 2005, the Company carried out an analysis of its buildings based on three components contributing to the net carrying amount of these assets as of 31 October 2005 which breaks down as follows:

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

2.2 DEPRECIATION AND AMORTISATION

€000 AT 31 OCTOBER 2018	POSITIONS AND MOVEMENTS DURING THE FINANCIAL YEAR			
	BEGINNING OF THE FINANCIAL YEAR	APPROPRIATION DURING THE FINANCIAL YEAR	DECREASE DURING THE FINANCIAL YEAR	END OF THE FINANCIAL YEAR
Setup costs, research	-			-
Other intangible assets	**3 995**	**210**		**4 205**
Land				
Buildings on own land	2 551	360	-	2 911
Buildings on other land	2 052	112	-	2 164
Fixtures and fittings – buildings	3 023	270	-	3 294
Machinery and equipment	161	96	-	257
Other equipment, fixtures and fittings	1 187	109	-	1 295
Vehicles	193	66	-	259
Office and computer equipment, furniture	671	73	-	744
Recoverable packaging and other	-	-	-	-
TOTAL	**9 838**	**1 086**	**-**	**10 924**
GRAND TOTAL	**13 833**	**1 296**	**-**	**15 129**

2.3 INVESTMENTS

€000 AT 31 OCTOBER 2018	GROSS VALUE AT BEGINNING OF THE FINANCIAL YEAR	ACQUISITION, INTER-ACCOUNT TRANSFER
Other investments	702 645	9 212
Other long-term investment securities	-	-
Loans and other long-term investments	238	5
TOTAL	**702 883**	**9 217**

€000 AT 31 OCTOBER 2018	DECREASE BY INTER-ACCOUNT TRANSFER	DECREASE BY SALE OR SCRAPPING	GROSS VALUE OF ASSET AT FINANCIAL YEAR-END	REVALUATION OF ORIGINAL VALUE AT FINANCIAL YEAR-END
Investments in associates	-	-	-	-
Other investments	1	1 611	710 246	-
Other long-term investment securities	-	-	-	-
Loans and other long-term investments	9	12	221	-
TOTAL	**10**	**1 623**	**710 467**	**-**

The main movements recorded under "Other investments" were as follows:

- Acquisitions:
  - a capital injection into Palm Beach Cannes Côte d'Azur totalling €979k through capitalisation of receivables,
  - total intra-group loans of €8.2m granted by GPSA to its subsidiaries CBM Dieppe and Casino de La Roche-Posay in connection with its Capex 2 credit line (see Section 2.19.2 "Other information");
- Decreases:
  - repayments of intra-group loans totalling €1.6m in the financial year.

2.4 PROVISIONS

€000 AT 31 OCTOBER 2018	BEGINNING OF THE FINANCIAL YEAR	INCREASE / ALLOCATION	DECREASE / REVERSAL	END OF THE FINANCIAL YEAR
Provisions				
For litigation	-	-	-	-
For foreign exchange losses	-	-	-	-
For tax	-	-	-	-
Other contingency and loss provisions	107	-	-	107
TOTAL	**107**	**-**	**-**	**107**
For property and equipment	-	-	-	-
Other investments	63 826	34	93	63 767
Provisions for financial investments	-	-	-	-
Provisions for trade accounts receivable	115	-	-	115
Other provisions for impairment	149 260	8 672	1 331	156 601
TOTAL	**213 201**	**8 705**	**1 423**	**220 483**
GRAND TOTAL	**213 308**	**8 705**	**1 423**	**220 590**
Including:				
Operating allocations and recoveries		-	-	
Financial provision charges and reversals		8 705	1 423	
Exceptional allocations and reversals		-	-	
Movements by balance sheet accounts following the TUP		-	-	

A provision of €107k was set aside during previous financial years to cover the risk relating to a labour tribunal case.

Additions to provisions on investments totalling €34k relate to subsidiaries whose net financial position has worsened. Conversely, reversals of provisions on investments totalled €93k.

"Other provisions for impairment" relates to:

- Current account receivables, which were provisioned in respect of the Group's subsidiaries in light of their net financial positions, corrected, where applicable, according to their carrying amount (see Section 1.3). At the financial year-end, these provisions amounted to €147.3m.
- The balance of other provisions at the financial year-end concerns receivables from various third parties, including in particular:
  - a receivable of €6.9m for contractually acquired goods never delivered. Legal proceedings are still in progress; for reasons of prudence, this receivable was fully impaired during prior years;
  - a receivable from a third party which was provisioned in full when that third party was placed into court-ordered insolvency proceedings. Notwithstanding the approval of a recovery plan, the provision has been maintained at the full amount of the receivable, adjusted to reflect any payments received. The amount outstanding at the balance sheet date was €1.4m;
  - a Jatek (foreign third party) receivable provisioned in full for €0.8m during prior years.

2.5 MATURITIES OF RECEIVABLES

€000 AT 31 OCTOBER 2018	GROSS AMOUNT	1 YEAR MAXIMUM	MORE THAN 1 YEAR
Receivables attached to investments	13 018	3 541	9 477
Loans	35	35	-
Other financial investments	187	-	187
Other trade receivables	263	263	-
Employee accounts payable	-	-	-
Social security and other social benefits	3	3	-
Corporate income tax*	5 482	5 482	-
VAT	1 467	1 467	-
Other taxes	-	-	-
Other receivables	23	1	22
Subsidiaries and associates	265 775	255 348	10 428
Sundry receivables	21 392	20 858	534
Prepaid expenses	875	875	-
GRAND TOTAL	**308 518**	**287 870**	**20 647**
Loans granted during the financial year	1	-	-
Repayment of loans during the financial year	1	-	-

(*) The 2017 CICE tax credit for the Group's tax consolidation group came to €5,601k (2017 calendar year).

2.6 MATURITIES OF DEBTS

€000 AT 31 OCTOBER 2018	GROSS AMOUNT	1 YEAR MAXIMUM	MORE THAN 1 YEAR	MORE THAN 5 YEARS
Bank loans and overdrafts	124 161	24 995	99 166	-
Sundry borrowings and financial liabilities	176	-	-	176
Trade accounts payable	462	462	-	-
Employee accounts payable	350	350	-	-
Social security and other social benefits	355	355	-	-
State and other public authorities:				
- Corporate income tax	-	-	-	-
- VAT	1 808	1 808	-	-
- Other taxes	313	313	-	-
- Miscellaneous	-	-	-	-
Liabilities to fixed asset suppliers	44	44	-	-
Subsidiaries and associates	263 258	125 738	137 520	-
Other liabilities	348	348	-	-
Deferred income	43	43	-	-
GRAND TOTAL	**391 317**	**154 456**	**236 686**	**176**
Bank loans contracted during the financial year	14 320	-	-	-
Bank loan repayments during the financial year	18 900	-	-	-

Balance at 31 October 2018 of debts concerned by the Safeguard Plan:

€000	TOTAL AT 31/10/2017	EXCLUDING RELATED PARTIES	OF WHICH: RELATED PARTIES	FINANCIAL YEAR MOVEMENTS	TOTAL AT 31/10/2018	EXCLUDING RELATED PARTIES	OF WHICH: RELATED PARTIES
Bank loans and overdrafts*	120 413	120 413		-16 165	104 247	104 247	
Sundry borrowings and financial liabilities*	125		125	-	125		125
Trade accounts payable	71	69	2	-	71	69	2
State and other public authorities:							
- Other taxes	194	194		-	194	194	
Liabilities to fixed asset suppliers	18	18		-	18	18	
Subsidiaries and associates	140 312	-	140 312	-2 027	138 285		138 285
GRAND TOTAL	**261 133**	**120 694**	**140 440**	**-18 192**	**242 940**	**104 528**	**138 412**

(*) Changes during the financial year correspond to movements pursuant to the Safeguard Plan approved on 29 September 2014. They reflect the rulings of 2 November 2016 and 8 December 2016 amending the Safeguard Plan.

2.7 ACCRUED INCOME

ACCRUED INCOME RECOGNISED IN THE FOLLOWING BALANCE SHEET ACCOUNTS €000 AT 31 OCTOBER 2018	AMOUNT
Accrued interest	22
Other financial investments	**22**
Trade receivables	**-**
State, income receivable	**23**
Trade accounts payable – credit notes receivable	-
Accrued income – social security bodies	-
Accrued income – management fees	11 833
Accrued income – other	1
Other receivables	**11 834**
Banks – accrued interest	**22**
Total	**11 902**

2.8 ACCRUED EXPENSES INCLUDED IN THE FOLLOWING BALANCE SHEET ITEMS

€000 AT 31 OCTOBER 2018	AMOUNT
Accrued interest on borrowings and financial liabilities	36
Trade notes and accounts payable	-
Employees – paid vacation and social charges	495
Employees – other expenses payable	-
Tax and social security liabilities	310
Other liabilities	348
Accrued interest on overdrafts	-
Total	**1 189**

2.9 PREPAID EXPENSES

€000 AT 31 OCTOBER 2018	AMOUNT
Prepaid operating expenses	875
Prepaid expenses	-
Total prepaid expenses	**875**

2.10 DEFERRED INCOME

€000 AT 31 OCTOBER 2018	AMOUNT
Deferred income	43
Total deferred income	**43**

2.11 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€000 at 31 October 2018

EQUITY ACCOUNTS	POSITION AT 31/10/2017	APPROPRIATION OF 2017 INCOME	POSITION AFTER APPROPRIATION	FINANCIAL YEAR MOVEMENTS	POSITION AT 31/10/2018
Share capital	192 541		192 541		192 541
Share premium account, merger reserve	23 652		23 652		23 652
Contribution reserve	46 404		46 404		46 404
Revaluation reserve	-		-		-
Legal reserve	9 732	8	9 741		9 741
Statutory reserve	-		-		-
Other reserves	10 841		10 841		10 841
Retained earnings	149 840	157	149 998		149 998
Net profit (loss) for the year	166	-166	-	5 838	5 838
Net shareholders' equity carried forward	**433 176**	**-**	**433 176**	**5 838**	**439 014**

2.12 BREAKDOWN OF SHARE CAPITAL

CATEGORIES OF SECURITIES	YEAR-END	NUMBER OF NEW SHARES ISSUED DURING THE FINANCIAL YEAR	NOMINAL VALUE	TOTAL
Ordinary shares	9 627 034	0	20 €	192 540 680 €

TREASURY SHARES

At 31 October 2018, treasury shares fell into one of two categories:

- Following the transactions carried out in 2015 on the capital and after the stock split, 1,917 shares have been self-held by the Company since the Extraordinary Shareholders' Meeting of 10 November 2003. These treasury shares are presented under marketable securities;
- In addition, through the liquidity provider's agreement established in May 2012 with Oddo Corporate Finance and transferred in May 2017 to CM-CIC, 11,084 treasury shares were held at 31 October 2018. These treasury shares are also presented under marketable securities.

The purpose of this liquidity agreement is to foster regular and liquid trading in the Company's shares.

The market price of Groupe Partouche shares at 31 October 2018 was €22.

2.13 BREAKDOWN OF NET TURNOVER

€000 AT 31 OCTOBER 2018	FRANCE	REST OF WORLD	TOTAL AMOUNT
Merchandise sales	-		-
Group management fees	9 002	1 029	10 031
Rent	1 218		1 218
Miscellaneous	541		541
Total	**10 762**	**1 029**	**11 791**

2.14 EXPENSE TRANSFERS

€000 AT 31 OCTOBER 2018	AMOUNT
Miscellaneous operating expense transfers	1 521
Total operating expense transfers	**1 521**

2.15 FINANCIAL INCOME FROM ASSOCIATES

€000 AT 31 OCTOBER 2018	AMOUNT
Dividends distributed by subsidiaries	11 410
Total	**11 410**

2.16 BREAKDOWN OF EXCEPTIONAL ITEMS

€000 AT 31 OCTOBER 2018	EXCEPTIONAL EXPENSE	EXCEPTIONAL INCOME
Sale of investment securities and corresponding income	2	2
Litigation indemnities	-	15
Premiums / discounts on treasury shares	108	19
Penalties and fines	1	-
Various exceptional income and expenses for the previous period	-	21
TOTAL	**111**	**57**

2.17 BREAKDOWN OF CORPORATE INCOME TAX

€000 AT 31 OCTOBER 2018	PROFIT BEFORE TAX	TAX DUE	NET PROFIT AFTER TAX
Current profit	(6 183)	12 057	5 874
Exceptional profit	(54)	19	(35)
Accounting profit	**(6 237)**	**12 075**	**5 838**

It should be noted that Groupe Partouche SA is head of a tax consolidation group comprising 71 subsidiaries.

2.18 FINANCIAL COMMITMENTS

OFF BALANCE SHEET COMMITMENTS RELATED TO SUBSIDIARIES

€000 AT 31 OCTOBER 2018	
COMMITMENTS GIVEN	AMOUNT
Sureties and deposits	-
TOTAL	**-**
COMMITMENTS RECEIVED	**AMOUNT**
Clawback commitments	42 141
TOTAL	**42 141**

OFF BALANCE SHEET COMMITMENTS RELATED TO FINANCING

€000 AT 31 OCTOBER 2018	
COMMITMENTS GIVEN	AMOUNT
Guaranteed bank debt*	119 076
TOTAL	**119 076**
COMMITMENTS RECEIVED	**AMOUNT**
Other commitments received	13 815
TOTAL	**13 815**

(*) Covers commitments granted concerning the principal amount outstanding of the syndicated loan (€104.2m), the Capex 2 drawdown (€12.4m) and the CIC drawdown (€2.4m).

OFF BALANCE SHEET COMMITMENTS RELATED TO BUSINESS ACTIVITY

€000 AT 31 OCTOBER 2018	
COMMITMENTS GIVEN	AMOUNT
Sureties and deposits*	39 961
Retirement indemnities	129
Operating lease contract	3 653
Other commitments given	**720**
TOTAL	**44 463**
COMMITMENTS RECEIVED	**AMOUNT**
Sureties and deposits	5
Operating lease contract	6 542
TOTAL	**6 547**

(*) Includes a €15m commitment in respect of the lease entered into by SCI Pietra Pornic, of which €11.6m had been used at 31 October 2018, a €6.6m commitment in respect of the principal amount outstanding on the medium-term loan taken out by Partouche Immobilier and a €10m guarantee to secure the loan taken out by the Aix-en-Provence casino (SCMAT).

2.19 OTHER INFORMATION

The total amount of borrowings consists of:

1- SYNDICATED LOAN

In light of the provisions of the Safeguard Plan approved by the Paris Commercial Court in its ruling of 29 September 2014, and implementation during the 2017 financial year of the amended Plan ratified in a ruling of the Paris Commercial Court (on 2 November 2016, corrected on 8 December 2016):

- Original loan amount: €431,000k;
- Principal amount outstanding at period-end: €104,247k;
- Repayment terms: The balance is due to be repaid to the lenders according to the following repayment schedule, expressed in thousands of euros:

MATURITY DATES	PRINCIPAL AMOUNT OUTSTANDING BEFORE AMORTISATION	REPAYMENT	PRINCIPAL AMOUNT OUTSTANDING AFTER AMORTISATION
15/12/2018	104 247	20 089	84 158
15/12/2019	84 158	20 089	64 069
15/12/2020	64 069	20 089	43 980
15/12/2021	43 980	22 387	21 593
15/12/2022	21 593	21 593	-

This repayment schedule is likely to be revised in light of the clause on early repayment upon asset sales provided for in the Safeguard Plan.

▸ **Interest rates**

Interest is calculated on the outstanding balance of the loan at an annual rate corresponding to one-, two- or three-month Euribor plus a margin of 3.50% per annum over the period from the date on which the plan was adopted to 15 December 2016, and 3.25% per annum from 16 December 2016 until the syndicated loan is repaid in full.

▸ **Guarantees**

The pledges of securities described in the Annual Report are provided under 4.1.8 “Pledges” in this Reference Document.

2- CAPEX 1 AND 2 CREDIT LINES

A loan was arranged on 23 March 2017 with a bank syndicate in an aggregate amount of €25m to finance investments by certain subsidiaries. It is split into two credit lines, whose positions at 31/10/2018 were as follows:

- Capex 1: €5.5m drawn down. After amortisation, the balance at 31 October 2018 stood at €4.959m;
- Capex 2: €14m drawn down. After amortisation, the balance at 31 October 2018 stood at €12.391m;

During the previous financial year, the release of €5.8m of the Capex 2 facility gave rise to Groupe Partouche SA allocating a loan of the same amount to its subsidiary Casino Cannes Centre Croisette on 6 October 2017 to finance its refitting work.

Similarly, drawdowns against the Capex 2 facility totalling €8.2m in the financial year gave rise to two intra-group loans granted by Groupe Partouche SA to its subsidiaries CBM Dieppe (€3m on 8 December 2017) and Casino de La Roche-Posay (€5.2m on 12 June 2018) to finance their refitting work.

The interest rates for the borrowing and for the loan are as follows:

- Interest rate for the Capex 1 loan = 3-month Euribor plus 1.70%;
- Interest rate for the Capex 2 loan = 3-month Euribor plus 1.48%.

The repayment schedules are as follows:

(€K)	CAPEX 1	CAPEX 2
Less than 1 year	1 166	2 914
2 to 5 years	3 793	9 477
More than 5 years	-	-
Total	**4 959**	**12 391**

3- €3M LOAN

A €3m loan agreement was entered into on 28 February 2018, at a fixed rate of 1.38%, to consolidate funding of renovation work at the Aix-en-Provence casino by extending a current account advance to the latter. The principal amount outstanding on bank debt at 31 October 2018 was €2.437m.

The repayment schedule is as follows:

(€K)	
Less than 1 year	750
2 to 5 years	1 687
More than 5 years	-
Total	**2 437**

2.20 AVERAGE WORKFORCE

AT 31 OCTOBER 2018	STAFF
Executives	19
Other employees	20
TOTAL	**39**

2.21 REMUNERATION AWARDED TO THE EXECUTIVE AND SUPERVISORY BODIES

This remuneration (before attendance fees) totalled €1,686,381, broken down as follows:

- remuneration allocated to the members of the Supervisory Board: €592,200;
- remuneration allocated to the members of the Executive Board: €1,094,181.

The shareholders voted at the Combined Shareholders' Meeting of 11 April 2018 to set the total amount of directors' fees allocated to the Supervisory Board at €120,000. At 31 October 2018, this amount had been paid.

2.22 COMMITMENTS FOR PENSIONS AND OTHER RETIREMENT COSTS

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

2.23 SUNDRY INFORMATION

At the financial year-end, the amount outstanding on variable-rate loans represented the majority of the Company's loans.

At year-end, only one financial instrument existed to cover interest rate risk: a €50m swap starting on 31 January 2015 and expiring on 31 December 2018 at 0.33%.

2.24 DEFERRED TAX

€000 AT 31 OCTOBER 2018	AMOUNT
Tax to be paid on:	
Pre-deducted expenses	-
Prepaid tax on:	
Temporarily non-deductible expenses	8
(to be deducted in the following financial year)	-
Taxed revenue to be deducted at a later date	**8**
Net deferred tax	

2.25 POST-BALANCE SHEET EVENTS

Execution of the Safeguard Plan: Groupe Partouche paid the €20.09m instalment on its syndicated loan in December 2018.

3 – LIST OF SUBSIDIARIES AND INVESTMENTS AT 31 OCTOBER 2018

€000

NAME	REGISTERED OFFICE	CAPITAL	SHAREHOLDERS' EQUITY*	
SUBSIDIARIES (OVER 50%)				
Cie EUROPÉENNE DE CASINOS	PARIS	24 813	310 018	
HÔTEL COSMOS	CONTREXÉVILLE	50	(4 329)	
SOC EXPLOIT° CASINO ET HÔTELS CONTREXÉVILLE	CONTREXÉVILLE	75	170	
SOCIÉTÉ DU CASINO DE ST-AMAND-LES-EAUX	ST-AMAND-LES-EAUX	17 786	35 102	
SOCIÉTÉ DU GRAND CASINO DE CABOURG	CABOURG	300	1 854	
SOCIÉTÉ TOURISTIQUE DE LA TRINITÉ	PARIS	38	(2 163)	
JEAN METZ	BERCK-SUR-MER	80	82	
NUMA	BOULOGNE-SUR-MER	80	757	
GRAND CASINO DE LYON	LYON	750	8 337	
SOCIÉTÉ DU CASINO ET DES BAINS DE MER	DIEPPE	396	(206)	
SOCIÉTÉ FONCIÈRE DE VITTEL ET CONTREXÉVILLE	CONTREXÉVILLE	50	192	
GRAND CASINO DU HAVRE	LE HAVRE	150	(1 101)	
SCI LES THERMES	AIX-EN-PROVENCE	150	1 611	
SCI DE LA RUE ROYALE	PARIS	134	210	
CASINO CENTRE CROISETTE	CANNES	38	(22 413)	
GROUPE PARTOUCHE INTERNATIONAL	BRUXELLES	144	(33 971)	
SATHEL	LA TOUR DE SALVAGNY	323	22 391	
CASINO DES 4 SAISONS	LE TOUQUET	392	1 449	
HOLDING IMMOBILIÈRE DE LYON	LYON	300	2 318	
LE TOUQUET'S	CALAIS	92	1 594	
ÉLYSÉE PALACE EXPANSION	PARIS	40	(1 134)	
ÉLYSÉE PALACE HÔTEL	PARIS	40	(1 143)	
SOC CHEMINS FER ET HÔTELS MONTAGNE PYRÉNÉES	PARIS	701	1 510	
CASINO DE LA TREMBLADE	LA TREMBLADE	39	624	
FORGES THERMAL	FORGES-LES-EAUX	15 600	24 681	
TTH DIVONNE	DIVONNE-LES-BAINS	2 442	25 015	
CASINO D'ANNEMASSE – SGCA	ANNEMASSE	200	10 464	
CASINO DE CRANS-MONTANA	CRANS-MONTANA (SUISSE)	4 386	8 368	
PARTOUCHE INTERACTIVE	PARIS	370	(52 475)	
SCI PIETRA SAINT-AMAND	PARIS	152	196	

	% HELD	DIVIDENDS RECEIVED	GROSS VALUE OF SHARES	NET	GROSS VALUE OF LOANS AND ADVANCES	GUARANTEES	TURNOVER	NET PROFIT
	100,00 %	-	316 504	316 504	-	-	218	26 046
	100,00 %	-	50	-	4 847	-	1 696	(33)
	100,00 %	-	9 633	170	566	-	2 571	(3)
	100,00 %	-	18 371	18 371	-	-	23 865	3 392
	100,00 %	700	2 769	2 769	-	-	5 837	503
	100,00 %	-	4 476	-	4 381	-	43	(307)
	100,00 %	180	3 025	3 025	1 107	-	3 159	(22)
	100,00 %	550	3 458	3 458	-	-	4 596	443
	100,00%	3 600	20 000	20 000	-	-	16 353	3 726
	100,00 %	-	4 611	4 611	4 823	-	5 361	(629)
	100,00 %	250	50	50	532	-	296	121
	100,00 %	-	9 450	9 450	6 513	-	10 461	(1 149)
	99,99 %	750	-	-	2 021	-	1 435	404
	99,99 %	-	534	534	-	-	145	85
	100,00 %	-	32 868	-	30 343	-	6 316	(5 902)
	99,90 %	-	153	-	39 209	-	-	496
	99,86%	-	93 513	93 513	2 547	-	23 162	5 105
	99,53 %	488	5 593	5 593	540	-	3 546	38
	97,25 %	973	4 207	4 207	-	-	527	190
	90,10 %	541	4 668	4 668	-	-	3 659	468
	79,72 %	-	1 308	1	4 461	-	-	(14)
	79,72 %	-	1 240	-	651	-	-	(6)
	76,63 %	-	602	602	-	-	-	(10)
	99,89 %	-	1 488	623	-	-	1 937	103
	60,38 %	1 753	11 837	11 837	-	-	23 627	45
	98,71 %	-	62 182	62 182	-	-	26 056	4 890
	100,00 %	-	41 098	41 098	-	-	11 034	1 899
	57,00 %	1 437	5 776	5 776	-	-	10 079	2 203
	100,00 %	-	9 706	-	53 606	-	-	(1 755)
	99,00 %	-	151	151	32	-	44	23

NAME	REGISTERED OFFICE	CAPITAL	SHAREHOLDERS' EQUITY*
PARTOUCHE IMMOBILIER	PARIS	12 000	16 515
SCI PIETRA PORNIC	PARIS	100	(65)
PARTOUCHE SPECTACLES & ÉVÉNEMENTS	PARIS	37	(879)
SEGR – LE LAURENT	PARIS	842	(1 642)
CLUB PARTOUCHE PARIS	PARIS	150	142
CLUB PARTOUCHE CAPITALE	PARIS	150	142
SCI HOTEL GARDEN PINÈDE	PARIS	2	(15)
3.14 GREEN	PARIS	100	(111)
CENTRE FORMATION PROFESSIONNEL CASINOS	FORGES-LES-EAUX	8	(94)
CASINOS DE VICHY (undergoing court-ordered liquidation)	VICHY	0	0
GRAND CASINO DE BEAULIEU (undergoing court-ordered liquidation)	BEAULIEU	0	0
INVESTMENTS (10-50%)			
SOCIÉTÉ DU CASINO MUNICIPAL D'AIX THERMAL	AIX-EN-PROVENCE	2 160	3 226
SOCIETAT DE L'OCI DELS PYRENEUS	ESCALDES ENGORDANY	38	NC
BASTIDE II RICH TAVERN	MONTPELLIER	46	NC
PALAVAS INVESTISSEMENT	PALAVAS-LES-FLOTS	8	212
CIE DE LOISIRS DES PORTES DE GENÈVE	SAINT-JULIEN-EN-GENEVOIS	11 783	
PALM BEACH CANNES CÔTE-D'AZUR	CANNES	2 000	2 073
SUD CONCERTS	MARSEILLE	61	62
OTHER SECURITIES			
CASINO DE PALAVAS	PALAVAS-LES-FLOTS	330	1 078
CASINO MUNICIPAL DE ROYAT	ROYAT	240	1 707
EDEN BEACH CASINO	JUAN-LES-PINS	1 056	6 411
SCI TREMBLADE	LA TREMBLADE	1	142
SEMTEE	ESCALDES ENGORDANY	29 403	42 721
SOCIÉTÉ THERMALE DE PLOMBIÈRES-LES-BAINS	PLOMBIÈRES-LES-BAINS	38	NC
CASINO LE LION BLANC	ST-GALMIER	240	522
PLEIN AIR CASINO	LA CIOTAT	200	(2 962)
CASINO LE MIAMI	ANDERNOS	268	(679)
SCI LUNA JUAN	PARIS	3 400	3 048
SCI DE L'ARVE	ANNEMASSE	381	1 600

(*) Shareholders' equity: this includes share capital, reserves and retained earnings, net profit for the year, investment subsidies and regulated provisions.

	% HELD	DIVIDENDS RECEIVED	GROSS VALUE OF SHARES	NET	GROSS VALUE OF LOANS AND ADVANCES	GUARANTEES	TURNOVER	NET PROFIT
	100,00 %	-	12 600	12 600	8 852	-	3 352	1 395
	100,00 %	-	100	100	3 607	-	-	(143)
	100,00 %	-	2 354	-	1 040	-	133	(522)
	100,00 %	-	4 300	4 300	1 766		6 030	(866)
	100,00 %	-	150	150	-	-	-	(4)
	100,00 %	-	150	150	-	-	-	(4)
	99,00 %	-	2	2	-	-	-	(3)
	100,00 %	-	100	100	334	-	33	(161)
	100,00 %	-	702	-	173	-	216	(62)
	-	-	371	-	18 329	-	-	-
	-	-	152	-	8 276	-	-	-
	38,63 %	-	2 780	2 780	9 611	-	20 125	(4 379)
	33,00 %	-	13	-	51	-	NC	NC
	25,00 %	-	46	-	-	-	NC	NC
	10,00 %	-	122	122	-	-	228	205
	18,00 %	-	2 224	2 224	2	-		
	49,00 %	-	980	980	10 428	-	-	72
	39,83 %	-	71	71	810	-	5 809	12
	9,09 %	54	183	183	-	-	6 880	575
	1,91 %	19	73	73	-	-	6 604	783
	1,44 %	-	155	155	12 345	-	5 231	(169)
	1,00 %	-	-	-	895		325	167
	0,61 %	-	181	181	-	-	14 728	245
	0,00 %	-	2	-	-	-	NC	NC
	0,16 %	1	-	-	-	-	5 782	238
	0,02 %	-	-	-	7 115	-	8 967	(2 286)
	0,00 %	-	-	-	513	-	3 031	9
	2,94 %	-	100	100	-	-	338	60
	0,04 %	-	-	-	-	-	924	505

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

Contributing company: SIHB, company absorbed by Compagnie Fermière des Eaux (now Groupe Partouche)

Beneficiary company: Groupe Partouche
141 bis rue de Saussure – 75017 Paris, France

Type of operation: Merger

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

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

LAND

ITEM	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
Cliff	1	-	(1)

INVESTMENTS IN ASSOCIATES

NAME	NUMBER OF SHARES	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
SAS CASINO DES 4 SAISONS 26 rue St-Jean 62520 Le Touquet	22 050	1 210	5 488	4 278
SA EDEN BEACH CASINO Boulevard Edouard Baudouin 06160 Juan-les-Pins	924	305	155	-150
SA FORGES THERMAL Avenue des Sources 76440 Forges-les-Eaux	6 210	2 310	9 072	6 762
SAS JEAN METZ Avenue du Général de Gaulle 62600 Berck-sur-Mer	992	27	3 025	2 998
SAS NUMA Place de la République 62200 Boulogne-sur-Mer	4 930	113	3 457	3 344
SAS CASINO ET BAINS DE MER DIEPPE Boulevard de Verdun 76200 Dieppe	4 600	991	3 825	2 834
SA SATHEL 200 avenue du Casino 69890 La Tour de Salvagny	10 008	10 965	29 104	18 139
SAS LE TOUQUET'S 59 rue Royale 62100 Calais	1 801	210	4 668	4 458
SUBTOTAL		**16 131**	**58 794**	**42 663**

RECEIVABLES

ITEM	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
JATEK	778	778	-

CAPITAL GAINS ON DEPRECIABLE ASSETS*

Buildings

ITEM	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
Granville cellar	0	1	1
Saint-Placide apartment	19	76	57
Subtotal	**19**	**77**	**58**
TOTAL	**16 929**	**59 649**	**42 720**

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

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

Contributing company: Groupe de Divonne SA
141 bis rue de Saussure – 75017 Paris, France

Beneficiary company: Groupe Partouche
141 bis rue de Saussure – 75017 Paris, France

Type of operation: Transmission universelle de patrimoine

Date of the operation: 2 November 2007

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

NON-DEPRECIABLE ASSETS	TAX VALUE	BOOK VALUE	BALANCING AMOUNT RECEIVED	BALANCING AMOUNT TAXED	EXCHANGE OR CONTRIBUTION VALUE
Internally generated goodwill					
Other intangible assets					
Land					
Investments in associates	40 368	112 066			112 066
Other financial investments – Loan of securities	15	15			15

CAPITAL GAINS ON DEPRECIABLE ASSETS

DEPRECIABLE ASSETS	REINTEGRATION PERIOD	CAPITAL GAINS REALISED	AMOUNT PREVIOUSLY REINTEGRATED	AMOUNT AS A PROPORTION OF NET PROFIT FOR THE FINANCIAL YEAR	AMOUNT REMAINING TO BE REINTEGRATED
Patents					
Other intangible rights					
Land used for business operations			NONE		
Buildings					
Machinery and equipment					
Other tangible fixed assets					

4C – CAPITAL GAINS ON WHICH TAX HAS BEEN DEFERRED (€000)

Contributing company: Holding Garden Pinède SAS
141 bis rue de Saussure – 75017 Paris, France

Beneficiary company: Groupe Partouche
141 bis rue de Saussure – 75017 Paris, France

Type of operation: Transmission universelle de patrimoine

Date of the operation: 26 December 2016

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

NON-DEPRECIABLE ASSETS	TAX VALUE	BOOK VALUE	BALANCING AMOUNT RECEIVED	BALANCING AMOUNT TAXED	EXCHANGE OR CONTRIBUTION VALUE
Internally generated goodwill					
Other intangible assets					
Land					
Investments in associates	2	2			2
Other financial investments – Loan of securities					

CAPITAL GAINS ON DEPRECIABLE ASSETS

DEPRECIABLE ASSETS	REINTEGRATION PERIOD	CAPITAL GAINS REALISED	AMOUNT PREVIOUSLY REINTEGRATED	AMOUNT AS A PROPORTION OF NET PROFIT FOR THE FINANCIAL YEAR	AMOUNT REMAINING TO BE REINTEGRATED
Patents					
Other intangible rights					
Land used for business operations			NONE		
Buildings					
Machinery and equipment					
Other tangible fixed assets					

4D – CAPITAL GAINS ON WHICH TAX HAS BEEN DEFERRED (€000)

Contributing company: Enderbury GR SAS
141 bis rue de Saussure – 75017 Paris, France

Beneficiary company: Groupe Partouche
141 bis rue de Saussure – 75017 Paris, France

Type of operation: Transmission universelle de patrimoine

Date of the operation: 25 October 2017

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

NON-DEPRECIABLE ASSETS	TAX VALUE	BOOK VALUE	BALANCING AMOUNT RECEIVED	BALANCING AMOUNT TAXED	EXCHANGE OR CONTRIBUTION VALUE
Internally generated goodwill					
Other intangible assets					
Land					
Investments in associates	4 300	4 300			4 300
Other financial investments – Loan of securities					

CAPITAL GAINS ON DEPRECIABLE ASSETS

DEPRECIABLE ASSETS	REINTEGRATION PERIOD	CAPITAL GAINS REALISED	AMOUNT PREVIOUSLY REINTEGRATED	AMOUNT AS A PROPORTION OF NET PROFIT FOR THE FINANCIAL YEAR	AMOUNT REMAINING TO BE REINTEGRATED
Patents					
Other intangible rights					
Land used for business operations			NONE		
Buildings					
Machinery and equipment					
Other tangible fixed assets					

5 – RESULTS OF THE LAST FIVE FINANCIAL YEARS (EXPRESSED IN EUROS)

INDICATION	FINANCIAL YEAR ENDED 31/10/2014 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2015 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2016 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2017 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2018 (12 MONTHS) BEFORE APPROVAL AT SHAREHOLDERS' MEETING
I- SHARE CAPITAL AT THE END OF THE FINANCIAL YEAR					
Share capital	193 631 182	193 631 200	193 631 200	192 540 680	192 540 680
Number of existing ordinary shares	96 815 591	9 681 560	9 681 560	9 627 034	9 627 034
Number of preference shares	-	-	-	-	-
(without voting rights) outstanding	-	-	-	-	-
Maximum number of shares that may be created in the future	-	-	-	-	-
By conversion of bonds	-	-	-	-	-
By exercising share subscription options	-	-	-	-	-
II- RESULTS FOR THE FINANCIAL YEAR					
Turnover excluding tax	11 702 884	11 033 414	10 943 046	11 250 558	11 790 948
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	8 794 489	18 885 536	1 401 613	-84 830 598	2 341 255
Corporate income tax	-10 963 735	-13 009 088	-11 263 808	-12 187 177	-12 075 264
Employee profit-sharing for the financial year	-	-	-	-	-
Depreciation, amortisation and provision charges	16 680 634	16 850 147	11 693 241	-72 809 077	8 578 042
Net profit	3 077 590	15 044 477	972 181	165 655	5 838 477
Distributed profit	-	-	-	3 001 284	-
III- EARNINGS PER SHARE					
Profit after tax and employee profit-sharing, but before depreciation, amortisation and provisions	0.20	3.29	1.31	-7.55	1.50
Profit after tax, employee profit-sharing, depreciation, amortisation and provisions	0.03	1.55	0.10	0.02	0.61
Dividend per share	0.00	0.00	0.00	0.31	0.00
IV- EMPLOYEES					
Average workforce during the financial year	45	45	44	45	43
Payroll for the financial year	3 632 619	3 704 299	3 808 042	4 011 178	3 929 714
Social benefits paid for the financial year	1 433 779	1 485 930	1 545 647	1 655 172	1 619 674

20.3 VERIFICATION OF HISTORICAL ANNUAL FINANCIAL INFORMATION

20.3.1 STATUTORY AUDITORS' REPORTS

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 OCTOBER 2018

To the shareholders of Groupe Partouche SA,

OPINION

In accordance with our engagement by your shareholders as Statutory Auditors, we have audited the consolidated financial statements of Groupe Partouche SA for the year ended 31 October 2018, as appended hereto.

In accordance with IFRS as adopted by the European Union, we hereby certify that the consolidated financial statements give a true and fair view of the results of the operations of the group of persons and entities included in the scope of consolidation for the financial year under review, as well as its financial position and its assets and liabilities at the financial year-end.

The opinion set out above is consistent with the content of our report to the Audit Committee.

BASIS OF OUR OPINION

AUDIT STANDARDS

We performed our audit in accordance with professional standards applicable in France. We believe that the evidence we have gathered provides a sufficient and reasonable basis for our opinion.

The responsibilities that fall to us under these standards are indicated in the section of this report titled "Statutory Auditors' responsibilities in relation to the audit of the consolidated financial statements".

INDEPENDENCE

We performed our audit in compliance with independence rules applicable to us over the period from 1 November 2017 to the date on which we issued our report. In particular, we provided no services prohibited by the first paragraph of Article 5 of Regulation (EU) No. 537/2014 or by the code of ethics adopted by the statutory audit industry.

JUSTIFICATION OF ASSESSMENTS AND KEY AUDIT MATTERS

Pursuant to Articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby report on the key audit matters in relation to those risks of material misstatement which, in our professional judgment, were greatest for the audit of the consolidated financial statements, as well as on our responses to those risks.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole and the formation of our opinion set out above. We have no opinion to express on items in these consolidated financial statements taken individually.

IDENTIFIED KEY AUDIT MATTER: MEASUREMENT OF GOODWILL

Risks identified

In the course of its development, the Group has entered into targeted external growth transactions and recognised goodwill on a number of occasions.

At 31 October 2018, this goodwill totalled €232,504 thousand (equating to 32% of consolidated balance sheet assets at that date).

Goodwill has been allocated to groups of cash-generating units (CGUs) within those businesses into which the acquired companies were integrated, and mainly corresponds to casino operations, as indicated in Notes 6.1 and 6.2 to the consolidated financial statements.

These notes also explain that management carries out annual checks to ensure that the carrying amount of goodwill does not exceed its recoverable amount, and that there is no risk of impairment.

We consider the measurement of goodwill to constitute a key audit matter, given:

- the significance of goodwill within the Group's financial statements;
- the method used to determine the carrying amount of goodwill, based on forecast discounted future cash flows or the fair value of the CGU, requiring the use of assumptions, estimates and assessments by management, as indicated in Notes 6.1 and 6.2 to the consolidated financial statements;
- that any unfavourable change in those assumptions, estimates and assessments is liable to alter the recoverable amount of goodwill and lead to the recognition of an impairment loss.

Audit procedures followed in light of the risks identified

We obtained details of impairment tests carried out by management and reviewed the methodology used, the procedures used to carry out the tests and their compliance with accounting standards in force.

We assessed the reasonableness of key assumptions used to determine recoverable amounts, and in particular, future cash flows in conjunction with underlying operational data. We also assessed the consistency of cash flow forecasts with past performance, the economic environment and the market outlook.

With the help of experts, we assessed the discount rate used, including its various components, as well as the long-term growth rate applied to future cash flows.

We obtained and reviewed sensitivity analyses carried out by management.

Lastly, we also verified the appropriateness of information provided in the notes to the consolidated financial statements.

SPECIFIC CHECKS

We also performed the specific procedures in accordance with professional standards applicable in France and required by law and regulations in relation to the information about the Group provided in the Executive Board's management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

We confirm that the consolidated statement of non-financial performance provided for by Article L.225-102-1 of the French Commercial Code is included in the information about the Group given in the Management Report. In accordance with the provisions of Article L.823-10 of that code, we have checked neither the truthfulness of the information contained in that statement nor its consistency with the consolidated financial statements; that information must be the subject of a report by an independent third party.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

APPOINTMENT OF STATUTORY AUDITORS

We were appointed Statutory Auditors of Groupe Partouche at the Shareholders' Meetings of 24 April 2007 (MCR Walter France) and 20 April 2010 (France Audit Expertise).

At 31 October 2018, MCR Walter France was in its twelfth year of uninterrupted service, while France Audit Expertise was in its ninth.

RESPONSIBILITIES OF MANAGEMENT AND INDIVIDUALS CHARGED WITH CORPORATE GOVERNANCE WITH REGARD TO THE CONSOLIDATED FINANCIAL STATEMENTS

It is management's responsibility to draw up consolidated financial statements that provide a true and fair view in accordance with IFRS as adopted in the European Union, and to put in place the internal control arrangements it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether the latter are the result of fraud or error.

When preparing the consolidated financial statements, it falls to management to assess the company's ability to continue to operate, to set out in the financial statements, as the case may be, the necessary information on business continuity and to apply the going concern basis of accounting, unless it is planned to wind up the company or cease operations.

It is the Audit Committee's responsibility to monitor the process of preparing financial information and the effectiveness of internal control, risk management and, as the case may be, internal audit systems, as regards procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements were approved for publication by the Executive Board.

STATUTORY AUDITORS' RESPONSIBILITIES IN RELATION TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OBJECTIVE AND APPROACH

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not include any material misstatements. While reasonable assurance corresponds to a high level of assurance, it does not guarantee that an audit performed in accordance with professional standards will always detect every material misstatement. Misstatements may be the result of fraud or of errors. They are considered material if it can reasonably be expected that they might, taken individually or together, influence financial decisions made by users of the financial statements on the basis of those statements.

As laid down in Article L.823-10-1 of the French Commercial Code, our engagement to certify the financial statements does not consist of guaranteeing the viability or quality of management of your company.

In performing an audit in accordance with professional standards applicable in France, the Statutory Auditor exercises his or her professional judgment throughout that audit. Furthermore, the Statutory Auditor:

- Identifies and assesses risks that the consolidated financial statements might include material misstatements, whether as a result of fraud or error, defines and implements audit procedures in light of those risks, and gathers what he or she considers sufficient and appropriate information on which to base his or her opinion. The risk of not detecting a material misstatement is greater when that misstatement is the result of a fraud than when it is the result of an error, since fraud may entail collusion, falsification, deliberate omissions, false declarations and the bypassing of internal control;
- Familiarises him- or herself with internal control arrangements relevant to the audit so as to be able to define audit procedures appropriate to the circumstances, and not so as to express an opinion on the effectiveness of internal control;
- Assesses the appropriateness of the accounting policies adopted and the reasonableness of accounting estimates made by management, as well as information set out in the consolidated financial statements pertaining thereto;

- Assesses the appropriateness of management's application of the going concern basis of accounting and, based on the information gathered, assesses whether or not there is significant uncertainty regarding events or circumstances liable to call into question the company's ability to continue to operate. This assessment is supported by information gathered up to the date of his or her report, though it should be borne in mind that subsequent circumstances or events may call into question the company's ability to continue to operate. If the Statutory Auditor concludes that there is significant uncertainty, he or she alerts readers of his or her report on the information set out in the consolidated financial statements to that uncertainty or, if the information has not been provided or is not relevant, qualifies or withholds his or her certification;
- Assesses the overall presentation of the consolidated financial statements and evaluates whether they present a true and fair view of underlying operations and events;
- As regards financial information concerning persons or entities included in the scope of consolidation, he or she collects what he or she considers sufficient and appropriate information to express an opinion on the financial statements. The Statutory Auditor is responsible for overseeing, supervising and performing the audit of the consolidated financial statements, as well as for the opinion expressed on the financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee setting out, in particular, the extent of our audit work and the programme of work carried out, together with the resulting findings. Where applicable, we also notify the Audit Committee of any significant weaknesses we have identified in the internal control system as regards procedures relating to the preparation and processing of accounting and financial information.

The information set out in our report to the Audit Committee includes those risks of material misstatement that we deem to have been the most significant for the audit of the consolidated financial statements and which, as such, constitute the key audit matters which we are required to present in this report.

In accordance with Article 6 of Regulation (EU) No. 537-2014, we also provide the Audit Committee with written confirmation of our independence, within the meaning of rules applicable in France, in particular as laid down in Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of ethics adopted by the statutory audit industry. Where applicable, we discuss any risks to our independence, and any safeguards put in place, with the Audit Committee.

Marseille and Paris, 19 February 2019

MCR Walter France	**France Audit Expertise**
Emmanuel Mathieu	José David

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 OCTOBER 2018

To the shareholders of Groupe Partouche SA,

OPINION

In accordance with our engagement by your shareholders as Statutory Auditors, we have audited the parent company financial statements of Groupe Partouche SA for the financial year ended 31 October 2018, as appended hereto.

In our opinion, the parent company financial statements give a true and fair view of the financial position and the assets and liabilities of the Company at the balance sheet date and of the results of its operations for the financial year then ended, in accordance with French accounting regulations.

The opinion set out above is consistent with the content of our report to the Audit Committee.

BASIS OF OUR OPINION

AUDIT STANDARDS

We performed our audit in accordance with professional standards applicable in France. We believe that the evidence we have gathered provides a sufficient and reasonable basis for our opinion.

The responsibilities that fall to us under these standards are indicated in the section of this report titled "Statutory Auditors' responsibilities in relation to the audit of the parent company financial statements".

INDEPENDENCE

We performed our audit in compliance with independence rules applicable to us over the period from 1 November 2017 to the date on which we issued our report. In particular, we provided no services prohibited by the first paragraph of Article 5 of Regulation (EU) No. 537/2014 or by the code of ethics adopted by the statutory audit industry.

JUSTIFICATION OF ASSESSMENTS AND KEY AUDIT MATTERS

Pursuant to Articles L. 823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby report on the key audit matters in relation to those risks of material misstatement which, in our professional judgment, were greatest for the audit of the parent company financial statements, as well as on our responses to those risks.

These assessments were made in the context of our audit of the parent company financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report. We have no opinion to express on items in these parent company financial statements taken individually.

IDENTIFIED KEY AUDIT MATTER: MEASUREMENT OF INVESTMENT SECURITIES

Risks identified

Investment securities, recognised on the balance sheet for a net amount of €633,461k at 31 October 2018, constitute the largest single item on the balance sheet. They are recognised at cost at their balance sheet entry date and depreciated on the basis of their present value, taken as the higher of value in use and market value less costs to sell.

As indicated in Note 1.3 to the parent company financial statements, "Long-term financial investments", management estimates the carrying amount of securities based on the value of the relevant entities' equity at the balance sheet date, as well as their profitability and forecast revenue.

In estimating the carrying amount of these securities, management must exercise its judgment in selecting which information to consider for each investment, which may, depending on the investment, include historical information or forecast information (notably subsidiaries' profitability outlook).

Competition and the economic environment facing certain subsidiaries may result in lower revenue and a deterioration in operating profit. Against this backdrop, and given the uncertainty inherent in certain items, including in particular the likelihood of forecasts coming to pass, we considered that the correct measurement of investment securities, and of related loans and current account advances, constituted a key audit matter.

Audit procedures followed in light of the risks identified

To assess the reasonableness of estimated carrying amounts of investment securities, on the basis of the information provided to us, our work mainly consisted of checking that these estimated amounts, determined by management, are supported by an appropriate justification of the measurement method and figures used, as well as, depending on the securities in question:

- for measurements based on historical information:
  - checking that the equity values used are consistent with the financial statements of audited or analysed entities, and that any adjustments applied to those equity values are supported by conclusive documentation;
- for measurements based on forecast information:
  - obtaining forecast cash flows and operating performance for the entities concerned, prepared under the responsibility of the company's management,
  - assessing the reasonableness of assumptions used to determine future cash flows in conjunction with underlying operational data,
  - assessing the consistency of assumptions made with past performance, the economic environment at each balance sheet and reporting date, and the market outlook,
  - checking that the value resulting from forecast cash flows has been adjusted to reflect the amount of debt carried by each entity.

As well as assessing the carrying amounts of investment securities, our work also consisted of:

- assessing the recoverability of related loans and current account advances in light of our analysis of investment securities;
- verifying that a provision for impairment of a loan, or a provision for liabilities, has been recognised in cases where the company has committed to bear the losses of a subsidiary with negative equity.

SPECIFIC CHECKS

We have also performed the other procedures required by law and regulations in accordance with professional standards applicable in France.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND OTHER DOCUMENTS ADDRESSED TO SHAREHOLDERS ON THE FINANCIAL POSITION AND THE PARENT COMPANY FINANCIAL STATEMENTS

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the Executive Board's management report and in the other documents addressed to shareholders with respect to the financial position and the parent company financial statements.

We confirm that the information on payment terms referred to in Article D.441-4 of the French Commercial Code is truthful and consistent with the parent company financial statements.

REPORT ON CORPORATE GOVERNANCE

We confirm that the Supervisory Board's report on corporate governance includes the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

We checked the disclosures made pursuant to Article L.225-37-3 of the French Commercial Code concerning the remuneration and benefits paid to the corporate officers and the commitments entered into in their favour, for consistency with the financial statements or with the data used to draw up those financial statements and, where applicable, with the information provided to your Company by the companies controlled by it or that it controls. On the basis of our audit, we hereby certify the truthfulness and accuracy of this information, and the fair view provided by it.

OTHER INFORMATION

Pursuant to the law, we have verified that the management report contains the appropriate disclosures as to the shareholders' identities, ownership interests and voting rights.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

APPOINTMENT OF STATUTORY AUDITORS

We were appointed Statutory Auditors of Groupe Partouche at the Shareholders' Meetings of 24 April 2007 (MCR Walter France) and 20 April 2010 (France Audit Expertise).

At 31 October 2018, MCR Walter France was in its twelfth year of uninterrupted service, while France Audit Expertise was in its ninth.

RESPONSIBILITIES OF MANAGEMENT AND INDIVIDUALS CHARGED WITH CORPORATE GOVERNANCE WITH REGARD TO THE PARENT COMPANY FINANCIAL STATEMENTS

It is management's responsibility to draw up parent company financial statements that provide a true and fair view in accordance with accounting principles generally accepted in France, and to put in place the internal control arrangements it deems necessary for the preparation of parent company financial statements free of material misstatement, whether the latter are the result of fraud or error.

When preparing the parent company financial statements, it falls to management to assess the company's ability to continue to operate, to set out in the financial statements, as the case may be, the necessary information on business continuity and to apply the going concern basis of accounting, unless it is planned to wind up the company or cease operations.

It is the Audit Committee's responsibility to monitor the process of preparing financial information and the effectiveness of internal control, risk management and, as the case may be, internal audit systems, as regards procedures relating to the preparation and processing of accounting and financial information.

The financial statements have been approved by the Executive Board.

STATUTORY AUDITORS' RESPONSIBILITIES IN RELATION TO THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

AUDIT OBJECTIVE AND APPROACH

It is our responsibility to prepare a report on the parent company financial statements. Our goal is to obtain reasonable assurance that the parent company financial statements taken as a whole do not include any material misstatements. While reasonable assurance corresponds to a high level of assurance, it does not guarantee that an audit performed in accordance with professional standards will always detect every material misstatement. Misstatements may be the result of fraud or of errors. They are considered material if it can reasonably be expected that they might, taken individually or together, influence financial decisions made by users of the financial statements on the basis of those statements.

As laid down in Article L.823-10-1 of the French Commercial Code, our engagement to certify the financial statements does not consist of guaranteeing the viability or quality of management of your company.

In performing an audit in accordance with professional standards applicable in France, the Statutory Auditor exercises his or her professional judgment throughout that audit. Furthermore, the Statutory Auditor:

- identifies and assesses risks that the parent company financial statements might include material misstatements, whether as a result of fraud or error, defines and implements audit procedures in light of those risks, and gathers what he or she considers sufficient and appropriate information on which to base his or her opinion. The risk of not detecting a material misstatement is greater when that misstatement is the result of a fraud than when it is the result of an error, since fraud may entail collusion, falsification, deliberate omissions, false declarations and the bypassing of internal control;
- familiarises him- or herself with internal control arrangements relevant to the audit so as to be able to define audit procedures appropriate to the circumstances, and not so as to express an opinion on the effectiveness of internal control;
- assesses the appropriateness of the accounting policies adopted and the reasonableness of accounting estimates made by management, as well as information set out in the parent company financial statements pertaining thereto;
- assesses the appropriateness of management's application of the going concern basis of accounting and, based on the information gathered, assesses whether or not there is significant uncertainty regarding events or circumstances liable to call into question the company's ability to continue to operate. This assessment is supported by information gathered up to the date of his or her report, though it should be borne in mind that subsequent circumstances or events may call into question the company's ability to continue to operate. If the Statutory Auditor concludes that there is significant uncertainty, he or she alerts readers of his or her report on the information set out in the parent company financial statements to that uncertainty or, if the information has not been provided or is not relevant, qualifies or withholds his or her certification;
- assesses the overall presentation of the parent company financial statements and evaluates whether they present a true and fair view of the underlying operations and events.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee setting out, in particular, the extent of our audit work and the programme of work carried out, together with the resulting findings. Where applicable, we also notify the Audit Committee of any significant weaknesses we have identified in the internal control system as regards procedures relating to the preparation and processing of accounting and financial information.

The information set out in our report to the Audit Committee includes those risks of material misstatement that we deem to have been the most significant for the audit of the parent company financial statements and which, as such, constitute the key audit matters which we are required to present in this report.

In accordance with Article 6 of Regulation (EU) No. 537-2014, we also provide the Audit Committee with written confirmation of our independence, within the meaning of rules applicable in France, in particular as laid down in Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of ethics adopted by the statutory audit industry. Where applicable, we discuss any risks to our independence, and any safeguards put in place, with the Audit Committee.

Marseille and Paris, 19 February 2019

MCR Walter France	**France Audit Expertise**
Emmanuel Mathieu	José David

20.3.2 OTHER INFORMATION VERIFIED BY THE STATUTORY AUDITORS

No other information has been verified by the Statutory Auditors other than the information cited in their reports presented above *(Section 20.3.1)*.

20.3.3 FINANCIAL INFORMATION NOT CONTAINED IN THE FINANCIAL STATEMENTS

There is no other financial information not contained in the financial statements.

20.4 DIVIDEND DISTRIBUTION POLICY

The net dividends distributed for the previous five financial years are as follows:

FINANCIAL YEAR FOR WHICH THE DIVIDEND WAS PAID YEAR ENDED 31 OCTOBER	DIVIDEND DISTRIBUTED (€000)	DIVIDEND PER SHARE (EUR)
2013	-	-
2014	-	-
2015	-	-
2016 (Extraordinary Shareholders' Meeting of 5 Sep 2017)	3 001	0,31
2017	-	-

During the financial year ending 31 October 2018, no interim dividend was paid.

Any dividend that remains unclaimed within five years of falling due is payable under applicable legal provisions to the French state.

Since 29 September 2014, Groupe Partouche has been implementing the Safeguard Plan approved in a ruling by the Paris Commercial Court.

On 2 November 2016 and 8 December 2016, the Paris Commercial Court ratified an amendment to Groupe Partouche's Safeguard Plan. This plan which had previously been unanimously approved by the committee members of credit institutions and their equivalents, authorises in particular the adjustment of the initial authorisation to pay dividends, advanced with effect for the period between 1 January 2017 and 31 December 2018, in accordance with certain specific application requirements and subject to consolidated EBITDA of at least €75m and consolidated cash resources, after payment of the dividend, of at least €85m.

In financial year 2017, the Group thus paid exceptional dividends of €3,001k, charged entirely to reserves.

With effect from 1 January 2019 (in respect of the 2018 and following financial years), the company is authorised to pay dividends to Financière Partouche SA only in the event that the latter should need such dividends to implement its own Safeguard Plan and within the limits of such needs, if and only if Financière Partouche SA's Safeguard Plan is scrupulously implemented and no substantial amendments are subsequently made to it.

20.5 LEGAL AND ARBITRATION PROCEEDINGS

See Note 8 to the consolidated financial statements, "Other current and non-current provisions".

- A very longstanding legal claim relating to events that occurred in 1991 concerning the creation of the new Hyères casino and disputing the actions at that time of a local notary and Crédit Foncier was reactivated in 2011. The implication of the company CDTH operating the Hyères casino as an alleged indirect beneficiary at the time of these disputed wrongdoings appears unfounded and simply opportunistic. The legal proceedings have not given rise to any ruling to date, and the defendants have petitioned for the initial claim to be time-barred.
- A conflict arose between the company Grand Casino de La Trinité-sur-Mer and the local council, which claimed that it could have the right to take over the assets of the casino as being essential to public service; our subsidiary has contested this claim on the grounds that gaming activities are not a public service. The administrative authorities and the courts will need to rule on this dispute. Having been refused by the Rennes Administrative Court, the local council's principal petition was upheld on appeal at the Nantes Administrative Court of Appeal. An appeal before the Conseil d'État is in progress. It should be understood that the properties concerned must be returned at their net carrying amount.
- Active tax-related claims have been estimated on the basis of information available at the balance sheet date. Evaluations of any tax-related claims are conducted within each subsidiary, on a case-by-case basis and in detail with respect to each of the grounds presented for reassessment. Provisions are recognised for any claims for which a favourable outcome does not seem likely.

The proposed Safeguard Plan was passed on 27 March 2014 and subsequently approved by the Paris Commercial Court in a ruling dated 29 September 2014. It is being implemented as planned, following the approval on 2 November 2016 and 8 December 2016 of an amendment resulting from the final settlement of the dispute with OCM Luxembourg (Oaktree) (see Section 4.1.2, "Liquidity risk").

CLAIMS INVOLVING THE COMPANY OR THE GROUP

To the best of the Company's knowledge, there are no governmental, legal or arbitration proceedings, including any proceedings that might be suspended or threatened, which may have or which have had a direct or indirect material impact on the Company's or the Group's financial position or profitability during the twelve-month period under review.

21

ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 SHARE CAPITAL AT 31 OCTOBER 2018

The company's share capital is one hundred and ninety-two million five hundred and forty thousand six hundred and eighty euros (€192,540,680), comprised of nine million six hundred and twenty-seven thousand and thirty four (9,627,034) fully paid shares with a nominal value of twenty (20) euros each, with their nominal value fully paid up.

21.1.2 SECURITIES THAT DO NOT REPRESENT THE SHARE CAPITAL

There are no securities that do not represent the share capital, since all of the shares issued are the same type.

21.1.3 ACQUISITION BY THE COMPANY OF ITS OWN SHARES

PURCHASE TRANSACTIONS RELATING TO THE SHARES OF THE COMPANY BY THE COMPANY IN RESPECT OF FINANCIAL YEAR 2017-2018

Since the Shareholders' Meeting of 24 April 1998, Groupe Partouche SA has had an authorisation relating to the purchase of treasury shares each year in compliance with the provisions of Article L.225-209 of the French Commercial Code.

At the Annual Ordinary Shareholder's Meeting of 11 April 2018, the Executive Board was once again authorised, for a period of 18 months, to purchase the Company's shares and the terms and limits to which these purchases are subject was specified.

It was decided that the shares thus purchased could only be:

- cancelled in full or in part, with the Executive Board having moreover been authorised to reduce the share capital;
- awarded to the employees and/or corporate officers of the Company and/or existing or future related companies, under the conditions laid down in law, and in accordance with any formula permitted by law, particularly within the framework of share awards covered by Article L.225-209 Paragraph 5 of the French Commercial Code;
- held and subsequently exchanged or used as payment for future acquisitions;
- used to help ensure the liquidity and regularity of trading in the company's shares under a liquidity contract with a provider of investment services and in compliance with the code of conduct of the Autorité des Marchés Financiers, the French financial markets authority.

NUMBER OF TREASURY SHARES HELD

Groupe Partouche held 1,917 treasury shares at 31 October 2018. These shares are to be allocated, without consideration, to Company employees or officers pursuant to Article L.225-209-5 of the French Commercial Code. They are shown in Groupe Partouche's balance sheet at a nominal value of €38,340 and in the annual financial statements at a carrying amount of €42,174.

The Executive Board also implemented a share buyback programme to help ensure the liquidity and regularity of trading in the Company's shares under a liquidity contract with CIC, an investment services provider, and held 11,084 shares for this purpose at the end of the financial year on 31 October 2018, shown in Groupe Partouche's balance sheet at a nominal value of €221,680 and in its annual financial statements at a carrying amount of €242,709.

SHARE BUYBACK PROGRAMME

The following Groupe Partouche shares were purchased and sold under the share buyback programme (transactions carried out by CM-CIC) between 1 January 2018 and 31 December 2018:

Transaction type	Number	Amount	Average price
Purchase	54 729	1 395 994	25,51 €
Sale	45 758	1 154 209	25,22 €

In respect of the liquidity provider's agreement entered into by Groupe Partouche and CIC, the liquidity account contained the following shares and cash at 31 December 2018:

- 13,315 Groupe Partouche shares;
- €118,153.86 in cash.

EXISTING AUTHORISATION

At the Annual Ordinary Shareholders' Meeting of 11 April 2018, the Executive Board was granted renewed authorisation to repurchase the Company's own shares on the stock market under the provisions of Article L.225-209 of the French Commercial Code, in order to allocate those shares to employees or senior executives in the event of a bonus share award falling under the terms set forth in the fifth paragraph of Article

L.225-209 of the French Commercial Code, remit those shares under the terms of an external growth transaction, or enhance the liquidity and regularity of share quotations.

The maximum purchase price has been set at €80 per share with an overall ceiling of €75,000,000. This authorisation, valid for a maximum of 18 months, will expire on 10 October 2019

21.1.4 OTHER SECURITIES GIVING ACCESS TO THE CAPITAL

None.

21.1.5 SHARE CAPITAL SUBSCRIBED, BUT NOT PAID UP – CAPITAL INCREASE – CAPITAL DECREASE

The Executive Board benefits from the following authorisations, which may lead to the buyback of treasury shares and the issuance of securities conferring access to the share capital. These authorisations, granted to it at the Extraordinary Shareholders Meeting of 5 April 2017 and the Ordinary and Extraordinary Shareholders' Meetings of 11 April 2018, are summarised in the table below:

TYPE OF OPERATION AUTHORISED	DURATION AND EXPIRATION OF AUTHORISATION	MAXIMUM AMOUNT	TERMS
Buyback of own shares under Art L.225-209 of the French Commercial Code (OSM of 11 April 2018)	18 months 10 October 2019	Maximum amount of 10% of the share capital	
Capital increase ▪ In cash (ESM of 5 April 2017)	26 months 4 June 2019	€30,000,000	With and without preferential right of subscription
Capital increase ▪ By capitalisation of reserves, share premium or net profit (ESM of 5 April 2017)	26 months 4 June 2019	Amount of premiums, reserves and earnings available	
Capital increase ▪ By private placement (ESM of 5 April 2017)	26 months 4 June 2019	Maximum amount of 20% of the share capital per year	Without preferential right of subscription
Capital increase ▪ By in-kind contributions (ESM of 5 April 2017)	26 months 4 June 2019	Maximum amount of 10% of the share capital	Without preferential right of subscription
Capital decrease ▪ By retiring shares bought back under the conditions laid down in Article L.225-209 of the French Commercial Code (ESM of 11 April 2018)	18 months 10 October 2019	Maximum amount of 10% of the share capital	

These authorisations were not used during the financial year ended 31 October 2018, nor to date.

21.1.6 SHARE CAPITAL UNDER OPTION

None.

21.1.7 HISTORY OF THE SHARE CAPITAL

Changes in share capital over the five preceding financial years:

FINANCIAL YEAR (FROM 1 NOVEMBER 2014 TO 31 OCTOBER 2018)	TYPE OF OPERATION	AMOUNT OF CHANGE IN SHARE CAPITAL	SUCCESSIVE AMOUNTS OF SHARE CAPITAL	CUMULATIVE NUMBER OF SHARES
2014			193 631 182 €	96 815 591
2015	Capital increase Reverse stock split 26 January 2015	18 €	193 631 200 €	9 681 560
2016			193 631 200 €	9 681 560
2017	Capital decrease of 19 October 2017 via cancellation of treasury shares	-1 090 520 €	192 540 680 €	9 627 034
2018			192 540 680 €	9 627 034

21.1.8 MARKET IN THE COMPANY'S FINANCIAL INSTRUMENTS

Groupe Partouche shares are listed on the Euronext Paris stock exchange – Eurolist Comp. B (ISIN: FR0012612646). The share is included in the following indices: CAC Mid & Small, CAC Small and CAC All-Tradable.

Share transfers and payments of dividends are handled by CM-CIC Securities (6 rue de Provence, 75009 Paris, France).

The table below shows changes in the share price and trading volume of Groupe Partouche shares:

PERIOD	PERIOD HIGH AND LOW (IN EUROS)		NUMBER OF SHARES TRADED	CAPITAL (IN €M)
	HIGH	LOW		
2017				
January	40,8	35,6	40 651	1,53
February	37,4	35,3	25 307	0,92
March	37,0	33,3	40 838	1,45
April	36,9	33,2	32 873	1,15
May	38,0	34,8	19 617	0,71
June	36,8	27,7	108 955	3,40
July	33,3	32,0	63 537	2,07
August	32,6	32,0	12 039	0,39
September	34,7	31,6	25 989	0,86
October	33,9	31,5	26 985	0,88
November	33,4	30,0	26 938	0,86
December	34,7	30,1	46 810	1,49

PERIOD	PERIOD HIGH AND LOW (IN EUROS)		NUMBER OF SHARES TRADED	CAPITAL (IN €M)
	HIGH	LOW		
2018				
January	36,5	32,0	51 738	1,77
February	36,0	32,8	13 321	0,45
March	33,8	25,4	92 790	2,59
April	28,0	25,8	23 490	0,63
May	28,3	25,6	18 945	0,51
June	26,1	23,7	105 083	2,67
July	28,4	25,1	31 476	0,83
August	26,5	24,8	36 971	0,95
September	25,0	23,0	24 244	0,59
October	24,4	20,0	90 532	1,97
November	22,1	19,8	44 110	0,92
December	21,8	18,8	36 307	0,71

21.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

Memorandum and Articles of Association (see Section 5.1.3)

Pursuant to Article 37 of the Articles of Association, the latter may only be amended by an Extraordinary Shareholders' Meeting, notably in respect of a change to the type of the Company. However, an Extraordinary Shareholders' Meeting cannot increase the commitments of the shareholders, subject to operations resulting from the groupings of shares as provided by the law.

21.2.1 PURPOSE

Pursuant to Article 3 of the Articles of Association, the purpose of the Company in France and all other countries is:

- the administrative, financial and accounting management of all the present or future companies operating mainly in the entertainment, hotel and gaming sectors;
- the acquisition of equity stakes of all types in such companies;
- assisting these companies in improving their growth by providing all types of services;
- all transactions in shares in French and foreign markets;
- acquisition and sale of real estate fixed assets and current assets.

And in general all types of industrial and commercial operations related to:

- the creation, acquisition, rental, lease or operation of all types of business in any of the aforementioned sectors of activity;
- the acquisition, operation or sale of any process or patent related to these activities;
- the direct or indirect participation in any type of financial, real estate or personal property operations or commercial enterprise transaction related to the aforementioned purpose or any other connected purpose.

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21.2.2 PROVISIONS IN THE ARTICLES OF ASSOCIATION OR ELSEWHERE RELATING TO EXECUTIVE AND MANAGEMENT BODIES

OPERATION OF THE SUPERVISORY BOARD

(see Section 14.3 on the internal rules of procedure)

Members of the Supervisory Board must own at least one share.

The Supervisory Board's organisational and operating methods are detailed in Section 14.3, which relates to the internal rules of procedure it adopted on 27 October 2005, last amended by decision of the Board on 11 December 2017, as well as in Articles 21 and 22 of Groupe Partouche SA's Articles of Association, reproduced below:

ARTICLE 21 - ORGANISATION AND OPERATION OF THE SUPERVISORY BOARD

- The Supervisory Board elects natural persons from among its members as Chairman and Vice-Chairman, responsible for convening Supervisory Board meetings and chairing these meetings. They are appointed for the period of their mandate on the Supervisory Board. The Board determines their remuneration, if any. The Board may appoint a secretary who need not be a shareholder.
- The Board meets as often as the interests of the Company dictate. However, the Chairman must convene a meeting of the Board no more than 15 days after the request date, when at least one member of the Executive Board or at least one-third of the members of the Supervisory Board presents him with a substantiated request to do so. Meetings take place at the registered office or at any other location indicated in the meeting notice. Any member of the Board may, via letter or telegram, mandate another advisor to represent him at a Board meeting. The effective presence of at least half of the members of the Board is required for its operations to be valid. The Board's deliberations shall be valid if at least half of its members are present or deemed present; each member present or represented has one vote and each member present only has one vote. In the event of a tie, the Chairman casts the deciding vote.
- A register is kept and signed by the members of the Board who attend the meeting. The Supervisory Board's deliberations are officially established by minutes kept in a special record filed at the Company's registered office. Copies or extracts of minutes presenting the Board's deliberations are provided and certified in accordance with the law.

ARTICLE 22 - POWERS OF THE SUPERVISORY BOARD

The Supervisory Board performs a permanent control of the way in which the Company is managed by the Executive Board.

It appoints the members of the Executive Board and designates its Chairman, and, where applicable, the General Managers; it proposes their removal to the shareholders and determines their remuneration.

It convenes the Shareholders' Meeting, if convocation is not issued by the Executive Board.

It gives the Executive Board the authorisations required prior to the operations falling within the provisions of Article 19 of the Articles of Association.

It authorises agreements governed by Article 24 of the Articles of Association. At any time, it may perform verifications and controls as it sees fit, and may receive any document it deems useful to accomplish its mission. It presents its observations on the Executive Board report and the accounts for the financial year to the Annual Ordinary Shareholders' Meeting.

The Supervisory Board may decide to transfer the registered office within the same department or to an adjoining department, subject to the ratification of this decision by the next Ordinary Shareholders' Meeting.

The Supervisory Board may grant one or more of its members any special mandates for one or more pre-determined purposes and set their remuneration for this end.

EXECUTIVE BOARD ORGANISATION AND PROCEDURES

The organisation and procedures of the Executive Board are stipulated in Articles 16 and 18 of Groupe Partouche SA's Articles of Association, reproduced below:

ARTICLE 16 – COMPOSITION OF THE EXECUTIVE BOARD

1 - The Company is managed by an Executive Board under control of the Supervisory Board.

The Executive Board is formed by at least two members (seven at most) appointed by the Supervisory Board.

2 - The members of the Executive Board must be individual entities who may be selected apart from the shareholders, even from among the Company's paid personnel.

Should a member of the Supervisory Board be appointed to the Executive Board, this member's first mandate shall come to an end as soon as he or she takes office on the Executive Board.

Subject to legal exceptions, no member may simultaneously belong to more than two Executive Boards, nor exercise the functions of General Manager or Chairman of the Board of Directors in more than two limited companies with their head offices in metropolitan France.

A member of the Executive Board may not accept an appointment to another company's Executive Board or as another company's sole General Manager without the prior authorisation of the Supervisory Board.

3 - The appointment of any member of the Executive Board may be revoked at an Ordinary Shareholders' Meeting upon recommendation of the Supervisory Board.

If the member concerned has an employment contract with the Company, the revocation of his or her appointment as a member of the Executive Board does not lead to the termination of his or her employment contract.

4 - The Supervisory Board sets the remuneration of each member of the Executive Board upon their appointment.

ARTICLE 18 - ORGANISATION AND PROCEDURES OF THE EXECUTIVE BOARD

1 - The Supervisory Board appoints one of the members of the Executive Board as Chairman.

The Executive Board meets as often as the interests of the Company dictate, as convened by its Chairman or at least half of its members, at the registered office or at any other location indicated in the meeting notice.

The Chairman of the Executive Board presides over its meetings and appoints a secretary, who need not be a member of the Executive Board.

The Executive Board's deliberations are only valid if at least half of its members are in attendance.

The Executive Board's decisions are taken based on the majority of the votes of its members. Voting by proxy is prohibited.

In the event of a tie, the Chairman casts the deciding vote.

2 - The deliberations of the Executive Board may be officially established by minutes kept in a special record, signed by the members of the Executive Board having attended the meeting.

The minutes mention the names of the members in attendance and those of the absent members.

Copies or extracts of these minutes are certified by the Chairman of the Executive Board or by one of its members and, in the event of liquidation, by the authorised liquidator.

3 - The members of the Executive Board may divide among themselves all management tasks, subject to the authorisation of the Supervisory Board. However, this allocation of tasks may not under any circumstances absolve the Executive Board from its obligation to meet regularly and deliberate upon the most important issues faced in managing the Company, nor may it prevent its members from acting collectively to ensure the management of the Company.

ARTICLE 19 - POWERS AND OBLIGATIONS OF THE EXECUTIVE BOARD

1 - The Executive Board is invested with the most extensive powers to act in all circumstances in the name of the Company in its relations with third parties, within the limits of the Company's purpose and subject to the powers that the law expressly confers upon the Supervisory Board and the Shareholders' Meeting.

In its relations with third parties, the Company is bound even by acts of the Executive Board that are not within the Company's purpose, unless it can prove that the third party knew that the act went beyond this purpose or could not have been unaware thereof given the circumstances, mere publication of the Articles not being sufficient to constitute such proof.

The disposal of property, the full or partial disposal of shareholdings and the pledging of collateral, guarantees, security and warranties are subject to authorization by the Supervisory Board. Failure to comply with this provision may not be invoked against third parties except as provided for by law.

Should the Supervisory Board refuse to authorise one of the aforementioned operations, the Executive Board may, if it deems necessary, call an Ordinary Shareholders' Meeting on an extraordinary basis, which may grant the authorisation requested and draw all the necessary conclusions from the dispute arising between the management bodies.

The Executive Board calls Shareholders' Meetings, sets the agenda for these meetings and carries out the decisions there made.

2 - The Executive Board submits a management report to the Supervisory Board at least once per quarter. Within three months following the close of the financial year, it submits the annual financial statements and if necessary the consolidated financial statements to the Supervisory Board for verification and control.

3 - The Company is represented by the Chairman of the Executive Board in its relations with third parties.

The Supervisory Board may allot the same representative power to one or more of the members of the Executive Board, who are then called Group Managing Directors.

All documents committing the Company with regard to third parties must be signed by either the Chairman of the Executive Board, one of the Group Managing Directors or any other person authorised to this effect.

As provided by Article 8 of the Articles of Association, the Executive Board is also entrusted with the powers necessary to increase the Company's share capital.

I - Capital increases

[...] Capital increases are decided upon or authorised at an Extraordinary Shareholders' Meeting, at which the shareholders 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 execution 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 at which the increase was decided upon or authorised, 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 upon pursuant to the provisions of Article L.225-229-III of the French Commercial Code […]

21.2.3 RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHING TO SHARES

These are stipulated in Article 15 of the Articles of Association, which is reproduced below:

ARTICLE 15 - RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

1 - Each share entitles its holder to a share in the Company's profits and assets proportional to that portion of the amount of share capital it represents, as stipulated in Articles 40 and 43 hereafter.

2 - Ownership of a share automatically implies acceptance of the Company's Articles of Association and of resolutions passed at Shareholders' Meetings.

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 grounds 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; to exercise their rights, they must refer to the company registers and decisions made at Shareholders' Meetings.

3 - Shareholders are only liable for the debts of the Company up to the par value of the shares they hold..

21.2.4 CHANGES TO SHAREHOLDERS' RIGHTS

By reference to Article 21.2.4 of Annex I of Commission Regulation (EC) No. 809/2004, no actions exist to modify shareholders' rights that are stricter than those provided by law.

21.2.5 SHAREHOLDERS' MEETINGS

(See Articles 27 to 37 of the Articles of Association, Article R.225-61 et seq. of the French Commercial Code; Decree of 23 June 2010)

COMMON RULES

Meeting notice methods and timing - Announcements to shareholders

Shareholders' Meetings may be convened by the Executive Board, or failing this, by the Supervisory Board or the Statutory Auditors, as provided by Article R.225-162 of the French Commercial Code, or by a proxy designated by the President of the Commercial Court rendering a decision under a summary procedure, upon the request of one or more shareholders together holding at least one twentieth of the share capital, or by the official liquidator.

▸ Shareholders' Meetings are held at either the head office or any other location that should be specified in the meeting notice.

▸ Notices are published in one of the newspapers entitled to receive legal notices in the departmental region of the head office, as well as in the French Bulletin des annonces légales obligatoires. Shareholders who have held nominative shares for at least one month at the announcement's publication date are convened by an ordinary letter. They may ask to receive notices by registered letter if they remit the relevant postage costs to the Company.

▸ Letters must be sent and/or publication must take place at least fifteen days before the meeting date for the first notice, and ten days before the meeting date for the second notice and any subsequent notices.

The meeting notice should include the name of the Company and if possible its logo, company type, share capital amount, head office address and registration number, as well as the meeting date, time, location, nature and agenda.

Pursuant to Article R.225-85 of the Decree of 23 June 2010, it shall also contain a clear and exact description of the terms under which particular faculties of shareholders may be exercised.

Should a meeting be adjourned due to a failure to obtain an adequate quorum, a second meeting shall be convened in the same form and manner, and notice thereof shall include the date of the first meeting.

Any meeting that has not been convened in the required form and manner may be annulled. However, recourse to such voidability is withdrawn should all shareholders have attended or been represented.

The proxy form addressed by the Company, or the person designated by it, to the shareholders shall clearly inform them that should the proxy form omit to indicate the name of the nominated representative, they will be considered to have voted in favour of resolutions submitted or approved by the Executive Board; the documents listed in Article R.225-81 of the French Commercial Code must be attached to the proxy form.

Announcements to shareholders, in advance of any meeting, may be made by any of the following means:

▸ Sending, at their request, the agenda of the meeting, all draft resolutions, notices in respect of the members of the Executive and Supervisory Boards and the candidates to these positions, the report of the Executive Board, the observations of the Supervisory Board, and a summary of the Company's financial position and net profit for the past five years. Moreover, the following should be enclosed:

- in advance of an Annual Shareholders' Meeting, the income statement, the balance sheet and the special report of the Statutory Auditors,
- in advance of an Extraordinary Shareholders' Meeting, the Statutory Auditors' report, if applicable;

▸ Making the aforementioned documents available to shareholders at the Company's head office, along with the list of companies, the company registers, and the indication of the total compensation paid to the Company's five or ten highest-earning individuals, as well as the Statutory Auditors' report and, if applicable, any merger or disposal proposals.

VOTING BY CORRESPONDENCE

Any shareholder may vote by correspondence by completing an official form established in accordance with the law. To be considered valid, this form must be received at least three days prior to the date of the Shareholders' Meeting. Forms which do not indicate a clear vote or which express an abstention are considered nay votes. Once a shareholder has cast his/her vote by correspondence or requested an admission card, he/she can no longer choose any other method of participating in the meeting.

ADMISSION TO MEETINGS

(Article 28 of the Articles of Association; Article L.225-106-1 of the French Commercial Code)

All shareholders may attend and vote at Shareholders' Meetings, irrespective of the number of the shares they hold. Shareholders may be represented by any person of their choosing, under the statutory and regulatory conditions laid down in Article L.225-106-1 of the French Commercial Code. The right to participate in Shareholders' Meetings is contingent upon the shares being registered in the name of the shareholder, or of the intermediary registered on the shareholder's behalf, three business days before the date of the meeting, at the location indicated in the notice of meeting, and upon the provision of a certificate issued by the authorised intermediary confirming that such shares are not available for sale or transfer from the date of such delivery until the date of the meeting.

VOTING RIGHTS

(Article 31 of the Articles of Association)

At the Extraordinary Shareholders' Meeting of 15 January 2015, the shareholders voted, firstly, to proceed with reverse stock splits and, secondly, not to confer double voting rights upon fully paid-up Company shares which can be shown to have been held in registered form for at least two years in the name of the same shareholder, or registered Company shares allotted free of charge as part of a capital increase through the capitalisation of reserves, income or share issue premiums, to a shareholder, and to amend Article 31 of the Articles of Association accordingly as follows:

"Each shareholder present or represented by proxy at a Shareholders' Meeting has as many votes as the shares held or represented, without limitation.

However, until expiry of the two-year period following the start date of the share consolidation published by the Company in the Bulletin des Annonces Légales Obligatoires in accordance with the resolution adopted by the shareholders at the Extraordinary Shareholders' Meeting of 15 January 2015, any unconsolidated share will entitle its holder to one (1) vote and any consolidated share to ten (10) votes, such that the number of votes attaching to shares in the Company is proportional to the share of the capital those shares represent.

Voting rights attaching to shares in the Company shall be proportional to the share of the capital those shares represent, with each share in the Company entitling its holder to one vote. Shares in the Company (including any bonus shares that might be allotted as part of an increase in the share capital by way of capitalisation of reserves, earnings or issue premiums) shall not qualify for double voting rights, in accordance with the final paragraph of Article L.225-123 of the Commercial Code."

MULTIPLE VOTING RIGHTS

None.

QUORUM

(Article 34 of the Articles of Association for Ordinary Shareholders' Meetings and Article 36 for Extraordinary Shareholders' Meetings; Article 6 of the Law of 26 July 2005)

The Extraordinary Shareholders' Meeting decides on changes to the Articles of Association, subject to a majority quorum as provided by Article 36 reproduced below:

1 - The deliberations of the Extraordinary Shareholders' Meeting are deemed valid when the shareholders present or represented own one-quarter for a first convening or one-fifth for the second convening of the Company shares with voting rights. Should this quorum fail to be reached, the second Shareholders' Meeting may be postponed for up to two months following the date upon which it was initially convened.

The quorum for all Shareholders' Meetings is calculated after the deduction of shares with no voting rights as provided by the law or the regulations in force.

2 - The resolutions voted on at all Extraordinary Shareholders' Meetings, whether on first or second convening, are deemed valid with at least two thirds of the voting rights of shareholders present or represented.

Shareholders' Meetings held on second convening may only deliberate on the agenda of the first Shareholders' Meeting.

3 - At constitutive Extraordinary General Meetings, the quorum and majority requirements set out under point 1 above are only calculated after deducting shares issued in return for contributions in kind or held by the recipients of special benefits, who have no voting rights either for themselves or as representatives.

21.2.6 CLAUSES DELAYING, DEFERRING OR PREVENTING A CHANGE OF CONTROL

There are no clauses that restrict a change of control.

Article 13 of the Articles of Association stipulates:

ARTICLE 13 - TRANSMISSION OF SHARES

Shares may be freely exchanged subject to legal provisions. Transmission is effected by account transfer under the terms and conditions specified by the texts in force.

21.2.7 CROSSING OF OWNERSHIP THRESHOLDS

CROSSING OF STATUTORY THRESHOLDS AND PENALTIES IN THE EVENT OF NON-COMPLIANCE WITH DISCLOSURE REQUIREMENTS

(Article 12 of the Articles of Association)

Pursuant to Article L.233-7 §5 of the French Commercial Code, and Article 12 of the Articles of Association, shareholders must notify the Company of the number of shares held directly or indirectly, alone or in concert, whenever their holding crosses the threshold of 2% of the share capital or a multiple of this percentage. In the event of non-compliance with this disclosure obligation, shares exceeding the non-disclosed fraction will be deprived of their voting rights at the request, recorded in the minutes of the Shareholders' Meeting, of one or more shareholders, holding at least 5% of the Company's capital, when the shares of the Company are officially listed on a stock exchange.

21.2.8 CHANGES IN THE SHARE CAPITAL

Article 8 of the Articles of Association stipulates:

ARTICLE 8 - CHANGES IN THE SHARE CAPITAL

I - Capital increases

The share capital may be increased either by issuing new shares or by increasing the par value of the existing shares.

The new shares shall be paid for either in cash or through compensation with debts in liquid funds due and payable by the Company, through capitalisation of reserves, income or share issue premiums, with assets in kind or through bond conversion.

The new shares are issued either at their par value or at this value increased by an issue premium: they may be ordinary shares or preferred shares enjoying certain advantages over other shares and entitling their holders to preferential rights to income or assets or any other indirect advantage.

Capital increases are decided upon or authorised by the Extraordinary Shareholders' Meeting, which may delegate to the Executive Board the necessary powers to carry out capital increases in one or more stages, to set their terms and conditions, to formally record the performance of these increases and to amend the Articles of Association accordingly. A capital increase must be carried out within five years of the date of the Shareholders' Meeting having decided upon or authorised the increase, except in the case of capital increases resulting from the conversion of bonds into shares or additional increases reserved for bondholders who will have opted for conversion, or for capital increases decided pursuant to the provisions of Article L.225-229-III of the French Commercial Code.

When a capital increase takes place through the capitalisation of reserves, income or share issue premiums, the Shareholders' Meeting deciding upon the increase must meet the quorum and majority requirements for Ordinary Shareholders' Meetings.

In the event of an issue of new shares to be paid for in cash, the share capital of the Company prior to the proposed increase must first be fully paid up and the shareholders shall be entitled to exercise their pre-emptive right to subscribe to shares as provided by law. The entitlement of usufructuaries and bare owners to the pre-emptive subscription right is governed by the aforementioned Article.

If the new shares are paid for through compensation with debts due and payable by the Company, the latter shall be disclosed in financial statements prepared by the Executive Board, certified as valid by the Statutory Auditors and attached to the statement of subscription and payment.

The minimum subscription period is ten trading days, with the option for early termination of this period once the capital increase is subscribed by shareholders in proportion to their existing holdings.

The Shareholders' Meeting that decides upon the capital increase may elect to exclude the pre-emptive subscription right upon examining the reports of the Executive Board and the Statutory Auditors.

Capital increases shall be carried out notwithstanding the existence of fractional rights. Those shareholders not possessing the number of subscription or share rights exactly required to obtain a whole number of new shares, shall have to personally arrange for the purchase or sale of fractional rights to bring their holdings to a whole number.

In conjunction with any decision to increase the Company's share capital, the Extraordinary Shareholders' Meeting shall also need to consider a draft resolution intended to authorise a capital increase reserved for employees. Moreover, a draft resolution of this kind must be presented, once every five years for the approval of an Extraordinary Shareholders' Meeting convened for this purpose, as long as the shares held by the employees of the Company and of any affiliated company as defined under Article L.225-180 of the French Commercial Code represent less than 3% of the total share capital.

II - Redemption of share capital

The share capital may, upon the decision of the Extraordinary Shareholders' Meeting, be redeemed by way of an equivalent reimbursement for each share, through transfer of income or reserves, with the exception of the legal reserve.

Dividend shares thus created may be reconverted into capital shares, either through an obligatory transfer of the portion of Company profits attributable to these shares, or through an optional payment by each of the owners of dividend shares.

III - Capital decreases

The share capital may be reduced in one or more stages for any reason, either by reducing the par value of shares or the number of shares. If a capital decrease is not entailed by losses, bondholders and creditors may oppose the decrease.

A decision to reduce the share capital to a level below the minimum required by law, regardless of the motivation behind this decision, may only be taken if a capital increase can be effected to increase the share capital to a level above said minimum, unless the Company is to be transformed into a company of another form not requiring a capital amount greater than its share capital following the decrease.

Should this condition not be met, any interested party may apply for a court order requiring the dissolution of the Company. The dissolution of the Company shall not take effect if, on the date when the court's decision is rendered, the share capital has been brought back up to the legal minimum.

The Company is not authorised to buy back its own shares. However, the Shareholders' Meeting having decided upon a capital decrease not entailed by losses may authorise the Executive Board to buy back a specified number of shares as to cancel them. This buyback shall be proportional to the number of shares held by each shareholder and limited to shares available in the market.

Capital decreases are decided or authorised by the Extraordinary Shareholders' Meeting, which may delegate to the Executive Board the necessary powers to carry them out.

In all cases, the proposal for a reduction in the share capital is communicated to the Statutory Auditors no less than 45 days prior to the Shareholders' Meeting of shareholders convened to decide upon this proposal.

The meeting examines the report of the Statutory Auditors, who present their assessment of the justification and conditions for the capital decrease.

If the capital decrease is carried out by reducing the number of shares, shareholders are required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares may be exchanged for new shares.

IV - Reverse stock splits

In the event of a reverse stock split, shareholders are also required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares may be exchanged for new shares.

21.2.9 PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

(Articles 39 and 40 of the Articles of Association)

ARTICLE 39 – PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

I - Presentation of the accounts

At the end of each financial year, the Executive Board establishes the schedule of the assets and liabilities existing at that date.

It also draws up the income statement and the balance sheet.

The Executive Board prepares a written report on the results for the financial year, the situation of the Company and its business activity during the period under review.

These documents are made available to the Statutory Auditors at the Company's registered office at least 45 days prior to the Shareholders' Meeting convened to approve the parent company financial statements, with the exception of the report on the results for the financial year and the situation of the Company, which may be made available to the Statutory Auditors no less than 20 days prior to the meeting. Copies of these documents must be forwarded to the Statutory Auditors should they request them.

II - Presentation and measurement methods

The income statement and the balance sheet are established each year in accordance with the same presentation guidelines and measurement methods used in previous years. However, in the event of any proposed changes, the Shareholders' Meeting, upon examining the financial statements established in accordance with both the proposed and existing presentation guidelines and methods, as well as the reports of the Executive Board and the Statutory Auditors, shall render its decision upon the proposed changes.

If methods other than those required by applicable legal and regulatory provisions were used for the measurement of the Company's assets in the schedule and in the balance sheet, mention is made of this fact in the report presented by the Executive Board.

III - Depreciation, amortisation and provisions

All necessary depreciation, amortisation and provisions are recognised even if there has not been any profit or it has been insufficient, to ensure that the balance sheet provides a fair view of the Company's financial position.

An impairment charge is recognised for any impairment in the carrying amount of assets, whether due to wear, change in techniques, or any other causes.

Provisions are recognised for all capital losses on other assets as well as probable future losses and expenses.

The Company's incorporation costs are amortised prior to any distribution of profit.

Capital increase expenses are amortised no later than the end of the fifth financial year following the one in which these expenses were incurred. These expenses may be charged to the amount of the issue premium relating to the capital increase.

IV - Deposits, sureties and guarantees

The amounts of deposits, sureties or guarantees given are mentioned at the foot of the balance sheet.

ARTICLE 40 - APPROPRIATION AND ALLOCATION OF EARNINGS

- Net earnings consist of the net profit for the financial year, less overheads and other Company expenditure, as well as the depreciation or amortisation of Company assets and all provisions for commercial and industrial contingencies.
- Net earnings are appropriated and allocated as follows:
  - A deduction of 5% is taken from net profit for the year after the offset of any prior year losses carried forward, for the purpose of creating the legally required "legal reserves", until these reserves equal one tenth of the Company's share capital;
  - Net earnings to be appropriated consist of the net profit for the financial year, less prior-year losses and legally required reserves, plus retained earnings carried forward;
  - The Shareholders' Meeting then allocates the amounts it deems appropriate to the optional, ordinary and/or extraordinary reserves, and to retained earnings.

The resulting balance, if any, is allocated among all shareholders proportionately to their paid-up outstanding shareholdings. Accordingly, and until expiry of the two-year period following the start date of the share consolidation published by the Company in the Bulletin des Annonces Légales Obligatoires in accordance with the resolution adopted by the shareholders at the Extraordinary Shareholders' Meeting of 15 January 2015, each unconsolidated share shall entitle its holder to one tenth of the amount of dividend paid in respect of each consolidated share. However, except in the event of a reduction in the share capital, no distributions may be made to shareholders if net assets are and/or would be following such a distribution less than the amount of the share capital plus reserves which may not be distributed under the law or the Articles of Association.

- The Shareholders' Meeting may decide to allocate amounts deducted from the optional reserves either in order to provide or supplement a dividend or for the purpose of allocating exceptional provisions. In this case, the resolution shall expressly indicate the reserve categories from which these deductions are to be made.

After the approval of the financial statements by the Shareholders' Meeting, any losses are recorded in a special account for offset against profit of future years until the expiry of their availability for carry forward.

The Shareholders' Meeting convened to approve the financial statements for a given year may grant to each shareholder, in respect of all or a part of the dividend set aside for distribution, an option to be paid either in cash or in shares, the price of which is previously determined as provided by law. The offer of payment in shares must be made simultaneously to all shareholders. Requests by shareholders in this regard must be made during a period determined by the Shareholders' Meeting, which may not last longer than three months from the date of this meeting.

21.3 STATUTORY AUDITORS' FEES

	MCR				FRANCE AUDIT EXPERTISE			
	AMOUNT (€K)		%		AMOUNT (€K)		%	
AT 31 OCTOBER	2018	2017	2018	2017	2018	2017	2018	2017
Audit								
Statutory audit, certification, audit of the individual company and consolidated financial statements								
Issuer GP SA	158	128	34 %	34 %	158	128	15 %	16 %
Fully consolidated subsidiaries	294	248	63 %	66 %	846	656	82 %	82 %
SUBTOTAL	**452**	**376**	**97 %**	**100 %**	**1 004**	**784**	**97 %**	**98 %**
Other work (services other than certification of the financial statements, directly related checks and other work)								
Issuer GP SA	16		3 %		26	20	3 %	2 %
Fully consolidated subsidiaries								
SUBTOTAL	**16**	**376**	**3 %**	**100 %**	**26**	**804**	**3 %**	**100 %**
TOTAL	**468**	**376**	**100 %**	**100 %**	**1 030**	**804**	**100 %**	**100 %**

22

MATERIAL CONTRACTS

SYNDICATED LOAN

On 27 September 2005, at the same time as the acquisition of Groupe de Divonne, Groupe Partouche contracted a syndicated loan, constituting the majority of the Group's bank debt. Following the Paris Commercial Court ruling approving the Safeguard Plan, the repayment of this debt was spread over a period of more than eight years. The guarantees related to this loan are the collateralisations of the securities of the Group's main subsidiaries *(see Sections 4.1.1, "Risk of non-compliance with the Safeguard Plan (plan de sauvegarde)", 4.1.2 "Liquidity risk" and 4.1.8 "Pledges").*

23

THIRD-PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST

Article L.225-102-7 of the Decree of 9 August 2017 on the statement of non-financial performance stipulates that data disclosed on this subject must be verified by an independent third party in accordance with the terms laid down in an Order. Accounting firm Compta Durable, an Accounting Lab brand, located at 14 Boulevard de Douaumont, 75017 Paris, France, was commissioned by Groupe Partouche to carry out these verifications.

24

DOCUMENTS ON DISPLAY

24.1 DOCUMENTS ON DISPLAY

During the period of validity of this Reference Document, the following documents (or copy of these documents) may, where applicable, be consulted:

- a) the memorandum and Articles of Association of the issuer;
- b) all reports, correspondence and other documents, historical financial information, valuations and declarations established by an expert at the request of the issuer, some of which are included or referred to in the Reference Document;
- c) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiaries for each of the two financial years preceding the publication of the Reference Document.

The documents above may be consulted at the registered office of the Company - Groupe Partouche SA, 141 bis rue de Saussure 75017 Paris, France.

24.2 PERSON RESPONSIBLE FOR THE INFORMATION

Valérie Fort, Finance Director

Telephone: +33 (0)1 47 64 33 45

24.3 FINANCIAL COMMUNICATION CALENDAR

Results for the financial year ended 31 October 2018	>	Wednesday, 30 January 2019, in the evening
First quarter financial information to 31 January 2019	>	Wednesday, 13 March 2019, in the evening
Turnover for the second quarter ending 30 April 2019	>	Wednesday, 12 June 2019, in the evening
Results for the first half-year ending 30 April 2019	>	Wednesday, 26 June 2019, in the evening
Third quarter financial information to 31 July 2019	>	Wednesday, 11 September 2019, in the evening
Turnover for the fourth quarter ending 31 October 2019	>	Wednesday, 11 December 2019, in the evening
Results for the financial year ending 31 October 2019	>	Wednesday, 22 January 2020, in the evening

25

INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS

Please refer to the table listing the Company's subsidiaries and equity investments presented in Point 3 of the notes to the parent company financial statements in Section 20.2.2 above, and to Note 17 to the Group's consolidated financial statements for the financial year ended 31 October 2018, presented in Section 20.2.1 of this document.

26

CROSS-REFERENCE TABLE

In order to facilitate the reader's access to information in the annual report, for which the original French version has been registered as a *Document de référence*, the following cross-reference table presents the headings relating to the minimum disclosure requirements in this Reference Document.

1 MANAGEMENT REPORT OF THE BOARD OF DIRECTORS	9.2
1.1 Position of the company's activity during the financial year under review and where applicable of the subsidiaries and companies that it controls	6 and 9
1.2 Results of the activity for the company, its subsidiaries and the companies controlled by activity	9 and 20.2
1.3 Significant events that occurred between the balance sheet date and the date at which the report was prepared	20.2.1 (Note 16)
1.4 Difficulties encountered and outlook	9.1 and 12
1.5 Research and development activities	11
1.6 Analysis of the change in business, results and financial position	9
1.7 Key financial performance indicators	3
1.8 Key environmental and employee indicators	17
1.9 Description of the main risks and contingencies	4
1.10 Indications on the use of financial instruments and objectives and policy of the company with respect to the management of financial risks	4.1 and 10
1.11 Involvement of employees in the share capital	17.3
1.12 Total remuneration and benefits in kind paid and granted to each company officer	15.1
1.13 List of mandates and functions carried out at each company by each company officer	14.1
1.14 Employee and environmental impacts	17
1.15 Information on the policy for mitigating technology-related accident risks, capacity of the company to cover its civil liability, etc.	4.2
1.16 Amount of dividends distributed in the last three financial years	20.4
1.17 Information on share repurchase programmes	21.1.3
1.18 Transactions carried out by directors in their shares	14.2.2
1.19 Calculation variables and results of the adjustment of the bases for conversion 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 DELEGATIONS 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 and the date at which the report was prepared	20.2.1 (Note 16)
3.5 Research and development activities	11
3.6 Description of the main risks and contingencies	4
3.7 Indications on the use of financial instruments and objectives and policy of the company with respect to the management of financial risks	4
4 NAME, USUAL FIRST NAME OF DIRECTORS OR SENIOR MANAGERS	**14.1**
5 TABLE OF RESULTS OF THE COMPANY IN THE LAST FIVE FINANCIAL YEARS	**20.2.2 (ANNEX 5)**
6 LIST OF INVESTMENT SECURITIES	**20.2.2 (ANNEX 3)**
7 INDIVIDUAL COMPANY FINANCIAL STATEMENTS	**20.2.2**
8 CONSOLIDATED FINANCIAL STATEMENTS	**20.2.1**
9 REPORT OF THE STATUTORY AUDITORS ON THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS	**20.3.1**
10 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS	**20.3.1**
11 SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS	**19**
12 SPECIAL REPORT OF THE CHAIRMAN ON INTERNAL CONTROL PROCEDURES	**16.5.1**
13 ELEMENTS RELATING TO THE MANAGEMENT REPORT WITH REFERENCE TO ARTICLE L.225-100-3 OF THE FRENCH COMMERCIAL CODE	
13.1 Capital structure of the company	18.1
13.2 Restrictions in the Articles of Association relating to the exercise of voting rights and to transfers of shares or clauses in agreements brought to the attention of the company pursuant to Article L.233-11 of the French Commercial Code	18.2
13.3 Direct or indirect ownership of the share capital of the company of which it is aware, by virtue of Articles L.233-7 and L.233-12 of the French Commercial Code	18.1
13.4 List of owners of all securities comprising special control rights and description of the latter	18.1
13.5 Control mechanisms provided in any employee shareholder system	N/A
13.6 Agreements between shareholders of which the company is aware that may lead to restrictions in transferring shares	18.4
13.7 Rules applicable to the appointment and replacement of members of the Board of Directors and the Executive Board, and to the modification of the Articles of Association	21.2.2
13.8 Powers of the Board of Directors or the Executive Board with respect to the issue or purchase of shares	21.2.8
13.9 Agreements concluded by the company that are terminated in the event of a change of control of the company	N/A
13.10 Agreements providing for indemnities to be paid to the members of the Executive Board or employees	N/A
13.11 Labour, social and environmental information and statement of non-financial performance	17
13.12 Report by the independent third party on labour, environmental and social information included in the Management Report	17.1.8

The original French-language version of this Reference Document
was submitted to the Autorité des Marchés Financiers (AMF) on 20 February 2019,
in accordance with Article 212-13 of the AMF's General Regulation.

The original French-language version of this Reference Document
may be used in support of a financial transaction if accompanied
by an offer document approved by the AMF.

"This document was prepared by the issuer, and its signatories may be held liable for its content."

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Photo of Isidore Partouche: **Marcel Partouche**

Photos of casino employees: **Groupe Partouche**

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