GROUPE PARTOUCHE

ANNUAL REPORT 2006

Message from the Chairman of the Supervisory Board

In the year under review, GROUPE PARTOUCHE's Executive Board launched a new strategic direction. We currently find ourselves in a situation very unlike that in previous years, in which we generated considerable growth in our business.

The challenges we face in the France of today require a rigorous approach to management, since the market is more or less sated and our operating expenses have understandably increased. I know that the Executive Board is devoting the full extent of its resources to the search for solutions.

Now more than ever, it is essential that the French state and municipalities view us as long-term partners, appreciating our role as catalysts for tourism rather than merely as revenue collectors.

With our endorsement, the Executive Board is also focusing on our future. In our sector as in so many others, new communications channels are increasingly vital to our success.

For a number of years, in full awareness of our unique position in the industry, we have urged the authorities in France to concentrate their efforts on putting in place resources adequate to the task of controlling these new gaming venues and technologies, so that our business may continue to operate within a regulated environment.

We note today, with considerable regret, that our appeal to common sense still meets with undeniable conservatism if not complete hostility.

Nevertheless, we remain optimistic, since the authorities will soon no longer be able to remain blind to these developments, while our European neighbours are making definite progress in this area. With this prospect in mind, GROUPE PARTOUCHE has firmly embraced the objective of expanding its presence worldwide and it is with great pride that we acknowledge this decision taken in the past year!

Isidore PARTOUCHE

Message from the Chairman of the Executive Board

During the year under review, GROUPE PARTOUCHE worked to adapt its business to a market that has reached maturity and that can no longer sustain organic growth.

Due to the increasing burden of our operating expenses at constant structure, last year's performance logically showed deterioration since our efforts to improve profitability and develop new avenues for growth will necessarily take some time to bear fruit.

In order to enhance the appeal of our establishments and boost our attendance figures despite the new regulatory measures having an adverse impact, such as broad-ranging customer identification checks and the imminent smoking ban, we have filed a request with the responsible oversight bodies for the launch of a long overdue project focusing on the modernisation and development of the gaming sector in France.

We are therefore hopeful that we will soon be allowed to make a number of major positive changes in our French casinos.

We will be among the first to take advantage of the introduction of Texas Hold'em poker, a genuine social phenomenon attracting an entirely new clientele, already flocking to those of our establishments currently testing this innovation, such as our Divonne casino and our Aix-en-Provence Pasino.

These new measures will allow us to breathe new life into gaming, offering a more festive, more playful and dare I say more sporting experience for our patrons!

Other measures will help to level the playing field with our competitors, such as the launch of multi-site jackpots, meaning that we will be able to offer winnings of as much as several hundred thousand euros in all the establishments of the Group at the same time.

Our "Players Plus" loyalty programme has already demonstrated its wealth of possibilities and has signed on more than 150,000 members!

In sum, although we are currently experiencing some rough patches, the potential offered by the future of gaming in France has never been so rosy.

Lastly, we owe it to our employees, shareholders and above all our patrons to ensure that our experience in the sector and our management of the Group will allow us to arrive at the right destination in a vehicle fully equipped to face the challenges of tomorrow, amidst the universe of new gaming technologies, whether designed for telephones, the Internet or interactive television!

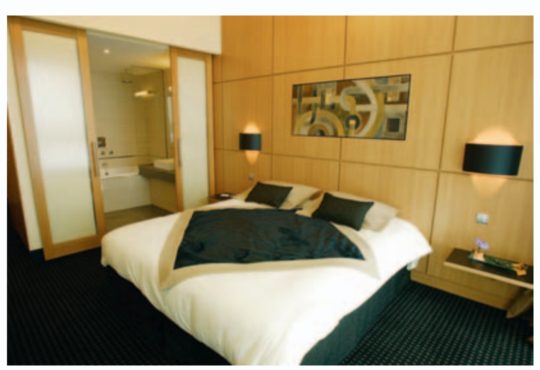
Welcome to the world of Gaming 2.0!

Thank you for your confidence.

Patrick PARTOUCHE

Le HAVRE

With a 45-room four-star hotel, restaurants, a fitness and beauty centre, a 550-seat auditorium and a gaming room, this new Pasino opened on 1 June 2006 devotes more than 12,000 square metres to gaming and entertainment at the heart of the city.



Partouche Interactive

With the launch of its subsidiary Partouche Interactive in April 2006, GROUPE PARTOUCHE demonstrates its long-term commitment to the universe of new technologies. Adopting a resolutely customer-oriented strategy, Partouche Interactive develops gaming and entertainment on mobile telephones, interactive television and the Internet.

Lastly, with the creation of the Player Plus card, GROUPE PARTOUCHE introduces the option of a single customer sign-on for all of these new gaming channels.

A NEW ERA IN GAMING: MIXED GAMES

Along with the suppression of the stamp duty on entrance cards providing access to traditional gaming rooms, the combination of table games and slot machines within a single room has been authorised since 1 May 2006.

The application of this measure in most of the Group's casinos has considerably enhanced the appeal of table games often neglected by the majority of patrons.

As a counterweight to the new regulatory measures requiring customer identification checks at the entrances of gaming rooms from 1 November 2006, French oversight bodies authorised a test run of poker in its most popular form, Texas Hold'em. Two GROUPE PARTOUCHE establishments were selected: our Pasino in Aix-en-Provence and the Divonne-les-Bains casino.

The general excitement sparked by poker today in the world and in France is a sure guarantee of its success.

GROUPE PARTOUCHE

2006 FINANCIAL REPORT

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1. PERSONS RESPONSIBLE

1.1. PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Patrick PARTOUCHE, Chief Executive Officer.

1.2. ATTESTATION OF THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

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

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

Patrick PARTOUCHE
Chairman of the Executive Board

2. AUDITORS

2.1. STATUTORY AUDITORS

Identity of the statutory auditors	Date of the last renewal	Date of first appointment	End of term
PRINCIPAL			
BDO GENDROT	AGM	AGM	AGM called to approve the financial statements
25, Quai Carnot - 92000 SAINT CLOUD	23 April 2004	23 April 2004	for the financial year ending 31 October 2009
PRINCIPAL			
M. José DAVID	AGM	AGM	AGM called to approve the financial statements
47, Av. du Pt F. Roosevelt - 92330 Sceaux	23 April 2004	4 February 1995	for the financial year ending 31 October 2009
SECONDARY			
Société FIDUCIAIRE MCR	AGM	AGM	AGM called to approve the financial statements
232 Av. du Prado – 13000 MARSEILLE	23 April 2004	23 April 2004	for the financial year ending 31 October 2009
SECONDARY			
M. Emmanuel QUINIOU	AGM	AGM	AGM called to approve the financial statements
62, rue de la Faisanderie - 75116 Paris	23 April 2004	8 March 1996	for the financial year ending 31 October 2009

2.2. RESIGNATION OR REMOVAL OF STATUTORY AUDITORS

BDO GENDROT, the principal statutory auditor, is due to resign at the end of the shareholders' meeting called to approve the financial statements for the financial year ending 31 October 2006.

3. SELECTED FINANCIAL INFORMATION

The tables below present extracts of the Group's balance sheet and income statement for the financial year ended 31 October 2005 and 2006, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

INCOME STATEMENT €000 at 31 October (except data per share)	2006	2005
Turnover	511 136	455 771
Operating profit	**81 189**	**87 229**
Total net profit	36 071	39 156
Of which, Group share	**28 670**	**32 866**
Net earnings per share attributable to the Group	0,66524	0,76259
Dividend distributed per share	-	-

ASSETS €000 at 31 October	2006	2005
Non-Current assets	**877 172**	**912 862**
Current assets	**173 261**	**171 820**
Available for sale assets	12 799	-
TOTAL ASSETS	**1 063 232**	**1 084 682**

LIABILITIES AND EQUITY €000 at 31 October	2006	2005
Equity attributable to the Group	271 216	240 557
Minority interests	32 336	33 642
Total equity	**303 552**	**274 200**
Total non-current liabilities	**563 880**	**604 488**
Total current liabilities	**193 963**	**205 994**
Held for sale liabilities	1 837	-
TOTAL LIABILITIES AND EQUITY	**1 063 232**	**1 084 682**

4. RISK FACTORS

4.1. MAIN RISKS

4.1.1. LIQUIDITY RISK

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

The level of debt at the balance sheet date is not only compatible with the group's EBITDA and its level of equity. The syndicated loan which was renegotiated at the time of the acquisition of Groupe de Divonne takes into account in its reimbursement profile the forecast operating and investment cash flows relating to future periods. The principal trigger for mandatory early repayment is non-compliance with the financial covenants referred to in Note 17 of the notes to the consolidated financial statements (Chapter 20.2.1).

DEBT:

€000 at 31 October 2006	TOTAL	- 1 YEAR		1 to 5 YEARS		+ 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
LIABILITIES							
Syndicated Loan	400 830	-	34 480	-	168 952	-	197 398
Other bank borrowings	19 972	1 671	3 961	1 373	9 413	-	3 554
Total	**420 802**	**1 671**	**38 441**	**1 373**	**178 365**	**-**	**200 952**
ASSETS							
Investments	**24 611**	**-**	**24 611**	**-**	**-**	**-**	
Net position before hedging	**396 191**	**1 671**	**13 830**	**1 373**	**178 365**	**-**	**200 952**
Interest rate hedging	-	17 000	-17 000	184 000	-184 000	-	
Net position after hedging	**396 191**	**18 671**	**-3 170**	**185 373**	**-5 635**	**-**	**200 952**

PRINCIPAL CHARACTERISTICS OF THE SYNDICATED LOAN:

Original loan amount:

€431,000,000

Principal outstanding at the year-end:

€400,830,000

Remaining term:

6 years

Rate

Variable rate based on 3-month Euribor, with a decreasing banking margin in proportion to an improved ratio of Consolidated financial debt net of cash / Consolidated operating profit plus depreciation, amortisation and operating provisions, less reversals of depreciation, amortisation and operating provisions

Guarantees:

- Pledging of the shares of the principal subsidiaries of the Group
- The syndicated loan also includes certain financial ratios that evolve over time, based on the Group's consolidated data, non-compliance with which would constitute a mandatory early repayment event:
    - The ratio of Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals / Finance costs must be greater or equal to 4.75 at 31/10/2007.
    - The ratio of Available cash flow after tax and exceptional items before debt servicing costs / Debt servicing costs must be greater or equal to 1 at 31/10/2007.
    - The ratio of Financial debt net of cash / Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals must be less than or equal to 3 at 31/10/2007.

4.1.2. INTEREST RATE RISK

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

The total amount of short and medium term bank borrowings excluding bank overdrafts comes to €420.8m. The portion on which interest is charged at a variable rate is €417.8m.

After hedging, the amount of borrowings exposed to fluctuations in variable interest rates was €192.1m, or 45.65% of total bank debt.

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

A 1% increase in the interest rate applied to the portion falling due in less than one year of the total amount exposed to potential fluctuations in the variable interest rate, namely €192.1m, would have an effect on consolidated financial items of €1,921,000.

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

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

4.1.3. EXCHANGE RISK

In order to measure the Group's exposure to exchange rate risk, we should point out that GROUPE PARTOUCHE's activities outside France are performed by subsidiaries which operate in the country in which they are located; the consolidated financial statements thus include 19 companies outside France, eight of which are located in the euro zone. Some foreign exchange risk exposure remains, however, given the Group's operations in the US, Tunisia, Switzerland and Egypt. The total of these activities represents less than 6.0% of total consolidated turnover.

Turnover generated outside France is not hedged.

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

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

The table below presents the local currency positions of receivables and payables denominated in foreign currency at 31 October 2006:

Currency by country	K CHF Switzerland	K USD USA	K TND Tunisia
Assets	2 455,8	-	699,3
Liabilities	12 366,9	11,8	1 109,0
Net provision before hedging	**-9 911,1**	**-11,8**	**-409,7**
Hedging position	-	-	-
Net provision after hedging	**-9 911,1**	**-11,8**	**-409,7**

4.1.4. EQUITY RISK

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

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

GROUPE PARTOUCHE SA shares:

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

Number of shares	Accounting value	Market value (price at 31.10.06)	Potential capital gain (price at 31.10.05)
19 166	168 767 €	383 320 €	214 553 €

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

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

4.1.5. TRANSACTION RISK

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

4.1.6. TRANSLATION RISK

Consolidating the financial statements of foreign subsidiaries entails the translation of the financial statements into euros (assets, liabilities, income and expenses) denominated in foreign currencies. This translation at the applicable year-end exchange rate, may, if exchange rates change, generate an impact on equity. Given the long-term nature of these investments, GROUPE PARTOUCHE does not hedge this exposure.

4.1.7. PLEDGES

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

For all of the listed subsidiaries:

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

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

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

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

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

In addition, Financière Partouche pledged to the benefit of this banking pool 62.3% of the capital of GROUPE PARTOUCHE, the entirety of its stake.

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

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

4.1.8. LEGAL RISK

GROUPE PARTOUCHE is not aware of any governmental, legal or arbitration proceedings, including any proceedings that might be suspended or threatened, which may have or which have had a material impact on the company's or the Group's financial position or profitability during the past 12 months.

4.1.9. ENVIRONMENTAL INFORMATION

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

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

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

GROUPE PARTOUCHE and its subsidiaries do not produce much airborne and waterborne waste with a direct impact on the environment. All of the water evacuated is directly channelled into a sewerage network operated by the company's regional authority. Very little airborne waste is produced. The main impacts produced by the Group are moderate CO2 emissions due to energy consumption.

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

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

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

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

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

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

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

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

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

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

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

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

None of GROUPE PARTOUCHE's current or formerly-owned establishments had to make provisions or guarantees for environmental risks during 2006

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

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

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

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

4.2. RISK MANAGEMENT

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

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

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

Synopsis of risks insured from 1 November 2005 to 31 October 2006.

CASINOS	Coverage	Guarantees	Premiums (including claims management expenses)
Casino multirisk	Damage to assets and operating losses	Limit of liability €65M	1 013 775 €
Civil liability			74 152 €
Civil liability – operations:			
	Physical, material and non-material damages	€15M per year and €8M per claim	
	Goods consigned to the hotel	€250,000 per year	
	Valet parking guarantee	€100,000 per year	
	Non consecutive non-material damages	€160,000 per claim	
	Pollution due to accident	€350,000 per claim and per year	
Civil liability – after delivery:			
	Physical, material and non-material damages (consecutive or non-consecutive)	€3M per claim and per year	
Executive's civil liability		€8M per claim and per year	14 186 €
All risks' exposure			1 996 €
Art			14 979 €
Vehicles		All risks	
	Vehicle fleet		50 204 €
	Staff missions		3 238 €

HOTELS	Coverage	Guarantees	Premiums (including claims management expenses)
Hotel multirisk	Damage to assets and operating losses	Limit of liability €6M to 39M	158 926 €
Hotel civil liability	Physical, material and non-material damages	€7.6M to €7.9M per claim	20 445 €
	of which, consecutive material and non-material damages	€1.53M to €1.59M per claim	

5. INFORMATION ABOUT THE ISSUER

5.1. HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1. COMPANY NAME

The name of the company is GROUPE PARTOUCHE SA – Ticker "G.P."

5.1.2. COMMERCIAL REGISTER

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

5.1.3. DATE OF INCORPORATION AND LENGTH OF LIFE OF THE COMPANY

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

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

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

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

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

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

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

5.1.5. SIGNIFICANT EVENTS IN THE DEVELOPMENT OF THE COMPANY'S BUSINESS

At year-end 2005, GROUPE PARTOUCHE launched a major external growth operation with the acquisition of Groupe de Divonne, encompassing five casinos, the main aim being to revitalise the operations of these establishments while ensuring improvements in profitability.

Also at year-end 2005, GROUPE PARTOUCHE acquired two minority stakes for a total amount of €4.2m, in the companies Quedesjeux, a games supplier for Internet sites and mobile telephony operators, and New Screens, the interactive channel offered within the CanalSatellite package. The development of new gaming technologies has thus become a key strategic priority for GROUPE PARTOUCHE.

Since 1 November 2006, an identification check is required for all individuals entering casino gaming rooms, thus allowing for improved control of exclusion orders and minors.

As a counterweight to the application of this measure, a change in the regulatory framework for gaming in France has allowed the casino sector to modernise its operations. It is now possible to combine table games with slot machines in the same gaming room. The introduction of a number of new measures will now also be permitted, such as the use of bill acceptors in slot machines, cashless systems, ticket in/ticket out devices, multi-site jackpots, advertising of current jackpots and the operation of Texas Hold'em poker.

The prohibition against smoking in public places entered into force in France on 1 February 2007. Casino operators were granted a grace period of 11 months so as to adjust to the economic impact of this new legislation. From 1 January 2008, all casinos must have either set up closed areas intended for smokers or declared themselves as non-smoking establishments.

5.2. INVESTMENTS

5.2.1. INVESTMENT POLICY

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

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

5.2.2. INVESTMENTS IN 2006

In 2006, cash generated by operating activities amounted to €80.6m and cash flow related to financing activities represented a net use of cash amounting to €41.6m, chiefly allocated to the construction of the new casino in Le Havre for €24.5m. Financial investments in the amount of €8.6m mainly related to the Group's strategic initiatives in the area of new technologies. Disposals (Hotel du Parc in Martigny and SFC) limited total net investments to €41.7m.

5.2.3. INVESTMENTS AND FINANCING

Net cash used in financing activities amounted to €50.8m. As planned, the Group allocated €47.9m to the repayment of its bank debt during the period. No further debt was incurred.

5.2.4. FORECAST EXPENDITURES

The main individual future projects, as related in particular to the 2007 financial year, are as follows:

- **Boulogne-sur-Mer:** change of location of the casino (€5m)
- **Bandol:** construction of a 4-star hotel and renovation of the casino (€4m)
- **La Tremblade:** construction of the casino (€3m)
- **Salies-de-Béarn:** construction of the hotel (€3m)
- **Cabourg:** complete reorganisation and reconfiguration of the casino (€2.8m)

5.2.5. SIGNIFICANT FUTURE INVESTMENTS PLANNED BY THE COMPANY FOR WHICH MANAGEMENT HAS ALREADY GIVEN COMMITMENTS

Significant investments for which commitments have already been given concern the construction of a new casino in La Ciotat (€10.5m) and the building of a new Pasino in La Grande-Motte (€15m).

6. BUSINESS OVERVIEW

6.1. PRINCIPAL ACTIVITIES

6.1.1. CASINOS

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

FRANCE AUTHORISES THE FOLLOWING GAMES:

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

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

The Group has a large number of slot machines (5,576 at 31 October 2006 and 5,616 at 31 January 2007 in France).

OTHER ACTIVITIES:

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

6.1.2. REGULATORY FRAMEWORK

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

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

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

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

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

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

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

The administration and operation of casinos are subject to a very detailed set of regulations, as is each type of gaming activity.

6.1.3. TAX LEVIES

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

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

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

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

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

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

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

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

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

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

6.1.4. CASINO OPERATIONS

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

The Group generated 74.9% of its turnover from gaming, which remains the dominant business sector. GROUPE PARTOUCHE's 54 casinos are spread throughout France and abroad as follows:

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

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

6.1.5. CASINO OPERATING CONCESSIONS

A casino operating concession never exceeds 18 years in France. At 1 March 2006, GROUPE PARTOUCHE had 47 casinos in France with a concession contract and a ministerial authorisation for gaming operations.

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

6.1.6. NEW BUSINESSES

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

6.2. PRINCIPAL MARKETS

- **Description of the competitive environment**

In financial year 2005/2006, the French casino sector generated total GGR of €2,705.1m, rising 2.16% year-on-year. Slot machines accounted for 93.8% of total GGR, up by 2.5%, while table gaming revenue fell 2.9% from the prior year.

Levies represent in total 58.1% of GGR for financial year 2005/2006.

The casino sector in France has shown a relatively recent move towards concentration. Of the 193 licensed casinos in France (three more than the previous year), more than two-thirds are operated by groups. The main groups are as follows:

Name of groups in France	Number of casinos operated	2006 real gross Gaming revenue (€M)
GROUPE PARTOUCHE SA	47	799,0
GROUPE BARRIERE SAS	31	774,9
GROUPE MOLIFLOR LOISIRS	21	245,8
GROUPE TRANCHANT	17	223,5
GROUPE COGIT	8	76,9
SMCFC	2	75,1
GROUPE ÉMERAUDE	8	58,4

Source: Syndicat des Casinos Modernes de France (figures at 31/10/06).

- **Description of main clients**

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

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

- **Suppliers**

The casino business is very heavily regulated.

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

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

6.3. EXCEPTIONAL EVENTS HAVING AN IMPACT ON THE BUSINESS AND THE MARKETS

None.

6.4. ISSUER'S DEGREE OF DEPENDENCY

There is no significant degree of dependency with respect to patents or licences, industrial, commercial or financial contracts, or new manufacturing procedures. In order to build and operate their establishments, casino operators in France enter into municipal services agreements with a maximum renewable term of 18 years.

6.5. SOURCES PROVIDING THE BASIS FOR STATEMENTS CONCERNING THE COMPANY'S COMPETITIVE POSITION

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

7. ORGANISATIONAL STRUCTURE

7.1. RELATIONSHIP BETWEEN THE PARENT COMPANY AND SUBSIDIARIES

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

The assets of GROUPE PARTOUCHE SA, the group's holding company which does not have an economic activity of its own, are heavily weighted towards fixed assets, with €622.2m of investments at carrying value, essentially in the group's consolidated subsidiaries. The second significant mass of assets comprises in an amount net of provisions of €277.8m, essentially relating to the Group's subsidiaries.

GROUPE PARTOUCHE SA's liabilities are primarily split between €349.7m, a current account of the majority shareholder Financière Partouche for €100m and bank debt for €407.5m.

7.2. INTERNAL ORGANISATION OF THE GROUP

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

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

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

For the financial year ended 31 October 2006, the total amount received under head office services agreements was €10,474K excluding VAT.

Furthermore, GROUPE PARTOUCHE maintains a parent-subsidiary relationship with each of the consolidated companies, for which the main related elements for the year ended 31 October 2006 are centralised short-term cash management and the administration of a French tax consolidation structure.

7.3. BACKGROUND OF GROUPE PARTOUCHE

1973

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

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

1976

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

1982

Creation of the Calais casino.

1986

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

1988

Acquisition of the Dieppe Casino.

1989

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

1991

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

1992

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

1994

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

1995

Acquisition of a jointly-controlled stake in the Grasse casino leaving management responsibility to the Boucau Group.

On 29 March 1995, GROUPE PARTOUCHE SA made its debut listing on the Paris Stock Exchange Second Marché with a view to enhancing the Group's profile, consolidating its position in France and providing it with extra financial muscle to drive the business forward, particularly internationally.

In September 1995, the Group negotiated the acquisition of the prestigious Belgian casino of Knokke-le-Zoute.

1996

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

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

1997

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

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

1998

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

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

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

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

1999

On 1 July, the Hilton hotel in Lyon's Cité Internationale complex was opened: the future home of a new casino.

Abroad, the San Roque Grand Casino in Andalucia was inaugurated and the Hilton Bucharest's casino was created and inaugurated by GROUPE PARTOUCHE.

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

2000

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

In Aix-en-Provence, GROUPE PARTOUCHE created the Aquabella Hotel and went on to acquire the town's spa.

2001

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

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

2002

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

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

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

2003

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

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

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

2004

La Trinité-sur-mer casino was opened in March.

In May, Le Lydia casino was re-opened in Port-Barcarès.

In June, GROUPE PARTOUCHE opened the casino in Le Havre at a temporary venue. Le Palais de la Méditerranée opened its doors to patrons in Nice, followed by the opening of its casino.

2005

On 26 February 2005, the Port-la-Nouvelle casino opened its doors.

In March, GROUPE PARTOUCHE sold the Cazaubon-Barbotan casino.

In May, the first slot machines arrived at the Le Havre casino (50 units) and at the "Palais de la Méditerranée" in Nice (150 units) followed by the arrival of 51 machines at the Port-Barcarès casino ("Le Lydia") in July.

On 30 September 2005, GROUPE PARTOUCHE acquired Groupe de Divonne, comprising 5 casinos located in the Lake Geneva area: on the French side in Divonne-les Bains, Annemasse, Hauteville-Lompnes and Saint-Julien-en-Genevois, and on the Swiss side in Crans-Montana.

2006

In February 2006, authorisation was granted for the opening of a casino in La Tremblade.

In April 2006, GROUPE PARTOUCHE sold its interests in Société Française de Casinos SA, a group comprising four casinos located in Gruissan, Châtelguyon and Port-la-Nouvelle in France and Agadir in Morocco.

On 27 April 2006, GROUPE PARTOUCHE launched its newest subsidiary, Partouche Interactive, specialising in the development of gaming on new technology platforms such as interactive television, mobile telephones and the Internet.

In June, the Le Havre Pasino opened its doors, offering its patrons a mixed-game format, with table games and slot machines in the same space.

In August, the Aix-en-Provence Pasino commenced a test run for Texas Hold'em poker, which has already proved to be a great success.

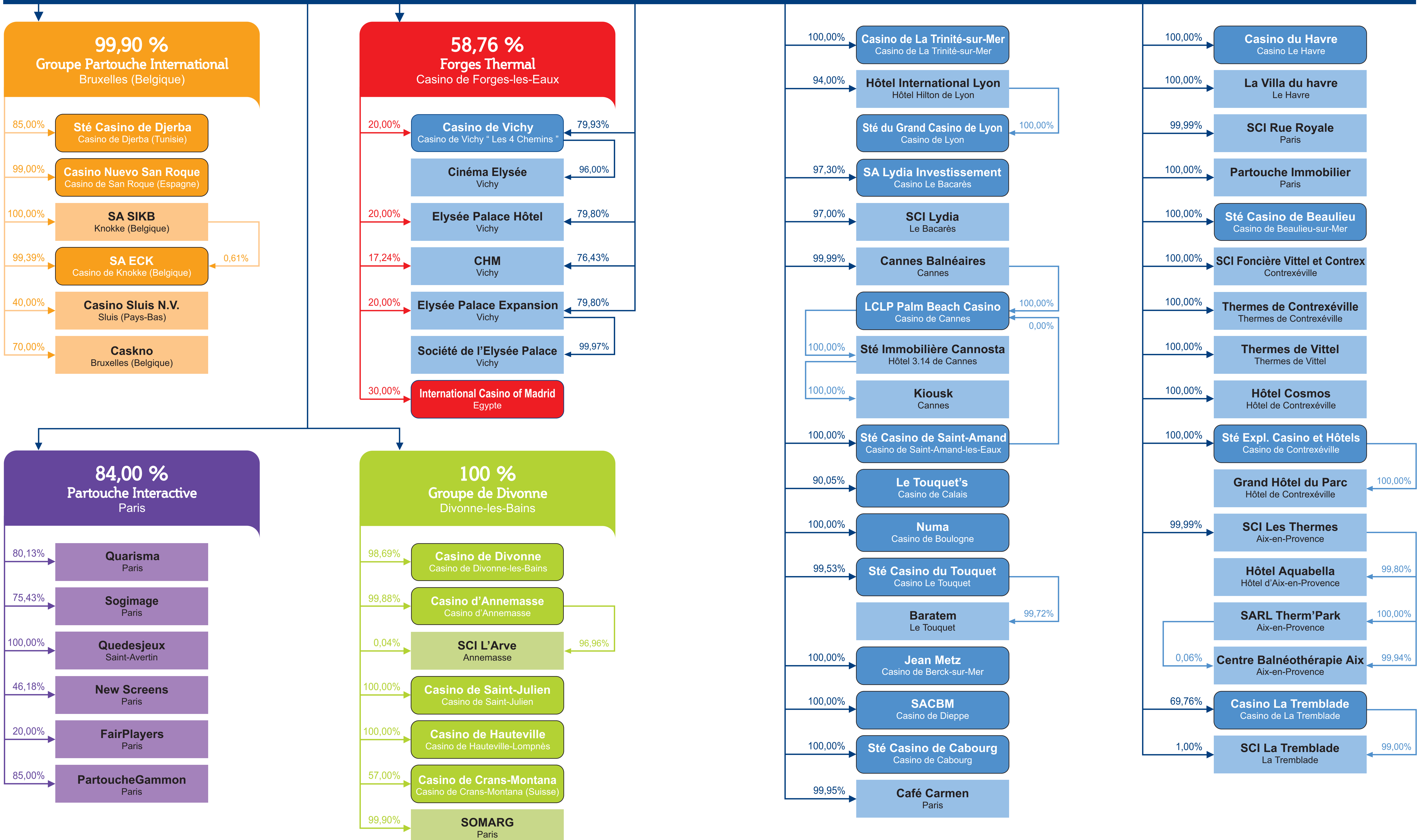
In November, Partouche Interactive Ltd obtained a licence from the government of Gibraltar for online gaming operations.

7.4. THE GROUPE

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

ORGANISATIONAL STRUCTURE 7

GROUPE PARTOUCHE (31/10/2006)



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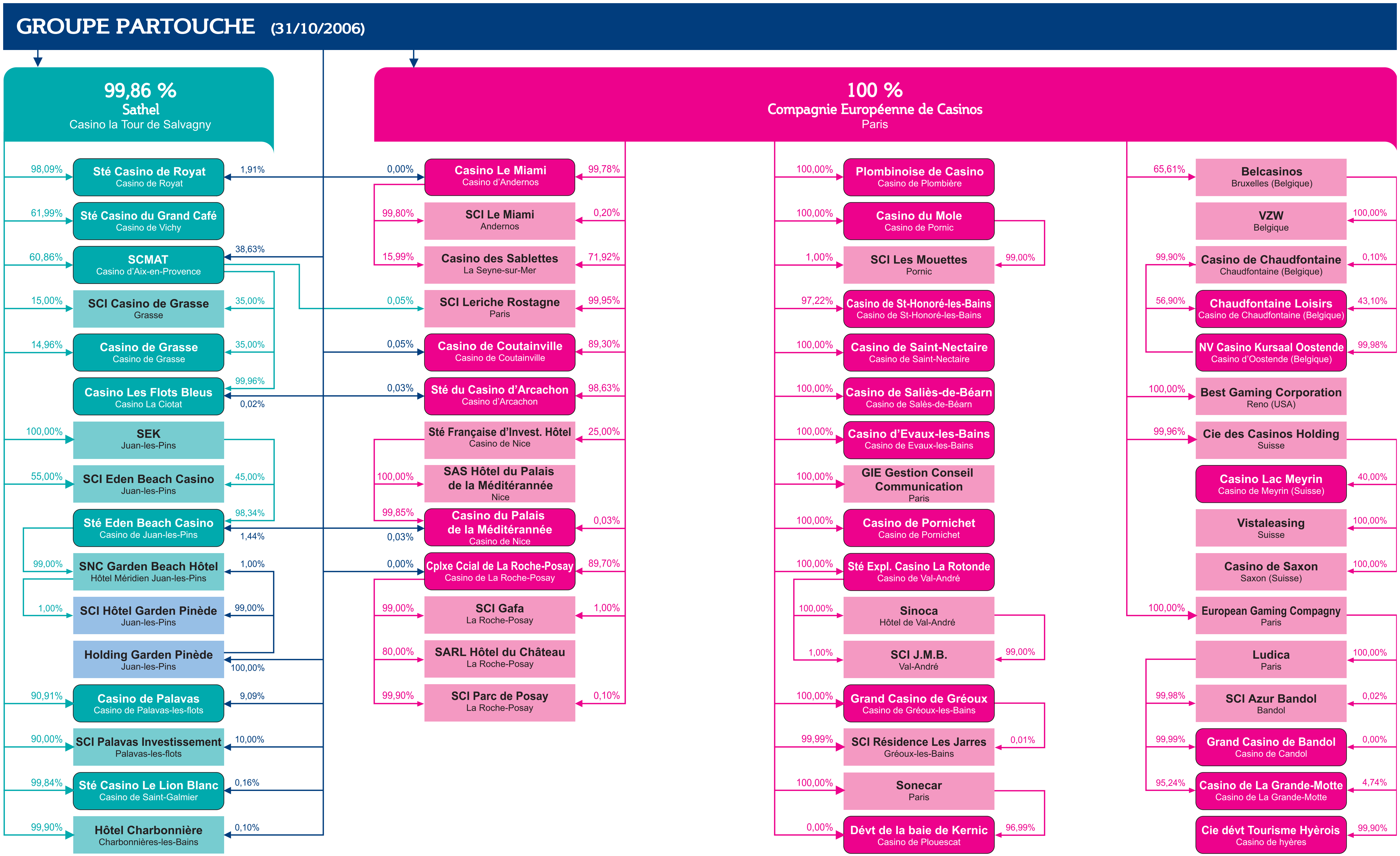
GROUPE PARTOUCHE (31/10/2006)
99,86 % Sathel Casino la Tour de Salvagny
100 % Compagnie Européenne de Casinos Paris
98,09% Sté Casino de Royat Casino de Royat 1,91%
61,99% Sté Casino du Grand Café Casino de Vichy
60,86% SCMAT Casino d'Aix-en-Provence 38,63%
15,00% SCI Casino de Grasse Grasse 35,00%
14,96% Casino de Grasse Casino de Grasse 35,00%
Casino Les Flots Bleus Casino La Ciotat 99,96% 0,02%
100,00% SEK Juan-les-Pins
55,00% SCI Eden Beach Casino Juan-les-Pins 45,00%
Sté Eden Beach Casino Casino de Juan-les-Pins 98,34% 1,44%
99,00% SNC Garden Beach Hôtel Hôtel Méridien Juan-les-Pins 1,00%
1,00% SCI Hôtel Garden Pinède Juan-les-Pins 99,00%
Holding Garden Pinède Juan-les-Pins 100,00%
90,91% Casino de Palavas Casino de Palavas-les-flots 9,09%
90,00% SCI Palavas Investissement Palavas-les-flots 10,00%
99,84% Sté Casino Le Lion Blanc Casino de Saint-Galmier 0,16%
99,90% Hôtel Charbonnière Charbonnières-les-Bains 0,10%
0,00% Casino Le Miami Casino d'Andernos 99,78%
99,80% SCI Le Miami Andernos 0,20%
15,99% Casino des Sablettes La Seyne-sur-Mer 71,92%
0,05% SCI Leriche Rostagne Paris 99,95%
0,05% Casino de Coutainville Casino de Coutainville 89,30%
0,03% Sté du Casino d'Arcachon Casino d'Arcachon 98,63%
Sté Française d'Invest. Hôtel Casino de Nice 25,00%
100,00% SAS Hôtel du Palais de la Méditérannée Nice
99,85% Casino du Palais de la Méditérannée Casino de Nice 0,03% 0,03%
0,00% Cplxe Ccial de La Roche-Posay Casino de La Roche-Posay 89,70%
99,00% SCI Gafa La Roche-Posay 1,00%
80,00% SARL Hôtel du Château La Roche-Posay
99,90% SCI Parc de Posay La Roche-Posay 0,10%
100,00% Plombinoise de Casino Casino de Plombière
100,00% Casino du Mole Casino de Pornic
1,00% SCI Les Mouettes Pornic 99,00%
97,22% Casino de St-Honoré-les-Bains Casino de St-Honoré-les-Bains
100,00% Casino de Saint-Nectaire Casino de Saint-Nectaire
100,00% Casino de Saliès-de-Béarn Casino de Salès-de-Béarn
100,00% Casino d'Evaux-les-Bains Casino de Evaux-les-Bains
100,00% GIE Gestion Conseil Communication Paris
100,00% Casino de Pornichet Casino de Pornichet
100,00% Sté Expl. Casino La Rotonde Casino de Val-André
100,00% Sinoca Hôtel de Val-André
1,00% SCI J.M.B. Val-André 99,00%
100,00% Grand Casino de Gréoux Casino de Gréoux-les-Bains
99,99% SCI Résidence Les Jarres Gréoux-les-Bains 0,01%
100,00% Sonecar Paris
0,00% Dévt de la baie de Kernic Casino de Plouescat 96,99%
65,61% Belcasinos Bruxelles (Belgique)
VZW Belgique 100,00%
99,90% Casino de Chaudfontaine Chaudfontaine (Belgique) 0,10%
56,90% Chaudfontaine Loisirs Casino de Chaudfontaine (Belgique) 43,10%
NV Casino Kursaal Oostende Casino d'Oostende (Belgique) 99,98%
100,00% Best Gaming Corporation Reno (USA)
99,96% Cie des Casinos Holding Suisse
Casino Lac Meyrin Casino de Meyrin (Suisse) 40,00%
Vistaleasing Suisse 100,00%
Casino de Saxon Saxon (Suisse) 100,00%
100,00% European Gaming Compagny Paris
Ludica Paris 100,00%
99,98% SCI Azur Bandol Bandol 0,02%
99,99% Grand Casino de Bandol Casino de Candol 0,00%
95,24% Casino de La Grande-Motte Casino de La Grande-Motte 4,74%
Cie dévt Tourisme Hyèrois Casino de hyères 99,90%

8. PROPERTY, PLANT AND EQUIPMENT

8.1. EXISTING OR PLANNED MATERIAL TANGIBLE FIXED ASSETS

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

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

8.2. EXISTENCE OF ASSETS USED BY THE COMPANY BELONGING TO THE DIRECTORS OR THEIR FAMILY

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

Financière Partouche assets:

• Property complex housing the premises of Casino du Touquet.

• A 3% investment in SCI Lydia Invest, the owner of a moored boat in Port-Barcarès, which houses the casino.

• A portion of a building located on rue de Saussure in Paris (17th) housing the registered offices of GROUPE PARTOUCHE SA and of several other Group companies.

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

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

9. OPERATING AND FINANCIAL REVIEW

9.1. FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In order to aid in the understanding of the information contained in this chapter, readers are referred to the Group's consolidated financial statements for the year ended 31 October 2006, included under chapter 20.2.1 of this document.

9.1.1. MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

The financial year ended 31 October 2006 saw the following major changes in the scope of consolidation:
• At the mid-year, GROUPE PARTOUCHE sold its stake in Société Française de Casinos (SFC).
• GROUPE PARTOUCHE created a new business segment, Partouche Interactive, comprising companies developing the Group's activities in the area of gaming and entertainment through digital distribution and electronic media.

In addition, the results for the 2006 financial year reflect for the first time the full-year impact of the acquisition of the companies of Groupe de Divonne, which had only been present for the single month of October in 2005 (refer to the Consolidated financial statements for the year ended 31 October 2006 (chapter 20.2.1) and Note 1 – Significant events of the year).

9.1.2. POSITION AND TRENDS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2006

ACTIVITY OF THE GROUP

The Group's turnover increased to €511.1m, an improvement of 12.2% over the performance of the previous year, mainly attributable to the acquisition of the companies of Groupe de Divonne, which represented turnover of €63.2m compared to €5.5m in 2005. Taking into account, in addition, the impact of the mid-year disposal of the Group's stake in SFC (turnover of €6.5m in 2006 compared to €15.3m in 2005) the Group's activity recorded a slight advance of 1.5%.

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

ANALYSIS OF 2006 TURNOVER €million at 31 October	2006	2005	Differential	Change in %
France	37,0	33,5		
Abroad	24,1	23,5		
GGR of table games	**61,1**	**57,0**	**4,1**	**7,1 %**
% of actual GGR	**7,1 %**	**7,4 %**		
France	744,5	672,4		
Abroad	58,0	41,9		
Gross slot machine revenue (Actual)	**802,5**	**714,3**	**88,2**	**12,4 %**
% of actual GGR	**92,9 %**	**92,6 %**		
France	781,5	705,9		
Abroad	82,1	65,4		
Gross Gaming Revenue (Total)	**863,6**	**771,3**	**92,3**	**12,0 %**
France	444,9	399,6		
Abroad	35,8	28,7		
Group Levies	**480,7**	**428,3**	**52,3**	**12,2 %**
France	56,9 %	56,6 %		
Abroad	43,6 %	43,9 %		
Levy percentage	**55,7 %**	**55,5 %**		
France	336,6	306,3		
Abroad	46,3	36,6		
Net Gaming Revenue	**382,8**	**343,0**	**40,0**	**11,6 %**
% of total turnover	**74,9 %**	**75,3 %**		
France	119,1	103,3		
Abroad	9,2	9,6		
Non-gaming revenue	**128,3**	**112,8**	**15,7**	**13,7 %**
% of total turnover	**25,1 %**	**24,8 %**		
France	455,6	409,6		
Abroad	55,5	46,2		
Turnover	**511,1**	**455,8**	**55,3**	**12,1 %**

Gaming business in France

Gross gaming revenue (GGR) generated in France increased by 10.7% to €781.5m, mainly the result of the inclusion of the casinos of Groupe de Divonne. Our gaming business in France again faced a difficult climate in 2006, with attendance falling in our establishments in the third quarter of the year due to the heat wave and the FIFA World Cup. Among the casinos particularly affected by these events, the Cannes Palm Beach saw a drop of 38.5% (€7.5m) in its GGR and the Forges-les-Eaux casino a decline of 8.2% (€3.8m). In terms of improvements in GGR, the most pronounced was that of the Le Havre casino (up €9.1m) related to its installation in its definitive operating premises. The St-Amand-les-Eaux, Port-Barcarès, St-Galmier and Hyères casinos also posted remarkable results.

The breakdown of GGR remained unchanged, with the portion earned from table games amounting to 4.7% and that earned from slot machines representing 95.3% in 2006, as in 2005.

The net installed base of slot machines declined from 5,451 to 5,376 units during the year, due to the combined effect of the disposal of the Group's stake in SFC (representing 150 machines) and new installations at St-Amand-les-Eaux (25 machines) and Le Havre (50 machines). Average GGR per machine per day declined again to €379, from €397 in 2005.

Gaming business abroad

As in the previous year, this sub-segment posted a strong performance, surging 25.6% in 2006 due to the new presence of the Crans-Montana casino in Switzerland, whose business is booming (26.9% rise in GGR). Also in Switzerland, it is important to note the continued strong growth of the Meyrin casino, where GGR increased by 13.5% to €45.8m.

Tax levies

The overall levy rate imposed on the Group's GGR advanced slightly, to 55.7% compared to 55.5% in the previous year. This change results from the application of the increase in the CSG (general social contribution) rate, which came into effect on 1 January 2005, to the full 12 months of the 2006 financial year while it applied only to 10 months in 2005.

Other activities

Turnover generated by the Group's other activities amounted to €128.3m, including €15.2m in connection with the activities of the Groupe de Divonne companies. The sale of the Group's stake in SFC had an appreciable impact on total turnover for this segment, as these companies had generated turnover of €4.6m in the second half of 2005. Apart from the increasing contributions of recent establishments in Le Havre and Port-Barcarès, the performance of this segment reflected the recent development of two hotels, the 3.14 in Cannes (€2.2m increase) and the Pavillon de la Rotonde in Charbonnières-les-Bains.

Consolidated profit

The Group's consolidated operating profit totalled €81.2m, down from €87.2m in 2005. This decline may be explained by the following factors:

• The abovementioned difficulties encountered by the Group's French casinos resulted in a significant decrease in the profitability of operations due to a higher level of expenses.

• The installation of the Le Havre casino in its definitive premises incurred a number of non-recurring costs related to the launch of its operations. Its operating profit thus decreased by €2.8m.

• The launch of Partouche Interactive, the Group's subsidiary specialising in new technologies, resulted in an operating loss of €1.3m.

These trends were partially offset by the contribution of the Groupe de Divonne companies, whose performance attests to the recovery already underway. The improvement was especially observed in the accounts of the Groupe de Divonne establishments in Saint-Julien-en-Genevois and Crans-Montana.

Among the Group's hotels, it is worth noting the significant increase in operating profit (€0.8m) for the 3.14 in Cannes and the impact of the launch of operations for the new Pavillon de La Rotonde hotel in Charbonnières-les-Bains (operating loss of €0.9m).

Operating profit for the Group also includes non-current items, mainly goodwill impairment for €2.2m and net profit from other non-current operations of €4.7m comprising the impact of both the sale or liquidation of various individual companies, chief among which was the disposal of the Hotel du Parc in Martigny, and the sale of the Group's stake in Société Française des Casinos.

Financial income represented a net expense of €22.5m, compared to €21.4m in 2005, a satisfactory performance given the significant increase in bank debt occasioned by the acquisition of Groupe de Divonne at financial year-end 2005.

Profit from recurring operations before tax declined by 10.8% to €58.7m.

The Group's overall tax burden totalled €20.8m, compared to €24.2m in 2005, and the share of net profit attributable to equity-accounted companies represented a loss of €1.8m, a reduction of 26.4% compared to the previous year.

Net profit attributable to all consolidated companies came to €36.1m, compared to €39.2m in 2005. Minority interests increased by 17.6% to €7.4m, mainly as a result of the contribution of the Crans-Montana casino.

ACTIVITY OF SUBSIDIARIES

Company	Turnover	Net Gaming Revenue recognised	Hotel	Restaurant	Other Activities
CASINO DE CHARBONNIERE (LYON VERT)	34 152 549	28 971 040	-	4 620 468	561 041
CASINO D'AIX-EN-PROVENCE	32 208 070	27 083 373	-	4 195 145	929 552
CASINO DE DIVONNE-LES-BAINS	29 220 273	17 148 384	3 398 106	5 837 074	2 836 709
CASINO DE SAINT-AMAND-LES-EAUX	27 733 023	22 358 602	664 209	3 740 137	970 075
CASINO DE FORGES-LES-EAUX	26 192 115	17 581 650	3 652 963	3 385 899	1 571 603
CASINO DE MEYRIN	21 770 374	21 119 360	-	200 603	450 412
CASINO DE LYON (PHARAON)	17 635 255	16 542 672	-	677 186	415 397
CASINO D'ANNEMASSE	15 176 514	13 996 016	-	652 645	527 853
CASINO DE LA GRANDE-MOTTE	12 942 564	11 394 332	-	293 923	1 254 309
CASINO DE PORNICHET	12 158 210	10 813 327	-	1 256 314	88 569
CASINO DE HYERES	12 084 291	11 295 695	168 626	332 394	287 576
CASINO DE BANDOL	11 374 768	10 629 118	-	519 007	226 643
CASINO DE JUAN-LES-PINS	10 669 959	8 981 979	-	1 366 109	321 871
CASINO DE CRANS-MONTANA	9 904 580	9 454 174	-	120 832	329 573
CASINO DE CANNES (PALM BEACH)	9 349 389	5 641 542	-	2 740 813	967 034
CASINO DE LA ROCHE-POSAY	8 908 843	8 138 366	87 011	490 737	192 729
CASINO DE PALAVAS-LES-FLOTS	8 748 332	8 084 068	-	414 392	249 872
CASINO DE PORNIC	8 188 671	6 939 493	-	1 059 087	190 091
CASINO DE ROYAT	8 110 302	7 402 199	-	507 940	200 163
CASINO DU HAVRE	7 546 365	6 149 980	100 335	906 133	389 917
CASINO DE SAINT-GALMIER	7 395 679	6 955 017	-	300 893	139 769
CASINO DE DIEPPE	6 726 716	5 359 175	120 125	1 074 731	172 685
CASINO DE SAINT-JULIEN-EN-GENEVOIS	6 437 912	5 418 680	-	706 855	312 377
CASINO D'OOSTENDE	6 326 924	4 827 981	-	637 017	861 926
CASINO DE KNOKKE-LE-ZOUTE	6 224 556	4 853 037	-	613 170	758 349
CASINO DE VICHY (GRAND CAFE)	6 069 818	4 256 294	-	1 527 550	285 974
CASINO DE PLOUESCAT	5 844 983	5 298 445	-	458 060	88 478
CASINO D'ARCACHON	5 555 285	5 202 375	-	190 533	162 377
CASINO DE CALAIS	5 423 980	4 996 204	-	343 508	84 268
CASINO DE BEAULIEU-SUR-MER	4 557 982	3 855 523	-	474 477	227 982
CASINO DE VICHY (4 CHEMINS)	4 554 951	3 719 261	-	684 009	151 681
CASINO DE LA CIOTAT	4 466 959	4 209 227	-	108 598	149 134
CASINO DU TOUQUET	4 450 043	3 471 389	-	665 617	313 037
CASINO D'ANDERNOS	4 101 812	3 679 713	-	353 123	68 976
CASINO DE VAL-ANDRE	4 057 608	3 047 094	-	773 778	236 736
CASINO DE BERCK-SUR-MER	4 054 716	3 646 291	-	347 139	61 286
CASINO DE PLOMBIERES-LES-BAINS	3 762 935	3 420 772	-	250 437	91 726
CASINO DE CONTREXEVILLE	3 670 779	3 268 513	-	334 378	67 888
CASINO DE CABOURG	3 552 086	2 667 396	-	671 644	213 046
CASINO DE CHAUDFONTAINE (LOISIRS)	3 441 935	2 411 721	-	195 924	834 290
CASINO DE BOULOGNE-SUR-MER	3 308 267	3 191 039	-	63 460	53 768
CASINO DE PORT-BARCARES	3 178 623	2 136 901	-	604 589	437 133
CASINO DE GRUISSAN	3 161 936	2 659 536	152 728	308 118	41 554
CASINO DE GREOUX-LES-BAINS	2 895 685	2 653 676	-	224 739	17 270
CASINO D'AGON-COUTAINVILLE	2 824 530	2 540 487	-	241 264	42 779
CASINO DE DJERBA	2 529 095	2 047 139	-	398 652	83 304
CASINO D'HAUTEVILLE-LOMPNES	2 434 462	1 930 514	-	315 340	188 608
CASINO D'EVAUX-LES-BAINS	2 313 009	2 075 155	-	133 748	104 106

(continuation)

Company	Turnover	Net Gaming Revenue recognised	Hotel	Restaurant	Other Activities
CASINO DE SALIES-DE-BEARN	2 059 772	1 816 371	-	179 789	63 612
CASINO DE CHATELGUYON	1 882 767	1 676 960	-	151 328	54 479
CASINO DE SAINT-HONORE-LES-BAINS	1 774 042	1 665 241	-	87 957	20 844
CASINO DE SAINT-NECTAIRE	1 544 858	1 402 939	-	122 589	19 330
CASINO DE SAN ROQUE	1 532 200	1 145 022	-	240 427	146 751
CASINO DE GRASSE	1 306 441	1 144 721	-	86 049	75 670
CASINO D'AGADIR	465 237	434 192	-	16 485	14 559
CASINO DE LA TRINITE-SUR-MER	131 801	20 089	-	99 786	11 926
CASINO DE PORT LA NOUVELLE	70 818	7 228	-	28 000	35 590
TOTAL CASINOS	**458 165 649**	**382 836 688**	**8 344 103**	**47 330 599**	**19 654 258**
HOTEL DE LYON (HILTON)	11 682 941	-	6 125 621	4 613 367	943 953
HOTEL DE JUAN-LES-PINS (GARDEN BEACH)	10 056 878	-	7 323 634	1 940 248	792 996
HOTEL DE CANNES (3.14)	6 999 665	-	3 146 103	3 211 534	642 028
HOTEL D'AIX-EN-PROVENCE (AQUABELLA)	5 088 212	-	3 186 160	1 723 851	178 201
HOTEL DE MARTIGNY	1 909 154	-	737 585	1 049 849	121 719
HOTEL DE CONTREXEVILLE (COSMOS)	1 845 069	-	789 964	1 026 514	28 591
HOTEL DE CHARBONNIERE	463 733	-	213 636	120 395	129 702
HOTEL DE CHATELGUYON (SPLENDID)	405 047	-	203 097	174 412	27 538
HOTEL DE CONTREXEVILLE (GD HOTEL DU PARC)	223 945	-	97 300	123 589	3 056
HOTEL DE VAL-ANDRE (SINOCA)	199 165	-	184 684	14 025	456
TOTAL HOTELS	**38 873 809**	**0**	**22 007 784**	**13 997 784**	**2 868 240**
THERMES DE VITTEL	2 791 992	-	-	-	2 791 992
THERMES D'AIX (C.B.A.P. Centre de Balnéothérapie)	2 577 032	-	-	-	2 577 032
CINEMA ELYSEE DE VICHY	1 559 000	-	-	-	1 559 000
QUEDESJEUX	1 436 614	-	-	-	1 436 614
THERMES DE CONTREXEVILLE	1 219 574	-	-	-	1 219 574
SA SIKB	669 214	-	-	8 750	660 464
SARL CAFE CARMEN	656 496	-	-	-	656 496
VILLA DU HAVRE	613 414	-	-	595 875	17 539
GROUPE PARTOUCHE	517 051	-	-	-	517 051
SCI LERICHE ROSTAGNE	411 538	-	-	-	411 538
SPRL CASKNO	383 677	-	-	-	383 677
CASINO DE SLUIS N.V.	321 936	-	-	-	321 936
THERMES DE CHATELGUYON (SEMCG)	249 527	-	-	-	249 527
SARL THERM'PARK	219 545	-	-	-	219 545
SOGIMAGE	207 043	-	-	-	207 043
ELYSEE PALACE (EPSA)	72 310	-	-	-	72 310
KIOUSK	70 966	-	-	65 663	5 303
BARATEM	44 979	-	-	43 981	998
SCI RUE ROYALE	37 959	-	-	-	37 959
SCI FONCIERE DE VITTEL ET CONTREXEVILLE	18 631	-	-	-	18 631
CASINO DE VIRGINIAN DE RENO	11 071	-	-	-	11 071
SCI PARC DE POSAY	3 598	-	-	-	3 598
CHM	2 960	-	-	-	2 960
SCI THERMES	300	-	-	-	300
SCI DE GRASSE	27	-	-	-	27
TOTAL OTHER COMPANIES	**14 096 454**	**0**	**0**	**714 269**	**13 382 185**
TOTAL	**511 135 911**	**382 836 688**	**30 351 887**	**62 042 653**	**35 904 684**

9.2. FINANCIAL POSITION AND RESULTS OF THE COMPANY

The financial period under review, financial year 2006, is the 12-month period from 1 November 2005 to 31 October 2006.

The main event in this financial year was the disposal of a 55.55% investment in the share capital of Société Française De Casinos in favour of the company La Tête Dans Les Nuages for an amount of €17.5m, including current accounts.

Turnover totalled €11,443k, up 7.1%, chiefly consisting of management fees received from subsidiaries, which amounted to €10,605k, and operating income of €11,779k compared to €12,101k in 2005.

With operating expenses totalling €13,761k (down from €27,546k in 2005), the company posted an operating loss which was reduced to €1,982k from a loss of €15,445k for the previous financial year.

With €68,564k in financial income, primarily attributable to dividends paid by subsidiaries (€46,301k) and €33,975k in financial expenses, which mainly relate to the finance costs on the syndicated loan, the net financial income represents a positive amount of €34,588k in 2006, compared with a positive amount of €32,542k in 2005.

Profit from recurring operations before tax showed a marked improvement and represents a positive result of €32,636k, compared with €17,129k in 2005.

The net exceptional expense, impacted by changes in equity investments, showed a net loss of €6,553k.

The tax saving, due notably to the tax consolidation regime, was €15,458k and the profit for the financial year was €41,541k, compared with €32,776k in 2005.

In the balance sheet, total fixed assets amounted to €629,466k, which incorporated the impact of the following main movements within equity investments:

- Acquisition of equity investments in the following companies: News Screen, QueDesJeux, Sogimage and Quarisma
- Creation of Partouche Interactive and transfer to the latter of equity investments acquired in the abovementioned companies at their acquisition value
- Divestment of Société Française De Casinos shares

Current assets increased from €267,980k to €302,648k, reflecting the increase of receivables from subsidiaries or from sundry debtors (receivable of €14,500k from La Tête Dans Les Nuages related to the divestment of SFC) and, at the same time, a decrease in cash and cash equivalents of €10,411k.

Changes in liabilities and equity comprise the improvement in equity, which rose to €349,663k from €308,196k, the reduction in bank debt of €31,777k and the increase in other debt of €24,565k related to current accounts with subsidiaries.

9.3. PROPOSED APPROPRIATION OF NET PROFIT FOR FINANCIAL YEAR 2006

The proposed appropriation of profit for financial year 2006 is as follows:

Net profit for the year	**41 540 660 €**
Retained earnings,	41 540 660 €
Which, after appropriation	186 141 163 €

10. CAPITAL RESOURCES

10.1. INFORMATION CONCERNING THE GROUP'S EQUITY

Equity amounted to €303.7m at 31 October 2006 compared with €274.2m at 31 October 2005. The share capital remained unchanged, comprising 43,097,418 shares.

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

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

10.3. FINANCING STRUCTURE AND CASH FLOW RESOURCES

Thanks to its structurally negative working capital requirements, GROUPE PARTOUCHE has access to a substantial positive cash flow. At 31 October 2006, this represents €105.2m.

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

10.4. INFORMATION REGARDING ANY RESTRICTIONS ON THE USE OF CAPITAL RESOURCES THAT HAVE MATERIALLY AFFECTED, OR COULD MATERIALLY AFFECT, DIRECTLY OR INDIRECTLY, THE COMPANY'S OPERATIONS

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

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

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

None.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

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

12. TREND INFORMATION

In a French casino sector which has reached maturity, GROUPE PARTOUCHE does not anticipate any significant revenue growth.

Financial year 2007 will be characterized by adjustments due to the progressive implementation of regulatory measures aiming to adapt the profession, mainly via the introduction of mixed games and entry control. The impact of the latter measure is not unrelated to the decrease in activity levels observed in the first quarter of financial year 2007. The lack of visibility over the next financial years increased as a result of the application as of 1 January 2008 of the smoking ban in its casinos.

The growth driver that the development of the Partouche Interactive subsidiary may represent in the area of new technologies remains linked fundamentally to the change in regulations applicable in France.

13. PROFIT FORECASTS OR ESTIMATES

None.

14. ADMINISTRATIVE, MANAGEMENT, SUPERVISORY AND EXECUTIVE BODIES

14.1. INFORMATION ON ADMINISTRATIVE AND MANAGEMENT BODIES

14.1.1. SUPERVISORY BOARD

Supervisory Board member (Identity / Date and place of birth)	Position held	Status of mandate (Date of first appointment / Date of last renewed appointment / Expiration of appointment)	Number of shares held	Other functions held outside the Group	Other mandates held
Mr. Isidore PARTOUCHE Born 21 April 1931 In Trezel (Algeria)	Chairman of the Supervisory Board	AGM of 20 June 1996 AGM of 9 April 2002 31 October 2007	1 160 915 shares	None	**Chairman of the Supervisory Board:** SA FINANCIERE PARTOUCHE(*). **Chairman and CEO:** SA SOCIETE EUROPEENNE DES GRANDS RESTAURANTS (Paris). **Chairman, Director Delegate:** SA GROUPE PARTOUCHE INTERNATIONAL - GPI (Brussels). **Chairman:** SAS COMPAGNIE EUROPEENNE DE CASINOS – CEC (Paris), SAS SOCIETE D'EXPLOITATION DU CASINO DE CONTREXEVILLE. **Director:** SAS SOCIETE DU CASINO DE SAINT AMAND (Saint-Amand), SAS CASINOS DU TOUQUET (Le Touquet), SAS DU GRAND CASINO ET DES BAINS DE MER (Dieppe), SAS GRAND CASINO DE CABOURG (Cabourg), SAS SOCIETE DU CASINO MUNICIPAL DE ROYAT (Royat), SAS CASINOS DE VICHY (Vichy), SA SOCIETE DES CHEMINS DE FER ET HOTELS DE MONTAGNE AUX PYRENEES – CHM (Vichy), SAS GRAND CASINO DE BEAULIEU (Beaulieu), SAS CASINO DE SAINT CAST LE GUILDO, SAS CASINO DE PALAVAS (Palavas), SA LYDIA INVEST (Le Barcarès), SA SOCLE (Lille), SA LOSC LILLE METROPOLE – SASP (Lille), SA FORGES THERMAL (Forges-les-Eaux), SA SATHEL (La Tour de Salvagny),SA SOCIETE TOURISTIQUE THERMALE ET HOTELIERE DE DIVONNE - TTH DIVONNE (Divonne-les-Bains), SA GROUPE DE DIVONNE (Paris), SA SOCIETE DE BRASSERIE ET CASINOS " LES FLOTS BLEUS " (La Ciotat), SA SOCIETE CANNES BALNEAIRE – PALM BEACH CASINO (Cannes), SA SOCIETE DU CASINO MUNICIPAL D'AIX THERMAL (Aix-en-Provence), SA L'EDEN BEACH CASINO (Juan-les-Pins), SAS HOLDING GARDEN PINEDE (Juan-les-Pins), SAS EUROPEAN GAMING COMPANY (Paris), SA LE GRAND CASINO DE DJERBA (Tunisia), CASINO DE NUEVO SAN ROQUE (Spain). **Director Delegate:** SA ECK (Belgium), SA SIKB (Belgium). **Corporation Manager:** SCI FONCIERE DE VITTEL ET CONTREXEVILLE (Vittel), SCI LES THERMES (Aix-en-Provence), SARL THERM PARK (Aix-en-Provence), SCI AZUR BANDOL (Bandol), SCI DU CASINO DE LA TREMBLADE.
Mr. Marcel PARTOUCHE Born 24 February 1920 In Tiaret (Algeria)	Vice-Chairman of the Supervisory Board	AGM of 20 June 1996 AGM of 9 April 2002 31 October 2007	21 345 shares	None	**Member of the Supervisory Board:** SA FINANCIERE PARTOUCHE(*). **Chairman:** SAS NUMA (Boulogne-sur-Mer), SAS CASINO DE PORNICHET (Pornichet). **Chairman of the Board of Directors:** SA GRAND CASINO DU HAVRE (Le Havre). **Permanent Representative:** SA GROUPE PARTOUCHE. **Director:** SAS PLOMBINOISE DE CASINO (Plombières-les-Bains). **Director:** SAS CASINO DU TOUQUET (Le Touquet Paris-Plage), SAS JEAN METZ (Berck), SA CASINO NUEVO DE SAN ROQUE (Spain).
Mr. Maurice SEBAG Born 1 December 1926 In Tiaret (Algeria)	Member of the Supervisory Board	AGM of 20 June 1996 AGM of 9 April 2002 31 October 2007	5 100 shares	None	**Vice-Chairman of the Supervisory Board :** SA FINANCIERE PARTOUCHE(*). **Chairman:** SAS NUMA (Boulogne-sur-Mer), SAS CASINO DE PORNICHET (Pornichet). **Chairman of the Board of Directors:** SA GRAND CASINO DU HAVRE (Le Havre). **Permanent Representative:** SA GROUPE PARTOUCHE. **Director:** SAS PLOMBINOISE DE CASINO (Plombières-les-Bains). **Director:** SAS CASINO DU TOUQUET (Le Touquet Paris-Plage), SAS JEAN METZ (Berck), SA CASINO NUEVO DE SAN ROQUE (Spain).
Mr. Gaston GHRENASSIA aka Enrico MACIAS Born 11 December 1938 In Constantine (Algeria)	Member of the Supervisory Board	Co-opted to replace Jacques BENHAMOU by decision of the Supervisory Board of 11 December 1998. AGM of 9 April 2002 / 31 October 2007	70 shares	Artist Singer Actor Member of Unesco	**Member of the Supervisory Board:** SA FINANCIERE PARTOUCHE(*). **Managing Director:** SA SOCIETE DU CASINO D'ARCACHON. **Deputy General Manager, Director:** SA SOCIETE EUROPEENNE DES GRANDS RESTAURANTS (Paris.)

(*) following the EGM of 25 October 2006 that changed the governance structure of the company.

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).

14.1.2. MEMBERS OF THE EXECUTIVE BOARD

Executive Board member (Identity / Date and place of birth)	Position held	Status of mandate (Date of first appointment / Date of last renewed appointment / Expiration of appointment)	Number of shares held	Other functions held outside the Group	Other mandates held
Mr. Patrick PARTOUCHE Born 13 June 1964 In Oran (Algeria)	Chairman of the Executive Board	Supervisory Board of 20 June 1996 Supervisory Board of 1 November 2001 31 October 2007	27 986 shares	None	**Chairman of the Executive Board:** FINANCIERE PARTOUCHE SA. **Chairman of the Board of Directors:** PARTOUCHE INTERACTIVE SA (Paris), GRAND CASINO DE DJERBA (Tunisia). **Chairman:** PARTOUCHE IMMOBILIER SAS (Paris). **Deputy General Manager:** COMPAGNIE EUROPEENNE DE CASINOS SAS (Paris). **Deputy General Manager-Director:** EDEN BEACH CASINO SA (Juan-les-Pins), CANNES BALNEAIRE SA PALM BEACH CASINO (Cannes). **Director:** SAS CASINO DE SAINT-AMAND-LES-EAUX, SAS LE TOUQUET'S (Calais), SAS DU CASINO ET DES BAINS DE MER (Dieppe), SAS SOCIETE D'EXPLOITATION DU CASINO DE CONTREXEVILLE, SAS GRAND CASINO DE LYON, SAS GRAND CASINO DE BEAULIEU, SAS CASINO DE PALAVAS, SAS CASINO DE SAINT-CAST LE GUILDO, SA FORGES THERMAL,SA SOCIETE DU CASINO MUNICIPAL D'AIX THERMAL, SA CASINO DE GRASSE, SA LYDIA INVEST (Le Barcarès), SA BARATEM (Le Touquet Paris-Plage) SAS EUROPEAN GAMING COMPANY (Paris), SA SOCIETE DU GRAND CASINO D'ANNEMASSE (Annemasse), SA GROUPE DE DIVONNE (Paris), SA DU GRAND CASINO D'HAUTEVILLE LOMPNES (Hauteville,) SA SOCIETE TOURISTIQUE THERMALE ET HOTELIERE DE DIVONNE TTH (Divonne-les-Bains), SA SIKB (Brussels), SA ECK (Brussels), CASINO DE NUEVO SAN ROQUE (Spain). **Corporation Manager:** SARL SEK (Juan-les-Pins), SCI DU CASINO DE GRASSE. **Representative:** SARL SEK for SCI DE L'EDEN BEACH CASINO (Juan-les-Pins). **Member of the Executive Committee:** QUEDESJEUX SAS (St-Avertin). **Permanent Representative:** SA CANNES BALNEAIRE, General Partner of SCS LCLP (France) SA et Cie, SAS COMPAGNIE EUROPEENNE DE CASINOS. **Director:** SA SOCIETE DU CASINO DU PALAIS DE LA MEDITERRANEE (Nice). GROUPE PARTOUCHE SA Director of SA GROUPE PARTOUCHE INTERNATIONAL (Brussels). **Chairman:** GROUPE PARTOUCHE BAHAMAS LIMITED.
Mr. Hubert BENHAMOU Born 15 December 1948 In Tiaret (Algeria)	Member of the Executive Board General Manager	Supervisory Board of 20 June 1996 Supervisory Board of 1 November 2001 31 October 2007	19 950 shares	None	**Managing Director:** SA GROUPE DE DIVONNE (Paris), SA SOCIETE TOURISTIQUE THERMALE ET HOTELIERE DE DIVONNE TTH (Divonne-les-Bains). **Deputy General Manager and Director:** SA DU CASINO D'HAUTEVILLE LOMPNES (Hauteville), GRAND CASINO DU HAVRE. **Director:** SAS GRAND CASINO DE LYON (Lyon), SAS CASINOS DU TOUQUET (Le Touquet Paris-Plage), SAS EUROPEAN GAMING COMPANY (Paris), SA FORGES THERMAL (Forges-les-Eaux), SA BARATEM (Le Touquet), SA SOCIETE DU GRAND CASINO D'ANNEMASSE (Annemasse), SA SOCIETE DU CASINO DE SAINT-JULIEN (St Julien-en-Genevois), SA SOMARG (Paris), SA E.C.K. (Brussels), SA SIKB (Brussels), SA GROUPE PARTOUCHE INTERNATIONAL (Brussels), CASINO DE NUEVO SAN ROQUE (Spain), SA GRAND CASINO DE DJERBA (Tunisia). **Permanent Representative:** GROUPE PARTOUCHE SA. **Director:** SAS COMPAGNIE POUR LE DEVELOPPEMENT DU TOURISME HYEROIS, SAS GRAND CASINO DE CABOURG, SAS GRAND CASINO DE BEAULIEU, SAS NUMA (Boulogne), SAS CASINO DE SAINT-HONORE-LES-BAINS, SA LYDIA INVEST (Le Barcarès), SA CANNES BALNEAIRE PALM BEACH CASINO (Cannes). **Representative:** GROUPE PARTOUCHE SA, Corporation Manager of SCI Rue Royale (Paris).
Mr. Ari SEBAG Born 25 September 1961 In Tiaret (Algeria)	Member of the Executive Board General Manager	Supervisory Board of 20 June 1996 Supervisory Board of 1 November 2001 31 October 2007	22 300 shares	None	**Deputy General Manager, Member of the Executive Board:** FINANCIERE PARTOUCHE SA (governed by Executive Board and Supervisory Board). **Managing Director:** SA FORGES THERMAL. **Chairman:** SAS CASINO ET BAINS DE MER DE DIEPPE, SAS LA VILLA DU HAVRE (Le Havre), SA GRAND CASINO NUEVO SAN ROQUE (Spain). **Deputy General Manager - Director:** SA GRAND CASINO DU HAVRE. **General Manager:** PARTOUCHE IMMOBILIER SAS, SOCIETE GROUPE PARTOUCHE BAHAMAS LIMITED. **Director:** SA SOMARG (Paris), SA SOCIETE DU GRAND CASINO D'ANNEMASSE (Annemasse), SA GROUPE DE DIVONNE (Paris), SA DU CASINO D'HAUTEVILLE-LOMPNES (Hauteville), SA CANNES BALNEAIRES (Cannes), SA BARATEM (Le Touquet), SA SOCIETE DU CASINO DU PALAIS DE LA MEDITERRANEE (Nice), SAS HOLDING GARDEN PINEDE (Juan-les-Pins), SAS SOCIETE DU GRAND CASINO DE CABOURG (Cabourg), SAS GRAND CASINO DE LA TRINITE, SA PARTOUCHE INTERACTIVE, SA SOCIETE D'EXPLOITATION DU CASINO DE SAINT-JULIEN, GROUPE PARTOUCHE INTERNATIONAL GPI (Brussels). **Deputy Managing Director:** SARL NOA, SCI ELISA. **Permanent Representative:** SA GROUPE PARTOUCHE INTERNATIONAL. **Director:** SA GRAND CASINO DE DJERBA (Tunisia).
Mrs. Katy ZENOU Born 6 August 1961 In Tiaret (Algeria)	Member of the Executive Board General Manager	Supervisory Board of 20 June 1996 Supervisory Board of 1 November 2001 31 October 2007	35 469 shares	None	**Delegated Member of the Executive Board, Member of the Executive Board:** SA FINANCIERE PARTOUCHE. **Managing Director:** SA ELYSEE PALACE EXPANSION (Vichy). **Deputy General Manager and Director:** SAS CASINOS DU TOUQUET. **Director:** SAS NUMA (Boulogne-sur-Mer), SAS HOTEL INTERNATIONAL DE LYON (Lyon), SA SOCIETE DU GRAND CASINO D'ANNEMASSE, SA GROUPE PARTOUCHE INTERNATIONAL (Brussels). **Representative:** GROUPE PARTOUCHE SA. **Director:** SA GRAND CASINO DU HAVRE (Le Havre).
Mr. Richard PARTOUCHE Born 7 December 1946 In Tiaret (Algeria)	Member of the Executive Board General Manager	Supervisory Board of 20 June 1996 Supervisory Board of 1 November 2001 31 October 2007	17 276 shares	None	**Chairman:** SAS CASINO DE ST-AMAND-LES-EAUX, SAS CASINO DE SAINT NECTAIRE. **Director:** SAS GRAND CASINODE LYON, SAS GRAND CASINO DE LA TRINITÉ-SUR-MER, SAS LE TOUQUET'S (Calais), SA DU CASINO D'HAUTEVILLE-LOMPNES (Hauteville-Lompnès), SA GROUPE PARTOUCHE INTERNATIONAL (Brussels), SA GRAND CASINO DE DJERBA (Tunisia).

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).

14.1.3. TYPE OF FAMILY RELATIONSHIPS BETWEEN MEMBERS OF THE EXECUTIVE AND SUPERVISORY BODIES

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

14.1.4. PROFESSIONAL EXPERIENCE

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

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

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

1966 - 1973 Le Touquet – Megève Discotheque and Catering
1973 - 1976 Saint-Amand-les-Eaux Casino
1976 - 1986 Touquet Casinos
1986 - 1991 Forges-les-Eaux Casino
1991 - 1996 Le Lyon Vert Casino

He was Chairman of GROUPE PARTOUCHE's Executive Board until 31 January 2005. Since then he has remained General Manager and member of the Executive Board of GROUPE PARTOUCHE, and has focused his energy on the recovery of the Divonne Group which was acquired in September 2005.

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

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

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

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

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

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

14.1.5. CONDEMNATIONS, BANKRUPTCIES, SANCTIONS:

To the best of the company's knowledge, none of these people has been subject to the following during the five years prior to 31 October 2006:

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

14.2. CONFLICTS OF INTEREST WITH RESPECT TO EXECUTIVE, SUPERVISORY AND SENIOR MANAGEMENT BODIES

14.2.1. INDEPENDENCE OF EXECUTIVE BODIES

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

14.2.2. TRANSACTIONS IN SECURITIES BY GROUPE PARTOUCHE EXECUTIVES

None of the executives of GROUPE PARTOUCHE carried out any transactions in securities, except Mr. Marcel Partouche who acquired 9,850 shares during the financial year at the weighted average price of €15.13 and sold 5 shares at the price of €16.00.

Mr. Richard Partouche saw the number of his shares increase from 16,800 to 17,276 following the liquidation of the succession of his father, Mr. Jacques Partouche.

14.3. INTERNAL RULES OF PROCEDURE FOR THE SUPERVISORY BOARD AND ITS COMMITTEES

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

ARTICLE 1. STRATEGIC ORIENTATIONS

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

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

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

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

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

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

ARTICLE 3. CONTROL BY THE SUPERVISORY BOARD

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

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

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

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

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

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

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

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

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

On the basis of the Supervisory Board's decisions, a proposed mission letter is prepared under the direction of the Chairman, which includes the following elements:
- a statement of the precise objective of the mission;
- the desired format for the mission report;
- the duration of the mission;
- the remuneration due, if applicable, to the party executing the mission, as well as the terms and conditions for payment of these sums to this party;
- indication, where applicable, of the ceiling for the reimbursement of travel and all other expenses incurred by the party that are related to the execution of the mission.

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

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

ARTICLE 5. SUPERVISORY BOARD COMMITTEES

In order to support and prepare its missions the Supervisory Board has formed a number of committees.

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

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

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

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

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

ARTICLE 6. THE AUDIT COMMITTEE

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

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

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

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

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

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

ARTICLE 7. REMUNERATION COMMITTEE

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

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

ARTICLE 8. FINANCE COMMITTEE

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

ARTICLE 9. MEETINGS OF THE SUPERVISORY BOARD

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

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

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

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

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

ARTICLE 10. PARTICIPATION IN THE MEETINGS OF THE SUPERVISORY BOARD VIA VIDEO-CONFERENCING

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

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

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

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

In addition, the minutes of Supervisory Board meetings must indicate the names of members participating by way of video-conferencing. The minutes must also note the occurrence of any technical incidents affecting a video-conferencing session when such an incident caused the meeting to be interrupted.

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

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

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

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

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

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

ARTICLE 12. CODE OF ETHICS FOR MEMBERS OF THE SUPERVISORY BOARD

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

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

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

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

The members of the Supervisory Board must refrain from:

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

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

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

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

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

15. REMUNERATION AND BENEFITS

15.1. AMOUNT OF REMUNERATION AND BENEFITS IN KIND

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

The total remuneration paid to the Executive and Supervisory bodies during the financial year ended 31 October 2006 amounted to €1,544,401.

15.1.2. REMUNERATION OF COMPANY OFFICERS

Pursuant to the provisions of Article L.225-102-1 of the Code of Commerce, all of the company officers' remuneration that is received during the financial year ended 31 October 2006 from GROUPE PARTOUCHE, is summarised in the table below on an individual basis:
List of company officers of GROUPE PARTOUCHE SA

Amount of gross remuneration for financial year 2005-2006 In euros	Amount of total gross remuneration	Of which benefits in kind
Mr. Patrick PARTOUCHE	324 000	6 915
Mr. Hubert BENHAMOU	320 784	-
Mr. Ari SEBAG	349 500	6 917
Mr. Richard PARTOUCHE	257 640	-
Mrs Katy ZENOU	233 924	-
Mr. Isidore PARTOUCHE	281 000	-
Mr. Marcel PARTOUCHE	204 522	-
Mr. Maurice SEBAG	154 179	-
Mr. Gaston GHRENASSIA	30 000	-

Change over the last three years in the amount of total gross In euros	2006	2005	2004
Mr. Patrick PARTOUCHE	324 000	319 359	317 085
Mr. Hubert BENHAMOU	320 784	320 784	320 784
Mr. Ari SEBAG	349 500	342 583	342 583
Mr. Richard PARTOUCHE	257 640	268 640	257 640
Mrs Katy ZENOU	233 924	233 924	233 924
Mr. Isidore PARTOUCHE	281 000	330 000	560 000
Mr. Marcel PARTOUCHE	204 522	204 522	204 522
Mr. Maurice SEBAG	154 179	154 179	108 444
Mr. Gaston GHRENASSIA	30 000	30 000	30 000
Mr. Maurice PARTOUCHE	-	-	40 920

All of the amounts comprising remuneration are fixed.

No exceptional items of remuneration of the company officers were identified separately for financial year 2005-2006.

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

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

The total amount of directors' fees paid in 2006 for the 2005–06 financial year was €66,000 and was divided as follows:

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

For information, the total of the directors' fees paid by GROUPE PARTOUCHE to the members of the Supervisory Board was €66,000 for financial year 2005.

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

The total amount set aside to provide pensions for the entire financial year for all persons listed Chapter 14.1 was €37,861.

16. OPERATION OF DIRECTORS' AND EXECUTIVE BODIES

16.1. TERM OF OFFICE OF DIRECTORS

Please refer to Chapter 14.1 above.

16.2. SERVICE CONTRACTS PROVIDING BENEFITS UPON TERMINATION

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

16.3. EXECUTIVE BOARD AND SUPERVISORY BOARD

16.3.1. EXECUTIVE BOARD

COMPOSITION OF THE EXECUTIVE BOARD

Mr. Patrick PARTOUCHE : Chairman
Mr. Ari SEBAG : Member of the Executive Board, Managing Director
Mr. Hubert BENHAMOU : Member of the Executive Board, Managing Director
Mr. Richard PARTOUCHE : Member of the Executive Board, Managing Director
Mrs Katy ZENOU : Member of the Executive Board, Managing Director

MEETINGS OF THE EXECUTIVE BOARD

During the financial year ended 31.10.06, the Executive Board met on 12 occasions, with a 100% attendance rate.

FUNCTIONING OF THE EXECUTIVE BOARD

Please refer to Chapter 21.1.2.

MAIN WORK PERFORMED IN FINANCIAL YEAR 2006

The meetings of the Executive Board related first and foremost to the quarterly accounts closes. The Executive Board presented a detailed activity report which allows the Supervisory Board to carry out its mission appropriately. (Executive Board meetings of 15 February 2006, 24 May 2006 and 21 August 2006), in addition to the interim financial statements (Executive Board meeting of 25 July 2006).

It closed out the individual company financial statements (Executive Board meeting of 31 January 2006) and the pro form consolidated financial statements (Executive Board meeting of 12 July 2006).

During the past financial year, the Executive Board also decided:
- the disposal of Société Française De Casinos (Executive Board meeting of 13 January 2006),
- the sale of 1% of the shares held in the capital of its subsidiary, SA Partouche linteractive,
- the assignment of receivables held in respect of third parties (Executive Board meetings of 15 September 2006, 17 October 2006, 20 October 2006, 23 October 2006).

Finally, in its meeting of 30 January 2007, the Executive Board reviewed the individual company and consolidated financial statements for the financial year ended 31 October 2006 and approved the terms of the management report, in addition to the text of the resolutions which will be presented for the approval of shareholders.

16.3.2. SUPERVISORY BOARD

COMPOSITION OF THE SUPERVISORY BOARD

Mr. Isidore PARTOUCHE : Chairman of the Board
Mr. Marcel PARTOUCHE : Vice-Chairman of the Board
Mr. Maurice SEBAG : Member of the Board
Mr. Gaston GHRENASSIA : Member of the Board

FUNCTIONING OF THE SUPERVISORY BOARD

Please refer to Chapter 21.1.2.

MEETINGS OF THE SUPERVISORY BOARD

During the financial year ended 31.10.06, the Supervisory Board met on 22 occasions, with a 95% attendance rate.

PREPARATORY MEETINGS FOR THE BOARD MEETINGS

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

EVALUATION OF SUPERVISORY BOARD MEMBERS

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

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

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

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

MAIN WORK PERFORMED IN FINANCIAL YEAR 2006

The meetings of the Executive Board related first and foremost to the quarterly accounts closes. The Executive Board presented a detailed activity report which allows the Supervisory Board to carry out its mission appropriately. (Supervisory Board meetings of 23 February 2006, 29 May 2006 and 30 August 2006), in addition to the interim financial statements (Supervisory Board meeting of 28 July 2006).

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

- authorise the acquisition of an equity investment in SARL SOGIMAGE (Supervisory Board meeting of 2 November 2005),
- authorise the disposal by Société Française De Casinos of receivables held in its subsidiaries (Supervisory Board meeting of 1 December 2005),
- authorise the disposal of the subsidiary Société Française De Casinos (Supervisory Board meeting of 9 January 2006),
- authorise the licence of the brand GROUPE PARTOUCHE to the company Partouche Interactive (Supervisory Board meeting of 20 April 2006),
- authorise the signing, in light of changes in legislation, of 59 new tax consolidation agreements and that of six headquarters' assistance agreements (Supervisory Board meetings of 7 April 2006, 20 March 2006, 20 June 2006, and 10 October 2006),
- authorise the disposal of equity investments, the disposal of shares and subsidiaries' receivables (Supervisory Board meeting of 20 April 2006 and 11 September 2006),
- authorise the company Caskno to provide its guarantee to the company Grand Casino Du Havre (Supervisory Board meeting of 21 April 2006),
- authorise the assignment of the receivable that it held in respect of the Grand Hôtel Du Parc (Supervisory Board meeting of 18 October 2006),
- approve the debt write-offs with return to better fortune clauses granted to its subsidiaries Grand Casino Du Havre and Casino de la Trinité-sur-Mer which need an equity contribution to finance their operational launch (Supervisory Board meetings of 24 March 2006 and 3 July 2006),
- set the remuneration of Mr. Isidore PARTOUCHE, Chairman of the Supervisory Board (Supervisory Board meetings of 3 April 2006 and 30 October 2006),
- determine the allocation of directors' fees (Supervisory Board meeting of 14 June 2006),
- second Mr. Hubert BENHAMOU, Managing Director and Member of the Executive Board (Supervisory Board meeting of 24 April 2006).

Finally, at its meeting of 31 January 2007, the Supervisory Board reviewed the individual company and consolidated financial statements for the financial year ended 31 October 2006, in addition to the report of the Executive Board.

16.3.3. THE COMMITTEES OF THE SUPERVISORY BOARD

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

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

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

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

The committees do not comprise any independent directors.

AUDIT COMMITTEE

Patrick PARTOUCHE, Hubert BENHAMOU, Ari SEBAG, General Managers and members of the Executive Board, Fabrice PAIRE, Company Secretary, Alain CENS, Finance director.

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

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

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

The audit committee met on five occasions in financial year 2006, with a 100% attendance rate.

FINANCIAL COMMITTEE

Patrick PARTOUCHE, Hubert BENHAMOU, Ari SEBAG, General Managers and members of the Executive Board, Fabrice PAIRE, Company Secretary, Alain CENS, Finance director.

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

The financial committee met five times in financial year 2006, with a 100% attendance rate.

REMUNERATION COMMITTEE

Patrick PARTOUCHE, Hubert BENHAMOU, Ari SEBAG, General Managers and members of the Executive Board, Fabrice PAIRE, Company Secretary, Alain CENS, Finance director.

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

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

16.4. COMPLIANCE WITH CORPORATE GOVERNANCE REGIMES

GROUPE PARTOUCHE SA complies with the principles of corporate governance. Audit, Financial and Remuneration Committees have been set in place. Internal regulations of the Supervisory Board and committees were set in place during the financial year ended 31 October 2006. Moreover, each equity share has one voting right.

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

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

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

Ladies and Gentlemen,

Pursuant to the provisions of Article L. 225-68 of the Code of Commerce ensuing from Article 117 of the Financial Security Act, it is my responsibility as Chairman of the Supervisory Board of GROUPE PARTOUCHE SA to present: (I) the conditions under which the Board's work is prepared and organised, and (II) the internal control procedures implemented by your Company during the financial year ending 31 October 2006.

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

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

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

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

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

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

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

CONTROL PROCEDURES IMPLEMENTED

Objectives of internal control procedures

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

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

General organisation of internal control procedures

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

Some 80% of our Group's business centres on the casino business in France, which has "three distinct segments: entertainment, restaurants and gaming, all of which are combined under a single management structure, without any individual segment being run separately" (Article 1 of the Order of 23 December 1959 governing gaming regulations in casinos).

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

The application order of the Decree of 22 December 1959 determines the following:
- the conditions for preparing and assessing requests for gaming licences,
- the administration and operating conditions for casinos,
- the operating regulations for games,
- accounting and progressive levies,
- supervision and control.

The regulatory frameworks of casinos operated outside France (over 9% of turnover) are also very strict, particularly in Switzerland.

Moreover, the Group's major hotels are managed via management (Hilton and Méridien) or franchise contracts (Club Méditerranée), or by reputable operators. Over 5% of our turnover is generated with Hilton and Méridien.

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

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

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

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

Organisation of accounting internal controls

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

It verifies the regularity of accounting data.

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

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

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

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

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

Organisation of management internal controls

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

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

Organisation of financial internal controls

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

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

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

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

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

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

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

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

Accounting information

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

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

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

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

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

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

Management information

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

The key stages of the budget process are as follows:

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

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

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

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

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

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

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

Financial information

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

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

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

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

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

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

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

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

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

On the transition to the new IFRS standards applicable to GROUPE PARTOUCHE as of 1 November 2005,

A pilot project committee, in addition to a specific dedicated cell, was created combining the different functions concerned and an implementation schedule was also established. As part of the obligatory application as of 2006 of International Financial Reporting Standards, as adopted by the European Union, GROUPE PARTOUCHE carried out a complete identification of differences with respect to French GAAP. The final adjustments were presented at the time of the interim publication.

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

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

Isidore PARTOUCHE
Chairman of the Supervisory Board

16.5.2. STATUTORY AUDITORS' OBSERVATIONS, ESTABLISHED PURSUANT TO ARTICLE L.225-235 OF THE CODE OF COMMERCE, ON THE REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD IN RESPECT OF INTERNAL CONTROL PROCEDURES RELATING TO FINANCIAL INFORMATION

Ladies and Gentlemen,

In our capacity of statutory auditors of GROUPE PARTOUCHE SA and pursuant to the provisions of Article L.225-235 of the Code of Commerce, we hereby present our observations on the report of the Chairman of the Supervisory Board of your Company, in accordance with the provisions of Article L.225-68 of the Code of Commerce for the financial year ending 31 October 2006.

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

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

We conducted our work in accordance with French professional standards. These standards require that we perform whatever work necessary to assess the truth and fairness of the information provided in the Chairman's report relating to internal control procedures governing the preparation and processing of accounting and financial information. This work consisted, amongst other things, in the following:
- acquiring knowledge of the objectives and general organisation of the internal controls, together with the internal control procedures governing the preparation and processing of accounting and financial information, as presented in the Chairman's report;
- acquiring information on the work performed to provide the information presented in the report.

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

Saint-Cloud and Sceaux, 27 March 2007.

BDO MARQUE GENDROT — **José David**
Patrick Foulon
Jean-Louis Mathieu

17. EMPLOYEES

17.1. HUMAN RESOURCES – WORKFORCE

17.1.1. WORKFORCE

Categories at 31 October	2006	2005	2004
Managers	810	839	678
Supervisors and technicians	372	321	238
Other employees excluding labour	4 689	4 788	4 473
Labour	211	234	130
TOTAL	**6 082**	**6 182**	**5 519**

17.1.2. HUMAN RESOURCES

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

OUR PEOPLE MAKE US WHAT WE ARE

At the end of the year, GROUPE PARTOUCHE had 6,082 employees, with a higher average headcount than during the previous year, due to the acquisition of Groupe de Divonne. Excluding the impact of the Groupe de Divonne acquisition, the workforce remained on a par with its level in the previous year.

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

Part time contracts are chosen rather than being imposed.

Women represent 39% of the workforce. There are a total of 810 management-level staff.

WORK ORGANISATION

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

Work time reduction agreements have been negotiated and signed in certain subsidiaries. Subcontracting is only used on a relatively small scale, as our key professional specialities cannot be easily outsourced. During the financial year, subcontracting represented €12.6m, chiefly attributable to the provision of security services.

REWARDS AND LOYALTY ENHANCEMENTS

Total payroll including social charges came to €201.0m, and the combined total of profit-related pay paid by the subsidiaries came to €7.6m.

EMPLOYEE COMMUNICATION

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

HEALTH AND SAFETY

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

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

TRAINING TO KEEP A COMPETITIVE EDGE

Financial year 2005-2006 was a transitional year. GROUPE PARTOUCHE has wished to implicate its employees in the change management process: enhancement of reception, compliance with regulatory modifications, training staff in issues surrounding responsible gaming.

In addition to our commitment to individually-tailored ongoing training, certain types of training are carried out Group-wide.

Thus, in 2006, 650 employees working in reception services followed a training programme allowing them to better integrate and implement the fundamental values of GROUPE PARTOUCHE.

Moreover, in order to maintain their level of knowledge, 282 management-level staff completed a specialised training programme designed to help them understand the issues surrounding regulatory reforms (entry control, mixed gaming, etc.).

Finally, in connection with the implementation of its customer loyalty system, Player Plus, 419 employees were able to complete an ad hoc training programme.

EMPLOYING AND INTEGRATING DISABLED STAFF

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

CARING AND SHARING

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

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

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

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

Management personnel and team leaders regularly receive training.

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

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

17.2. SHAREHOLDINGS AND STOCK OPTIONS OF MEMBERS OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

None.

17.3. EMPLOYEE PROFIT SHARING IN THE CAPITAL OF GROUPE PARTOUCHE

17.3.1. DISCRETIONARY PROFIT SHARING

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

17.3.2. NON-DISCRETIONARY PROFIT SHARING

Pursuant to the provisions of article L.225-102 of the Code of Commerce, we hereby indicate that there is no non-discretionary employee profit sharing in the share capital under the terms of a company savings plan as of the balance sheet date, 31 October 2006.

17.3.3. EMPLOYEE SHAREHOLDERS

None.

18. PRINCIPAL SHAREHOLDERS

18.1. OWNERSHIP OF CAPITAL AND VOTING RIGHTS

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

Principal shareholders At 1 March	2007		2006		2005	
	Number of shares	% of capital % of voting rights [1]	Number of shares owned	% of capital % of voting rights [1]	Number of shares owned	% of capital % of voting rights [1]
Financière Partouche SA [2]	28 840 000	66,92 %	26 848 500	62,30 %	26 848 500	62,30 %
Sogesic SARL [3]	-	-	1 991 500	4,62 %	1 991 500	4,62 %
PARTOUCHE Family	1 564 881	3,63 %	1 564 821	3,63 %	1 544 777	3,58 %
Subtotal	**30 404 881**	**70,55 %**	**30 404 821**	**70,55 %**	**30 384 777**	**70,50 %**
Public [4]	12 692 537	29,45 %	12 692 597	29,45 %	12 712 641	29,50 %
TOTAL	**43 097 418**	**100,00 %**	**43 097 418**	**100,00 %**	**43 097 418**	**100,00 %**

[1] There are no double-voting rights.

[2] SA Financière Partouche is a family holding company. As of 31 January 2007, it merged with SARL Sogesic which contributed the 1,991,500 GROUPE PARTOUCHE shares that the latter owned.

[3] SARL Sogesic is the Group's central procurement company owned by members of the family. As of 31 January 2007, it merged with Financière Partouche, contributing its 1,991,500 GROUPE PARTOUCHE shares

[4] To the best of the company's knowledge, no shareholders own 5% or more of the share capital or voting rights, other than those indicated above.

GROUPE PARTOUCHE requested Euroclear France to perform a survey on 1 March 2007 of intermediaries holding at least 11,000 shares. This survey enabled us to identify 3,938 shareholders, representing 27.0% of the share capital. Taking into account the 91 shareholders holding registered shares at this date, we have thereby established that at this date 97.52% of the share capital of GROUPE PARTOUCHE was owned by 4,029 shareholders.

A very substantial proportion of the shareholders identified by the Euroclear France survey – some 91.1% – were institutional investors.

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

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

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

18.2. DIFFERENT VOTING RIGHTS

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

18.3. INFORMATION ON THE CONTROL OF THE SHARE CAPITAL OF THE COMPANY

The company is 66.92% controlled by the majority shareholder, Financière Partouche, a company whose share capital is entirely owned by the members of the Partouche family. The Partouche family, via the Financière Partouche holding company and natural persons therefore control 70.55% of the share capital of GROUPE PARTOUCHE. No particular measures are in place to ensure that control is not exercised in an abusive manner.

18.4. CHANGE OF CONTROL

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

19. RELATED-PARTY TRANSACTIONS

Please refer to Chapter 7.2 of this Document.

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

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

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2006.

Ladies and Gentlemen,

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

1. AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FINANCIAL YEAR

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

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

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

1.1. Debt forgiveness in favour of SA Grand Casino du Havre

During the financial year ended 31 October 2006, your company granted SA Grand Casino du Havre a write-off in the amount of €1,900,000. This agreement includes a financial recovery clause and was recorded in the current account that your company holds on SA Grand Casino du Havre.

This agreement was authorised by your Supervisory Board on 24 March 2006.

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

- Katy ZENOU
- Ari SEBAG
- Hubert BENHAMOU
- Maurice SEBAG

1.2. Authorisation to make use of the brand granted in favour of SA Partouche Interactive

Your company granted SA Partouche Interactive, a subsidiary created in March 2006, the exclusive licence to use the French brand "GROUPE PARTOUCHE". This licence gives SA Partouche Interactive the right to make and/or sell all of the services and products covered by the brand in the internet, television, mobile and fixed telephony sectors, as well as any communication support that currently exists or will be created in the future. This agreement entered into force on 11 April 2006 and is valid for a ten-year period.

As a licence fee, SA Partouche Interactive will pay GROUPE PARTOUCHE SA during the period of execution of the contract, a licence fee of 15% of the revenue excluding taxes, of the services and products made and/or sold under the brand by the licensee.

Under the terms of this agreement, your company recorded operating revenue of €2,162.

This agreement was authorized by your Supervisory Board of 20 March 2006.

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

- Ari SEBAG
- Patrick PARTOUCHE

1.3. Debt forgiveness in favour of SA Grand Casino de la Trinité

During the financial year ended 31 October 2006, your company granted SA Grand Casino de la Trinité a receivable write-off in the amount of €794,000. This agreement includes a financial recovery clause and was recorded in the current account that your company holds in SA Grand Casino de la Trinité.

This agreement was authorised by your Supervisory Board on 3 July 2006.

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

- Ari SEBAG

1.4. Transfer of a receivable held in respect of SA Hôtel Du Parc in favour of SA Financière Partouche (shareholder owning more than 10% of the voting rights in your company)

Your company transferred the receivable that it held in respect of its Swiss subsidiary SA Hôtel Du Parc, which ceased its operations in October 2006. This receivable amounting to €1,358,427 was transferred to SA Financière Partouche as of 30 October 2006 for a price of €0.21 (the euro equivalent of 1 Swiss franc).

This agreement was authorised by your Supervisory Board on 18 October 2006.

1.5 Transfer of a receivable held in respect of Mrs. Joanna Bugeda in favour of SA Financière Partouche (shareholder owning more than 10% of the voting rights in your company)

Your company transferred the receivable that it held in respect of Mrs Bugeda to SA Financière Partouche. This receivable, which related to various expenses advanced in connection with prospecting in the Principality of Andorra, was provided for in full in the financial statements of GROUPE PARTOUCHE SA as a result of a dispute. This receivable amounted to €267,219 and was transferred as of 23 October 2006 for a price of €1.

This agreement was authorised by your Supervisory Board on 11 September 2006.

1.6. Transfer of shares in Sandton Trading Limited to SA Financière Partouche (shareholder owning more than 10% of the voting rights in your company)

Your company transferred to SA Financière Partouche the shares that it owned in the capital of Sandton Trading Limited. This transfer was carried out on 10 October 2006 and related to 100 shares (representing 100% of the share capital of Sandton Trading Limited). The price at which the shares were transferred was €50,000.

This agreement was authorised by your Supervisory Board on 11 September 2006.

1.7. Transfer of the investment in Boccardi Capital Systems (BCS) to SA Financière Partouche (shareholder owning more than 10% of the voting rights in your company)

Your company transferred to SA Financière Partouche the investment that it held in the capital of Boccardi Capital Systems (BCS). This transfer was carried out on 23 October 2006 and related to 1.33% of the capital of Boccardi Capital Systems (BCS). The price at which this investment was transferred was €1.

This agreement was authorised by your Supervisory Board on 11 September 2006.

1.8. Transfer of investment securities in various companies to SA Partouche Interactive

Your company transferred to SA Partouche Interactive the following investment securities, under the following terms:

- Quarisma SARL securities: Transfer of 564 shares, representing 75.20% of the capital of Quarisma for a price of €5,640, an amount corresponding to their acquisition cost. This transfer was carried out as of 19 April 2006.
- Sogimage SARL securities: Transfer of 92 shares, representing 20% of the capital of Sogimage for a price of €3,956, an amount corresponding to their acquisition cost. This transfer was carried out as of 26 April 2006.
- QueDesJeux SAS securities: Transfer of 5,000 shares representing 20% of the capital of QueDesJeux for a price of €1,500,000, an amount corresponding to their acquisition cost. This transfer was carried out as of 25 April 2006.
- News Screens SA securities: Transfer of 4,199,117 shares representing 32.06% of the capital of News Screens SA for a price of €2,750,422, an amount corresponding to their acquisition cost. This transfer was carried out as of 24 April 2006.

This agreement was authorised by your Supervisory Board on 20 April 2006.

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

- Ari SEBAG
- Patrick PARTOUCHE

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

Moreover, pursuant to the Decree of 23 March 1967, we were informed that the execution of the following agreements and commitments, approved in previous financial years, continued in the financial year under review.

2.1. Tax consolidation agreement

In the financial year ended 31 October 2006, the tax consolidation agreement encompassing 62 subsidiary companies was extended to the following two companies, the integration of which will become effective as of 1 November 2006: Café Carmen SARL and SAS Partouche Immobilier.

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

Under this agreement, your company recorded a tax saving of €15,457,725.

2.2. Lease agreement with SA Financière Partouche

During the financial year ended 31 October 1998, your company signed a lease agreement with SA Financière Partouche. This lease covered the lease of your company's headquarters at 141 bis, rue de Saussure 75017 Paris — France. A rider to the lease was signed on 1 August 2002, in light of the extension of the surface area occupied by GROUPE PARTOUCHE SA. The lease term is now nine years, commencing 1 August 2002 and ending 31 July 20011, the annual lease is now fixed at €160,000 excluding VAT.

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

2.3. Cash pooling agreement with SA Financière Partouche

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

Under the terms of this agreement, your company recognised financial interest income of €1,216.

2.4 Shareholder advance agreement with S.A. Financière Partouche

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

With regard to this agreement, SA Financière Partouche rebilled your company finance costs of €4,769,903 and interest rate hedging costs of €590,515.

Saint-Cloud and Sceaux, 23 March 2007.

BDO MARQUE GENDROT — **José David**

Patrick Foulon

Jean-Louis Mathieu

20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

20.1. HISTORICAL FINANCIAL INFORMATION

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

• The consolidated financial statements for the financial year ended 31 October 2004, prepared in accordance with French GAAP and the report of the Statutory Auditors on the consolidated financial statements for the financial year ended 31 October 2004, which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 5 April 2005 under number D.05-0345, pages 39 and seq.

• The consolidated financial statements for the financial year ended 31 October 2005, prepared in accordance with French GAAP and the report of the Statutory Auditors on the consolidated financial statements for the financial year ended 31 October 2005, which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 6 April 2006 under number D.06-0224, pages 46 and seq.

• The Holding company financial statements for the financial year ended 31 October 2004 and the report of the Statutory Auditors on the Holding company financial statements for the financial year ended 31 October 2004 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 5 April 2005 under number D.05-0345, pages 71 and seq.

• The Holding company financial statements for the financial year ended 31 October 2005 and the report of the Statutory Auditors on the Holding company financial statements for the financial year ended 31 October 2005 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 6 April 2006 under number D.06-0224, pages 78 and seq.

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

20.2. FINANCIAL STATEMENTS

20.2.1. GROUP FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2006

CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT €000 at 31 October (except per share data)	Notes	2006	2005
Turnover	**20**	**511 136**	**455 771**
Purchases and external expenses	21	(141 163)	(122 865)
Tax		(27 297)	(23 475)
Personnel costs	22	(210 780)	(177 267)
Depreciation, amortisation and impairment		(48 031)	(38 684)
Other operating expenses	23	(48 642)	(31 084)
Other operating income	23	35 923	23 083
Gain (loss) on the sale of consolidated investments		10 042	1 750
Operating profit		**81 189**	**87 229**
Financial items	**24**	**(22 489)**	**(21 397)**
Profit before tax		**58 700**	**65 832**
Corporate income tax	25	(20 825)	(24 224)
Profit after tax		**37 875**	**41 608**
Share in earnings of equity affiliates	7	(1 805)	(2 453)
Total net profit		**36 071**	**39 156**
O/W Group share		**28 670**	**32 866**
O/W minority interests		7 400	6 290
Net earnings per share – Group share		0,66524	0,76259
Dividend distributed per share		-	-
Number of shares on which the earnings per share calculation is based	14	43 097 418	43 097 418

CONSOLIDATED BALANCE SHEET (NET VALUE)

ASSETS €000 at 31 October	Notes	2006	2005
Intangible assets	4	8 884	9 475
Goodwill on acquisition	5	404 301	418 919
Property and equipment	6	420 005	450 761
Investments in companies accounted for using the equity method	7	7 473	6 465
Other non-current financial assets	8	33 611	23 991
Deferred tax assets	25	2 280	3 022
Other non-current assets	9	618	229
TOTAL NON-CURRENT ASSETS		**877 172**	**912 862**
Inventories and semi-finished goods	10	8 072	7 867
Trade and other receivables	11	39 371	25 474
Tax receivables		5 038	2 792
Derivative financial instruments	17	545	316
Other current assets	12	15 050	17 752
Cash and cash equivalents	13	105 186	117 619
TOTAL CURRENT ASSETS		**173 261**	**171 820**
Available for sale assets	28	12 799	-
TOTAL ASSETS		**1 063 232**	**1 084 682**

EQUITY AND LIABILITIES €000 at 31 October	Notes	2006	2005
Share capital		86 195	86 195
Treasury shares		(169)	(169)
Share premium		9 411	9 411
Consolidated reserves		147 260	112 278
Revaluation reserve		(151)	(23)
Net profit for the year		28 670	32 866
GROUP EQUITY	**14**	**271 216**	**240 557**
Minority Interests	14	32 336	33 642
TOTAL EQUITY	**14**	**303 552**	**274 200**
Non-current financial debt	17	503 045	548 877
Employee commitments	15	4 185	2 633
Other non-current provisions	16	13 592	14 311
Deferred tax liability	25	32 719	31 469
Other non-current liabilities	18	10 339	7 198
TOTAL NON-CURRENT LIABILITIES		**563 880**	**604 488**
Current financial instruments		-	33
Current financial debt	17	45 934	42 536
Current provisions	16	1 138	1 386
Trade and other payables	19	91 089	97 767
Current tax liabilities	25	51 714	61 065
Other current liabilities	18	4 088	3 207
TOTAL CURRENT LIABILITIES		**193 963**	**205 994**
Held for sale liabilities	28	1 837	-
TOTAL EQUITY AND LIABILITIES		**1 063 232**	**1 084 682**

(Number of shares in circulation at 31 October 2006 and 31 October 2005: 43,097,418).

CONSOLIDATED CASH FLOW STATEMENT

€000 at 31 October	2006	2005
Total net profit	**36 071**	**39 156**
Adjustments:	**-**	**-**
Elimination of income from associates	1 805	2 453
Elimination of tax expense (income)	20 804	24 224
Elimination of depreciation, amortisation and provisions	47 349	38 791
Elimination of results on the sale of assets	(4 659)	(304)
Elimination of net interest expense (income)	24 369	18 413
Elimination of dividend income	(14)	(14)
Impact of the change in WCR	**9 910**	**5 830**
Interest paid	(25 522)	(19 066)
Tax paid	(27 665)	(23 860)
Net cash flow from operating activities, activities in the course of being divested	(1 816)	-
Net cash flow from operating activities	**80 629**	**85 623**
Acquisition of investment securities net of cash acquired	(8 601)	(73 717)
Disposal of consolidated companies, less cash sold	1 766	8 930
Impact of other changes in consolidation scope	1	-
Acquisition of intangible assets	(1 032)	(8 196)
Acquisition of property and equipment	(41 062)	(34 830)
Acquisition of financial assets	1 318	5
Loans and advances granted	(629)	(818)
Disposal of property and equipment	5 418	840
Disposal of financial assets	68	1
Reimbursements received from loans	348	722
Interest received	1 144	430
Dividends received	14	14
Net change in short term investments	(158)	-
Cash flow from investing activities, activities in the course of being divested	(246)	-
Net cash flow from investing activities	**(41 649)**	**(106 618)**
Capital increased subscribed by minority interests	329	-
Loans issued	6 565	436 222
Loans reimbursed	(47 929)	(359 652)
Dividends paid to minority shareholders	(9 736)	(7 189)
Net cash flow from financing activities	**(50 770)**	**69 381**
Capital increased subscribed by minority interests	(521)	(161)
Change in cash and cash equivalents	**(12 311)**	**48 225**
Opening cash position	117 113	68 888
Closing cash position	**104 801**	**117 113**

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

€000	Capital	Treasury shares	Share prem--ium related to capital	Consoli--dated reserves	Group translation reserve	Group equity	Minority interests	TOTAL equity
Equity at 1 November 2004	**86 195**	**(169)**	**9 411**	**109 758**	**172**	**205 367**	**33 534**	**238 901**
Distribution of dividends	-	-	-	-	-	-	(7 194)	(7 194)
Change in fair value of available for sale financial assets	-	-	-	2 629	-	2 629	64	2 693
Other movements	-	-	-	(110)	(195)	(305)	948	643
Net profit for 2005 financial year	-	-	-	32 866	-	32 866	6 290	39 156
Equity at 31 October 2005	**86 195**	**(169)**	**9 411**	**145 143**	**(23)**	**240 557**	**33 642**	**274 200**
Distribution of dividends	-	-	-	-	-	-	(9 851)	(9 851)
Change in fair value of available for sale financial assets	-	-	-	1 941	-	1 941	48	1 989
Purchase commitments for minority interests	-	-	-	-	-	-	(2 680)	(2 680)
Other movements	-	-	-	175	(128)	47	3 777	3 824
Net profit for 2006 financial year	-	-	-	28 670	-	28 670	7 400	36 071
Equity at 31 October 2006	**86 195**	**(169)**	**9 411**	**175 930**	**(151)**	**271 216**	**32 336**	**303 552**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General presentation

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

GROUPE PARTOUCHE SA, the company and its subsidiaries, are organised around the casino and hotels business. GROUPE PARTOUCHE is a Société Anonyme which has been listed on the stock exchange since March 1995.

The consolidated financial statements were approved by the Executive Board of GROUPE PARTOUCHE SA on 30 January 2007.

Pursuant to French legislation, the financial statements will be considered to be definitive when they have been approved by the shareholders of the Group at the Shareholders' Meeting convened on 24 April 2007.

Note 1. Key events during the financial year

Financial year 2006 includes the first full-year impact of the companies of Groupe de Divonne, compared with just one month, October, in 2005.

€000 at 31 October	2006 12 months	2005 1 month
Revenue	**63 174**	**5 456**
Purchases and external charges	(16 147)	(1 816)
Tax	(3 938)	(573)
Personnel costs	(29 079)	(2 961)
Depreciation, amortisation and impairment	(8 865)	(820)
Other operating expenses	(8 605)	(875)
Other operating income	5 860	1 022
Gain (loss) on the sale of consolidated investments	(1 660)	-
Operating profit	**739**	**(568)**
Financial income (expense)	**341**	**76**
Profit from recurring operations	**1 080**	**(492)**
Corporate income tax	(1 619)	54
Profit after tax	(538)	(438)
Total net profit	**(538)**	**(438)**
Group share	(1 712)	(353)
Minority interests	1 174	(85)

In financial year 2006, GROUPE PARTOUCHE sold the 55.56% investment that it held in the Société Française de Casinos (SFC) business unit, leading to the removal from the scope of consolidation of companies owned by SFC.

In financial year 2006, GROUPE PARTOUCHE set up a new business activity, Partouche Interactive which combines the companies which aim to develop the Group's presence in digital broadcasting media and electronic media in the area of gaming and entertainment.

All of the impacts of these significant changes in scope of consolidation are indicated to you in Note 3 – Change in the scope of consolidation.

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

OVERVIEW

Preparation principles

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

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

The quantified effects of the transition to IFRS on equity and the Group's results are described in Note 31.

Accounting options retained

The consolidated financial statements are prepared on a historic basis, except for certain financial instruments which, since 1 November 2004, have been recognised at their fair value, namely:

- derivative financial instruments,
- available for sale financial assets.

CONSOLIDATION METHODS

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

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

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

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

Business combinations are recognised based on the acquisition method.

FOREIGN CURRENCY TRANSLATION METHODS

Foreign companies' financial statements

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

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

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

Translation of foreign currency transactions

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

Main conversion rates

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

Currencies / Euro	Closing rate 31/10/2006	Average rate Financial year 2005/06	Closing rate 31/10/2005	Average rate Financial year 2004/05
USD (US Dollar)	1,2696	1,2352	1,2023	1,31118
CHF (Swiss Franc)	1,5887	1,5650	1,5455	1,54198
MAD (Moroccan Dirham)	11,067	11,006	10,9531	11,13205
TND (Tunisian Dinar)	1,6871	1,6508	1,6188	1,60753
EGP (Egyptian Pound)	7,2714	7,1095	6,946	7,82848

INTANGIBLE ASSETS

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

Intangible assets with indefinite useful lives are not amortised. In light of the Group's sectors of activity, they represent assets in respect of which it is possible to verify the change in value. They are subject to periodic impairment testing.

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

GOODWILL

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

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

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

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

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

PROPERTY AND EQUIPMENT

Valuation

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

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

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

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

Depreciation method and period

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

Land is not depreciated. Depreciation is applied based on the expected useful life of the assets. The main useful lives fall within the following ranges:

- Buildings - structures 20 to 50 years
- Buildings - fluids 15 to 20 years
- Buildings - fittings 8 to 15 years
- Equipment, fixtures and fittings 5 to 10 years
- Other fixed assets 3 to 7 years

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

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

Gains and losses on disposal are determined by comparing the proceeds on sale with the carrying amount of the asset sold. They are recognised in the income statement under "other operating income" or "other operating expenses".

INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

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

Goodwill relating to these entities is included in the carrying amount of the investment.

FINANCIAL ASSETS

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

Financial assets and liabilities at fair value through profit or loss

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

Loans and receivables

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".

Other available for sale financial assets

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

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

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

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

INVENTORIES

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

An impairment loss is recognised when the carrying amount of inventories is higher than their net realisable value.

RECEIVABLES AND OTHER DEBTORS

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

DEFERRED TAX

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

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

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

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

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

In accordance with paragraph 39 of IAS 12, the Group did not recognise a deferred tax liability relating to the difference between the book value of equity-accounted investments and their tax bases.

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

CASH AND CASH EQUIVALENTS

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

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

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

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

FINANCIAL DEBT

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

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

Income from interest is recognised in the income statement when it is acquired, using the effective interest-rate method.

Income from dividends is recognised in the income statement when the Group acquires the right to collect the payments.

PROVISIONS

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

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

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

The Group designates certain derivatives as:
• hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge),
• hedges of a specific risk associated with a recognised asset or liability or with a highly probable future transaction (cash flow hedge),
• hedges of a net investment in a foreign operation (net investment hedge).

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

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

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

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

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

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

POST-EMPLOYMENT BENEFITS

Retirement plans

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

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

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

Other post-employment benefit plans

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

LEASE AGREEMENTS

The lease agreements referenced at the level of the Group as a whole are in large part operating leases under which the lessor retains a significant portion of the risks and benefits inherent in ownership of the asset under lease. Payments made under these leases are recognised in expenses on a straight-line basis over the term of the leases. Only significant finance-lease agreements for fixed assets are restated. They give rise to recognition of an asset, the leased property, and a liability, the financial debt. These assets are depreciated in accordance with the schedule defined by the Group in respect of the fixed assets concerned.

INCOME STATEMENT

Operating profit includes all income and expenses directly related to the Group's activities, whether these components are recurring (and usual or customary) items from the operating cycle or whether they result from one-time or unusual events or decisions, including extraordinary events over which the Group has no control. Accordingly, other operating income and other operating expenses in particular include the impact of disposals of tangible and intangible assets.

SEGMENT INFORMATION

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

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

• Casino operators

• Hotel operators

• Other activities

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

• France

• Europe excluding France

• Rest of the world

SPECIFICITIES OF THE GROUP'S ACCOUNTING RULES

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

The applicable levy relates to the additional revenue earned by the casinos using the new progressive levy scale (27 November 1986), 50% of which must be earmarked for capital investment designed to improve tourist facilities, as provided by Decree. The capital subsidies appearing in equity of the subsidiaries' individual company financial statements are recorded in the line item "Other current liabilities" in the consolidated balance sheet.

II. 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.

III. Since the 31 October 1997 financial year-end, and in order to comply with an interpretation of the chart of accounts applicable to spa resort casinos, GROUPE PARTOUCHE casinos do not account for the inventory face values of coins and chips under cash at bank and in hand and other liabilities. Only coins and chips in circulation are recorded under "trade and other accounts payable" in the consolidated balance sheet.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The main rules applied by the Group are presented above. Preparation of the consolidated financial statements in compliance with IFRS requires the Group's Management to make estimates and issue assumptions that affect the consolidated amounts of assets and liabilities as well as the amounts of income and expenses recorded in the consolidated financial statements during the year. Management bases these estimates on comparable historical data and on various assumptions that are deemed most reasonable and probable in respect to the circumstances. These estimates and assumptions are used as a basis to determine the values of assets and liabilities in the balance sheet and income and expenses in the income statement. Actual results may differ from these estimates due to various assumptions and circumstances. Management presents below the accounting policies used by the Group to prepare the consolidated financial statements, which require the application of judgements and estimates having a significant impact on the consolidated financial statements under IFRS.

With the goal of providing an accurate valuation of these assets in the balance sheet, the Group reviews certain indicators on a regular basis that would require an impairment test, as applicable, according to the accounting policies noted above.

The judgement of the Group's Management is required to determine deferred tax assets and liabilities, and the level of recognition of deferred tax assets according to the policies described above. Management has established a tax collection plan that makes it possible to estimate the amount of deferred tax assets that may be recognised in the Group's consolidated balance sheet.

The Group's determination of the provision for pensions and similar retirement benefits and of the related expense depends on the assumptions used in the actuarial calculation of the provision. These assumptions are described in Note 15. The assumptions are determined based on the Group's experience and external data.

The judgement of the Group's Management is required to analyse the risks of contingencies and losses, including the estimated probability of the outcomes of ongoing and future lawsuits, which are, by their nature, dependent on future events that are unavoidably uncertain. In order to determine the possible outcomes of lawsuits and tax assessments, among other risks, Management relies on the evaluation prepared by outside counsel familiar with each case and known legal precedents.

Note 3. Changes in the scope of consolidation

GROUPE PARTOUCHE SA's consolidated financial statements, prepared at 31 October 2006, include the financial statements of the companies listed in Note 30.

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

At 31 October	2006			2005		
Number of companies	France	Europe (excluding France)	Abroad	France	Europe (excluding France)	Abroad
Parent companies and consolidated subsidiaries	106	11	4	107	12	6
Proportionally consolidated companies	2	-	-	2	-	-
Equity-method companies	5	-	1	3	-	1
TOTAL	**113**	**11**	**5**	**112**	**12**	**7**

The main changes in the scope of consolidation during the first half of 2006 were as follows:

ADDITIONS TO THE SCOPE OF CONSOLIDATION

€000	Consolidation method	Goodwill (note 5)	Acquisition amount	Turnover	Profit from recurring operations	Net profit
PARTOUCHE INTERACTIVE	FC	-	31	-	(946)	(1 060)
SOGIMAGE	FC	151	15	267	(158)	(471)
QUEDESJEUX	FC	5 703	6 500	1 437	(175)	(151)
SCI LA TREMBLADE	FC	-	1	-	-	(3)
CASINO LA TREMBLADE	FC	47	53	-	(7)	(7)
KIOUSK	FC	-	-	71	(118)	(118)
PARTOUCHE GAMMON	FC	-	7	-	(36)	(36)
PARTOUCHE IMMOBILIER	FC	-	37	-	(3)	(4)
NEW SCREENS CASH TV	EM	2 915	3 555	596	(656)	(651)
FAIRPLAYERS	EM	-	1	29	10	8

FC: Full Consolidation method. EM: Equity method.

CHANGE IN PERCENTAGE INTEREST AND CONTROL

At 31 October	Control 2006	Interest 2006	Control 2005	Interest 2005
CASINO DE VICHY (GRAND CAFE)	61,99	61,90	61,99	61,91
CASINO DE FORGES-LES-EAUX	58,76	58,76	58,75	58,75
SCI PALAVAS	100,00	99,88	100,00	99,89
GARDEN BEACH HOTEL	100,00	99,65	100,00	99,67
SCI HOTEL GARDEN	100,00	100,00	100,00	100,00
ELYSEE PALACE SA	99,97	91,53	99,97	91,53
CASINO LE LYON VERT	99,86	99,86	99,88	99,88
CASINO DE ROYAT	100,00	99,86	100,00	99,88
CASINO DE SAINT-GALMIER	100,00	99,86	100,00	99,88
SEK	100,00	99,86	100,00	99,88
SCI EDEN BEACH	100,00	99,86	100,00	99,88
CASINO EDEN BEACH	99,78	99,65	99,78	99,66
CASINO AIX-EN-PROVENCE	99,49	99,41	99,49	99,42
CASINO DE LA CIOTAT	99,98	99,39	99,98	99,40
CASINO DE PALAVAS-LES-FLOTS	100,00	99,87	100,00	99,89
BELCASINOS	65,61	65,61	60,00	60,00
CASINO CHAUDFONTAINE LOISIRS	100,00	65,60	100,00	59,99
CASINO OOSTENDE	99,98	65,60	99,98	59,99
CASINO DE CHAUDFONTAINE	100,00	65,60	100,00	59,99
SCI LERICHE ROSTAGNE	100,00	99,99	100,00	99,99
VZW	100,00	65,61	100,00	60,00
COMPAGNIE DES CASINOS HOLDING	99,96	99,96	99,40	99,40
CASINO DE MEYRIN	39,99	39,98	39,99	39,76
VISTALEASING	100,00	99,96	100,00	99,40
CAFE CARMEN	99,95	99,95	99,95	55,53
HOTEL DE CHARBONNIERE	100,00	99,86	100,00	99,88
CASINO DE DIVONNE-LES-BAINS	98,69	98,69	98,69	98,69
CASINO D'ANNEMASSE	99,88	99,88	99,94	99,94
CASINO DE CRANS MONTANA	57,00	57,00	80,00	79,99
CASINO DE SAINT-JULIEN-EN-GENEVOIS	100,00	100,00	100,00	100,00
CASINO DE HAUTEVILLE-LOMPNES	100,00	100,00	100,00	100,00
SCI DE L'ARVE	100,00	99,88	100,00	99,94
SOMARG	99,90	99,90	100,00	100,00
ADNOR	100,00	69,93	100,00	69,93
CASINO DE SAXON	100,00	99,96	100,00	99,40
QUARISMA	80,13	67,31	75,20	75,20

REMOVAL FROM THE SCOPE OF CONSOLIDATION

Removal from the scope of consolidation – Disposal of Société Française de Casinos (SFC) Group.

€000 At 31 October	Turnover 2006	Turnover 2005	Net profit 2006	Net profit 2005
SFC	-	202	(449)	1 360
CASINO DE GRUISSAN	3 162	6 224	396	802
CASINO DE PORT LA NOUVELLE	71	277	(364)	(545)
CASINO LE MIRAGE	465	14 600	(222)	(402)
CASINO DE CHATELGUYON	1 883	3 765	410	834
HOTEL LE SPLENDID	405	1 365	(168)	(160)
SEMCG THERMES (CHATELGUYON)	249	2 527	(690)	(546)
SCI LE PHOEBUS (GRUISSAN)	-	88	27	56
SCI AZT (GRUISSAN)	-	-	(2)	(4)
SCI HOTEL CASINO (GRUISSAN)	-	145	(28)	(5)
SCI FONCIERE GRANDS HOTELS (CHATELGUYON)	-	161	8	20
CIE THERMALE (CHATELGUYON)	-	-	(1)	-
SARL GCJB	-	-	(11)	9
SARL SED	-	-	(2)	(5)
SF2D	-	-	(35)	(111)
SIHCT	-	-	(23)	26

Removal from the scope of consolidation – Other companies

€000 At 31 October	Turnover 2006	Turnover 2005	Net profit 2006	Net profit 2005
MAZELKA – Liquidation	-	-	-	(202)
HOTEL DU PARC – Disposal	1 909	2 353	(2 108)	(1 116)
SANDTON – Disposal	-	-	(9)	(8)

Note 4. Intangible assets

€000	Concessions, Patents, Brands	Total internally-generated goodwill	Total Other intangible assets	TOTAL
Gross value at 31 October 2005	**1 969**	**13 463**	**5 277**	**20 709**
Acquisitions	65	-	767	832
Disposals	-	13	90	103
Additions to the consolidation scope	79	-	33	112
Removals from the consolidation scope	489	306	456	1 251
Translation difference	(5)	(5)	(11)	(22)
Transfers	(44)	-	(1 036)	1 080
Gross value at 31 October 2006	**1 575**	**13 139**	**4 484**	**19 198**
Accumulated amortisation and impairment losses at 31 October 2005	(903)	(5 940)	(4 390)	(11 233)
Depreciation charges/reversals	(25)	(157)	(426)	(608)
Disposals	-	-	(90)	(90)
Additions to the consolidation scope	(79)	-	(3)	(82)
Removals from the consolidation scope	(41)	(305)	(687)	(1 033)
Translation difference	-	-	10	10
Transfers	16	-	460	476
Accumulated amortisation and impairment losses at 31 October 2006	(950)	(5 792)	(3 572)	(10 314)
Net value of intangible assets at 31 October 2006	**625**	**7 347**	**912**	**8 884**

Note 5. Goodwill

BREAKDOWN OF CHANGES IN GOODWILL BY ACTIVITY

€000 at 31 October	2006	2005
Gaming	358 060	372 203
Hotels	5 543	5 738
Other	40 698	40 978
TOTAL	**404 301**	**418 919**

BREAKDOWN OF CHANGES:

€000	
Net value at 31 October 2005	**418 919**
Increases	**7 887**
QUEDESJEUX (Addition to the consolidation scope)	5 703
CASINO TREMBLADE (Addition to the consolidation scope)	47
SOGIMAGE (Addition to the consolidation scope)	151
SAXON CASINO (Increase in percentage interest)	4
CHAUDFONTAINE LOISIRS CASINO (Increase in percentage interest)	533
OOSTENDE CASINO (Increase in percentage interest)	1 450
Decreases	**20 157**
SFC ENTITIES (Disposal)	6 557
CASINO LE LYON VERT (Decrease in percentage interest)	9
ADNOR (TUP)	74
CRANS-MONTANA (Decrease in percentage interest)	1 674
SANDTON (Disposal)	2 823
MAZELKA (Liquidation)	150
AIX-EN-PROVENCE CASINO (Price adjustment)	305
SAINT-JULIEN-EN-GENEVOIS CASINO (Reclassification in held-for-sale assets)	8 541
FORGES-LES-EAUX CASINO (Decrease in percentage interest)	3
COMPAGNIE DES CASINOS HOLDING (Decrease in percentage interest)	21
Impairment (impairment in value)	**(2 112)**
ANDERNOS CASINO	(756)
SAINT HONORÉ-LES-BAINS CASINO	(682)
OOSTENDE CASINO	(674)
Translation differences	**(236)**
Net value at 31 October 2006	**404 301**

IMPAIRMENT OF GOODWILL BY THE OWNING COMPANIES:

In connection with impairment tests, the Group has defined its CGUs following the analysis carried out in the various Group establishments, taking into account the main activity and inseparable related activities that may be identified in each case. The fair value of CGUs has been determined on the basis of their realisable value.

In 2006, the following additional impairments were recognised in respect of goodwill:
- €756k impairment loss for goodwill in respect of the Andernos casino
- €682k impairment loss for goodwill in respect of the Saint-Honoré casino
- €674k impairment loss for goodwill in respect of the Ostend casino

Note 6. Property and equipment

€000	Land	Buildings	Technical installations	Other tangible fixed assets	TOTAL
Gross value at 31 October 2005	**33 081**	**459 621**	**167 957**	**109 188**	**769 848**
Acquisitions	153	22 865	10 284	8 280	41 582
Disposals	733	11 519	3 109	3 871	19 232
Additions to the consolidation scope	-	-	63	188	251
Removals from the consolidation scope	307	10 416	8 829	4 483	24 035
Translation difference	(64)	(716)	(375)	(203)	(1 358)
Transfers	(134)	(2 119)	(5 050)	(7 722)	(15 025)
Gross value at 31 October 2006	**31 995**	**457 716**	**160 941**	**101 377**	**752 030**
Accumulated impairment losses at 31 October 2005	-	(4)	-	(61)	(65)
Accumulated depreciation and amortization at 31 October 2005	**(2 708)**	**(139 421)**	**(109 923)**	**(66 969)**	**(319 022)**
Depreciation charges/reversals	(590)	(20 862)	(16 916)	(6 893)	(45 261)
Disposals	-	(4 743)	(2 584)	(3 101)	(10 428)
Additions to the consolidation scope	-	-	(61)	(83)	(144)
Removals from the consolidation scope	(1)	(5 808)	(7 152)	(3 591)	(16 552)
Translation difference	-	174	212	147	533
Transfers	(421)	1 802	2 741	883	5 005
Accumulated depreciation and amortization at 31 October 2006	**(3 718)**	**(147 756)**	**(114 211)**	**(66 223)**	**(331 910)**
Accumulated impairment losses at 31 October 2006	-	(6)	-	(108)	(114)
Net value at 31 October 2006	**28 277**	**309 953**	**46 730**	**35 046**	**420 005**

At 31 December 2006, buildings include the impact of the restatement of property finance leases in the amount of €5,876k. The depreciation charge for the financial year was €287k.

At the financial year-end, buildings include €4,544k corresponding to the gross historical cost of investment property. These assets are owned outright or are leased under lease agreements or are not occupied by the Group. They are depreciated over the Group's standard useful economic lives, as indicated in Note 2. These assets are owned by GROUPE PARTOUCHE SA, Elysée Palace SA and CHM, in the amounts of €1,524k, €2,153k and €866k. The main items are Casino de Bagnoles de l'Orne (operated by Emeraude group) and a building in Vichy.

Note 7. Investments in equity-accounted associates

€000 at 31 October	2006	2005
Investments in equity-accounted associates	7 473	6 465
Of which, goodwill relating to equity-accounted associates	3 509	594

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

Balance sheet of equity-accounted associates:

€000 at 31 October	2006	2005
Total Assets	152 854	153 704
Total Debt	157 169	152 869
Total net assets	(4 315)	835
Net assets "Group share" before goodwill	**3 964**	**5 871**
Goodwill	3 509	594
Net assets "Group share"	**7 473**	**6 465**

Income statement of equity-accounted associates:

€000 at 31 October	2006	2005
Total revenue	40 725	33 448
Total net profit	(8 580)	(17 887)
Share in profit of equity-accounted associates	**(1 805)**	**(2 453)**

Breakdown of investments in equity-accounted associates:

€000 at 31 October	% owned 2006	Net assets 2006	Net assets 2005	Net profit 2006	Net profit 2005
CASINO INTERNATIONAL OF MADRID	17,63 %	7 298	6 924	(2 037)	(1 082)
PALAIS DE LA MEDITERRANEE (Nice)	25,00 %	10 742	9 895	6 960	(8 033)
FAIRPLAYERS	16,80 %	16	-	8	-
NEW SCREENS CASH TV	38,79 %	1 464	1 950	(651)	(725)
STE FRANÇAISE D'INVEST. HOTEL ET CASINO	25,00 %	129 920	132 791	(6 726)	(3 754)
HOTEL DU PALAIS DE LA MEDITERRANEE	25,00 %	10 650	10 712	(4 601)	(4 993)
TOTAL	**-**	**160 090**	**162 272**	**(7 047)**	**(18 587)**

Note 8. Other non-current financial assets

€000 at 31 October	2006	2005
Non-consolidated investments	26 271	21 997
Other financial assets	2 338	1 994
Held for sale assets	5 001	-
Other non-current financial assets	**33 611**	**23 991**

Non-consolidated investment securities

€000 at 31 October	Gross value 2006	Depreciation 2006	Net value 2006	Net value 2005
Non-consolidated companies owned more than 50%	569	501	68	86
Non-consolidated companies owned 20 to 50%	155	142	13	13
Non-consolidated companies owned less than 20%	26 371	181	26 190	21 899
TOTAL	**27 095**	**824**	**26 271**	**21 997**

Main non-consolidated investments

Companies in respect of which the Group does not exert either control or significant influence, are not consolidated.

€000	% of capital held	Carrying value	Net profit 31/10/2005	Equity (excluding net profit) 31/10/2005	Turnover 31/10/2005
Société Fermière du Casino de Cannes *	15,76 %	25 203	2 736	31 180	27 385
Other	-	1 068	-	-	
TOTAL		**26 271**			

** Société Fermière du casino Municipal de Cannes (SFCMC) represents a gross book value of €35,308k in the Holding company financial statements. The share price at 31 October 2006 is 902 euros. The fair value recognised on consolidation is €25,203k. Changes in the fair value excluding tax effects (€3,828k and €3,325k, respectively for financial years ended 31 October 2006 and 2005, in addition to €(17,259)k at 1 November 2004 in connection with the transition to IFRS (see Note 31)) are recorded in equity under the caption "Consolidated reserves".*

Due dates of other non-current financial assets

€000 at 31 October	Amount	- 1 year	1 to 5 years	+ 5 years
Non-current investment securities	50	-	50	-
Employee loans	61	-	61	-
Loans, guarantees and other receivables	2 506	-	1 333	1 173
Gross amount	**2 617**	**-**	**1 444**	**1 173**
Provision	(279)	-	(279)	-
Net Gross amount	**2 338**	**-**	**1 165**	**1 173**

Note 9. Other non-current assets

€000 at 31 October	2006	2005
Receivables from the French State	497	100
Non-current prepaid expenses	121	129
Other non-current financial assets	**618**	**229**

Note 10. Inventories and semi-finished goods

€000 at 31 October	2006	2005
Inventories – Solids	631	624
Inventories – Liquids	2 133	2 112
Inventories – Other consumed purchases	460	776
Inventories – Production in progress	324	-
Inventories – Merchandise inventories	4 549	4 380
Gross amount	**8 096**	**7 892**
Provision	25	25
Net amount	**8 072**	**7 867**

Note 11. Trade receivables and other debtors

€000 at 31 October	2006	2005
Trade receivables	21 474	24 867
Provisions for trade accounts receivable	(12 885)	(12 926)
Other debtors*	44 664	28 250
Provisions for other debtors	(13 882)	(14 717)
Total trade accounts receivables and other debtors	**39 371**	**25 474**

*BREAKDOWN OF OTHER DEBTORS

€000 at 31 October	2006	2005
Trade accounts payable, advances and downpayments	640	808
Receivables from personnel – advances and downpayments	604	143
Receivables from social security organisations	694	798
Tax receivables – excluding corporate income tax	7 650	2 974
Current accounts – assets	5 192	4 170
Receivables in respect of sales of securities	11 642	288
Other receivables	15 338	13 467
Sundry accrued income	2 904	5 602
Total other debtors	**44 664**	**28 250**

At 31 October 2006, current receivables from disposals of shares include a receivable of €10,000k representing the balance receivable in connection with the divestment of the SFC unit.

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

Note 12. Other current assets

€000 at 31 October	2005	Increase	Decrease	2006
Accrued interest/receivables and loans	-	10	-	10
Employee loans	152	252	(275)	129
Loans, guarantees	2 000	201	(1 222)	979
Receivables from the French State	7 055	247	(2 109)	5 193
Prepaid expenses	9 313	611	(1 178)	8 746
Total Gross Value	**18 520**	**1 321**	**(4 784)**	**15 057**
Provision/ Depreciation	(768)	(7)	768	(7)
Net value	**17 752**	**1 314**	**(4 016)**	**15 050**

Note 13. Cash and cash equivalents

€000 at 31 October	2006	2005
Financial management and cash assets	24 611	34 014
Cash	80 575	83 605
Cash and cash equivalents	**105 186**	**117 619**

BREAKDOWN OF FINANCIAL MANAGEMENT AND CASH ASSETS

€000 at 31 October	2006	2005
SICAV-type mutual fund units	24 356	33 924
FCP-type mutual fund units	248	91
Accrued interest / SICAV & FCP	7	-
Provision for depreciation	-	(2)
Financial management and cash assets	**24 611**	**34 014**

BREAKDOWN OF POSITIVE CASH BALANCES

€000 at 31 October	2006	2005
Bank	69 124	72 080
Cash	11 097	11 494
Interest receivables	354	31
Positive cash balances	**80 575**	**83 605**

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

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

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

Note 14. Equity

CAPITAL – SHARES IN CIRCULATION

SHARE CAPITAL at 31 October	2006	2005
Value in capital	86 194 836 €	86 194 836 €
Shares issued, fully paid-up	43 097 418	43 097 418
Nominal value	2 €	2 €

The share capital is fully paid up at 31 October 2006. Shares may be in registered or bearer form, based on the choice of the shareholder. In accordance with the Articles of Association, all of the shares have one voting right.

TREASURY SHARES

At 31 October	2006	2005
Treasury shares at historic cost	168 767	168 767
Number of treasury shares held	2 738	2 738

The Ordinary Shareholders' Meeting of 4 April 2000 authorised the Executive Board, pursuant to the provisions of Article 217-2 of the Law of 24 July 1966, to acquire more than 10% of the number of shares comprising the share capital. This authorisation led to the purchase of 2,738 shares, representing 0.04% of the total share capital of GROUPE PARTOUCHE SA, for a total amount of €168,767.

EQUITY

€000 at 31 October	2006	2005
Revaluation reserve	(42 663)	(42 663)
Other reserves and accumulated earnings	156 034	123 275
Legal reserve	8 620	8 619
Group consolidation reserves	20 699	20 417
Other group reserves	4 570	2 629
Consolidation reserves	**147 260**	**112 278**

MINORITY INTERESTS

€000 at 31 October	2006	2005
Non-group reserves	25 472	27 584
Non-group translation reserves	(536)	(232)
Non-group earnings	7 400	6 290
Minority interests	**32 336**	**33 642**

For 2006, the reduction in minority interests includes €2,680k relating to the reclassification of minority interests to financial debt following the commitment of GROUPE PARTOUCHE to purchase additional interests in controlled subsidiaries.

Note 15. Employee commitments

These commitments were subject to an actuarial valuation based on the prospective method. The entire expense corresponding to rights acquired by the employees is determined based on the agreements in force at each company. This valuation takes into account the probabilities of the employee remaining with the Group until retirement age (65 years old), gender-specific mortality rates, foreseeable changes in remuneration (2%), financing discounting (4%) and related social charges of 42% of the amount of the provision calculated. During the financial year, GROUPE PARTOUCHE incorporated in its calculation the increase in rights acquired related to the change in collective employee agreements, which accounts for the increase in this item.

€000 at 31 October	2006	2005
Provision at the beginning of the financial year	**2 633**	**1 472**
Net charge for the financial year	2 255	367
Use	(592)	(291)
Change in the scope of consolidation	(112)	1 085
Provision at the end of the financial year	**4 185**	**2 633**

Note 16. Other current and non-current provisions

€000 at 31 October	2005	Additions to consolida- -tion scope	Charges	Reversals not used	Reversals used	Reclass.	Removals from consoli- -dation scope	2006
PROVISIONS FOR LAWSUITS								
Provisions for litigation	1 934	14	426	-	(265)	34	-	2 143
Provisions for tax risk	2 155	5	848	-	(521)	99	268	2 318
Other provisions	10 222	-	1 800	(30)	(2 068)	(747)	47	9 130
TOTAL	**14 311**	**19**	**3 074**	**(30)**	**(2 854)**	**(614)**	**315**	**13 592**
CURRENT PROVISIONS								
Jackpot provisions	753	-	640	-	733	(2)	20	638
Other	633	-	598	-	633	209	306	501
TOTAL	**1 386**	**-**	**1 238**	**-**	**1 366**	**207**	**326**	**1 138**

Note 17. Current and non-current borrowings

BREAKDOWN OF BORROWINGS

E€000 at 31 October	Current portion 2006	Non-current portion 2006	TOTAL 2006	Current portion 2005	Non-current portion 2005	TOTAL 2005
Bank loans	40 112	380 690	420 802	40 623	423 503	464 126
Accrued interest / loans	56	-	56	91	-	91
Restated capital lease		856	2 534	3 390	253	3 8424 095
Bank overdrafts	81	-	81	326	-	326
Other borrowings	2 990	104 444	107 434	52	108 700	108 752
Employee profit-sharing	1 777	9 124	10 901	1 181	9 246	10 427
Deposits and guarantees	62	567	629	10	579	589
Liabilities in respect of shareholdings in associated entities	-	963	963	-	964	964
Purchase commitments for minority interests	-	4 723	4 723	-	2 043	2 043
TOTAL	**45 934**	**503 045**	**548 979**	**42 536**	**548 877**	**591 413**

CHANGE IN BANK LOANS

€000 at 31 October	2005	Change in scope	Increase	Decrease	2006
Bank loans	464 126	-3 211	-	-40 113	420 802

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

Original loan amount: €431,000,000.

Principal outstanding at the period-end: €400,830,000.

Remaining term: 6 years.

Rate:

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

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

Garanties :

- Pledging of the shares of the major subsidiaries of the Group.
- Compliance with financial ratios relating to the Group's profitability, financial structure and investments:
    - The ratio of Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals / Finance costs must be greater or equal to 4.75% at 31/10/2007.
    - The ratio of Available cash flow after tax and exceptional items before debt servicing costs / Debt servicing costs must be greater or equal to 1 at 31/10/2007.
    - The ratio of Financial debt net of cash / Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals must be less than or equal to 3 at 31/10/2007.

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

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

ANALYSIS OF BANK LOANS BY INTEREST RATE AT THE BALANCHE SHEET DATE

€000 excluding accrued interest	2006 Before interest rate hedging	2006 After interest rate hedging	2005 Before interest rate hedging	2005 After interest rate hedging
Fixed rate financial debt	3 044	204 044	10 548	11 056
Variable rate financial debt	417 758	216 758	453 578	453 070
Financial debt at financial period-end	**420 802**	**420 802**	**464 126**	**464 126**
Average interest rate — fixed	5,21 %	5,15 %	5,55 %	5,57 %
Average interest rate — variable	5,02 %	4,99 %	3,59 %	3,62 %
Average interest rate at financial period-end	**5,02 %**	**5,07 %**	**3,64 %**	**3,66 %**

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

NET FINANCIAL DEBT AT FINANCIAL PERIOD-END

€000 at 31 October	2006	2005
Bank loans	424 192	468 221
Accrued interest	56	91
Borrowings and sundry financial debt	119 927	120 732
Economic financial debt (1)	**544 175**	**589 044**
Financial instruments — assets	545	316
Financial instruments — liabilities	-	(33)
Hedges (2)	**545**	**283**
Cash and cash equivalents	105 186	117 619
Bank overdrafts	(81)	(326)
Net cash position (3)	**105 105**	**117 293**
Option of minorities (4)	**4 723**	**2 043**
Net financial debt (1-2-3+4)	**443 248**	**473 511**

Hedge position

A cap was purchased to limit exposure to any rise in the reference rate up to a maximum of 3.50% and a leveraged swap with an embedded collar was obtained to provide protection against an increase in the reference rate to 3.70%. Both of these transactions have a remaining term of 2 years.

The total amount of the syndicated loan in respect of which hedging has been obtained amounts to €201m at 31 October 2006, an amount which will gradually decrease as the capital is repaid.

These hedges were active at the end of the financial year.

For the financial statements for the year ended 31 October 2006, the fair value recognition of hedging derivatives generates a net financial gain of €262k impacting the loan accounts in the amount of €33k and long-term investments in the amount of €229k.

The impact on the opening position of prior financial periods of these hedges is discussed in Note 2 (Financial instruments).

Minority interests' option

The decrease of minority interests in financial year 2006 is mainly attributable to the reclassification of minority interests under financial debt following the commitment of GROUPE PARTOUCHE to acquire additional stakes in the controlled subsidiaries.

MATURITY DATES OF FINANCIAL DEBT

€000 at 31 October 2006	TOTAL	- 1 YEAR	1 to 5 YEARS	+ 5 YEARS
Bank loans	420 802	40 112	179 738	200 952
Accrued interest / borrowings	56	56	-	-
Finance leases	3 390	856	2534	-
Other borrowings	107 434	2 990	4 444	100 000
Employee profit sharing	10 901	1 777	8 808	316
Deposits guarantees	629	62	419	148
Liabilities for equity investments	963	-	963	-
TOTAL	**544 175**	**45 853**	**196 906**	**301 416**

There are no financial debts in foreign currency.

Note 18. Other current and non-current liabilities

€000 at 31 October	2006	2005
Liabilities to suppliers of fixed assets	1 700	-
Tax liabilities	174	14
Other liabilities	326	2 986
Deferred income – non-current portion	8 140	4 198
Total other non-current liabilities	**10 339**	**7 198**
Deferred income – current portion	4 088	3 207
Total other current liabilities	**4 088**	**3 207**

Note 19. Trade accounts payable and other creditors

€000 at 31 October	2006	2005
Customers, advances and downpayments received	2 969	2 444
Trade accounts payables	18 750	20 240
Liabilities in respect of fixed asset acquisitions	6 021	6 172
Personnel	5 927	5 969
Employee profit sharing	7 808	8 279
Social security organisations	9 003	10 691
Paid vacation	16 817	15 735
Gaming levies	2 701	2 946
Current account liabilities & partners	1 400	1 478
State – VAT	2 355	3 964
State – Corporate income tax	10 272	11 250
Other	7 066	8 599
TOTAL	**91 089**	**97 767**

Note 20. Information by segment

INFORMATION PER 1ST LEVEL SEGMENT: BY BUSINESS SEGMENT

Revenue €000 at 31 October	2006	%	2005	%
Casinos	458 166	89,6 %	404 695	88,8 %
Hotels	38 874	7,6 %	36 890	8,1 %
Other	14 096	2,8 %	14 186	3,1 %
TOTAL	**511 136**	**100,0 %**	**455 771**	**100,0 %**

INFORMATION PER 2ND LEVEL SEGMENT: BY GEOGRAPHIC SEGMENT

Revenue €000 at 31 October	2006	%	2005	%
France	455 646	89,1 %	409 608	89,9 %
Europe (excluding France)	52 485	10,3 %	42 449	9,3 %
Other locations	3 005	0,6 %	3 714	0,8 %
TOTAL	**511 136**	**100,0 %**	**455 771**	**100,0 %**

Note 21. Purchases and external charges

€000 at 31 October	2006	2005
Raw materials	48 984	41 108
Lease payments on current and fixed assets	150	144
Fixed assets leases	9 705	9 026
Current assets leases	4 700	3 446
Maintenance	10 520	9 430
Insurance premiums	2 316	2 280
External staff	1 941	3 018
Professional fees	14 505	12 969
Advertising	25 362	20 799
Entertainment	2 465	2 259
Post and telecoms	2 577	2 334
Banking fees	3 666	4 814
Subcontracting expenses	11 713	8 788
Other	2 559	2 450
TOTAL	**141 163**	**122 865**

Note 22. Personnel costs and workforce

PERSONNEL COSTS

€000 at 31 October	2006	2005
Wages and salaries	145 644	123 203
Social security costs	57 550	47 116
Employee profit sharing	7 586	6 948
TOTAL	**210 780**	**177 267**

AVERAGE WORKFORCE

At 31 October	2006	2005
France	5 528	5 505
Other locations	554	677
TOTAL	**6 082**	**6 182**

2,586 people work in the gaming sector.

BREAKDOWN OF WORKFORCE BY PROFESSIONAL CATEGORY

€000 at 31 October	2006	2005
Executive staff	810	839
Junior executive staff	372	321
Other non-manual labourers	4 686	4 788
Manual labourers	214	234
TOTAL	**6 082**	**6 182**

Note 23. Other operating income and expenses

Other operating expenses mainly comprise:
- expenses relating to specifications for €10,879k, which now comprises those of Le Havre for €2,583k,
- exceptional expenses in respect of management transactions for €13,640k,
- the carrying amount of fixed assets sold for €8,658k (including €6,443k relating to the sale of the buildings owned by Hôtel du Parc de Martigny),
- depreciation, amortisation and provisions of €7,810k.

Other operating income mainly comprises:
- exceptional income of €16,764k of which €4,965k relates to the disposal of the buildings of Martigny,
- provision reversals and expense transfers for €15,749k.

Note 24. Net financial income (expense)

€000 at 31 October	2006	2005
Cost of debt	(25 526)	(19 066)
Cost of interest rate hedges	(971)	(4 160)
Investment income	2 806	1 333
Cost of financial debt	**(23 691)**	**(21 893)**
Foreign exchange gains	2 409	752
Foreign exchange losses	(959)	(151)
Other	(1 426)	20
Financial provision charges and reversals	1 178	(125)
Other financial income and expenses	**1 202**	**496**
NET FINANCIAL INCOME (EXPENSE)	**(22 489)**	**(21 397)**

Despite a significant increase in bank debt, the net financial expense for the year only deteriorated slightly by €1,092k, increasing to €22,489k.

This result was possible thanks to the significant reduction in expenses related to interest rate hedging, which represents a saving of €3,189k, persistently low interest rates during the financial year and additional financial income generated by investments in the amount of €1,473k.

Finally, the arrival of the Groupe de Divonne generated substantial foreign exchange gains to be added to the other Group companies, yielding a positive result of €1,450k.

"Other" items for financial year 2006 include capital losses recognised in respect of shares sold that are virtually offset by provision reversals.

Note 25. Comments on the cash flow statement

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow generated from operating activities amounted to €80.6m for financial year 2006 compared with €85.9m for financial year 2005. This deterioration results from the lower net profit, combined with an increase in the receivable from the French state in respect of corporate income tax paid.

The change in working capital requirements represents a net inflow of €9.9m, due notably to a reduction in trade accounts receivable and a subsidy paid to SA Cinéma de Vichy.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from financing activities represents a net outflow of €41.6m, compared with €107.3m in 2005. This reduction is attributable to:

- A very substantial reduction in company acquisitions: presence in 2005 of Groupe de Divonne and limitation of external growth in 2006 to investments in the subsidiaries of Partouche Interactive.
- An increase in the disposal of property and equipment due to the sale of the buildings of Hôtel de Martigny.

By contrast, flows relating to the acquisition of property and equipment increased from €34.8m in 2005 to €41.1m in 2006, given the presence in the previous financial year of the Havre worksite (total cash flow for the period of €24.5m) and the flow of the disposal of companies decreased from €10.6m (disposal of Cazaubon casino) to €1.8m (disposal of SFC with payment forecast in the first half of 2007).

CASH FLOW RELATING TO FINANCING ACTIVITIES

Cash flow relating to financing activities represented a net outflow of €50.8m compared with an inflow of €69.7m in 2005. This difference is primarily attributable to recourse to bank debt in 2005 to finance the acquisition of Groupe de Divonne, whereas the Group devoted €47.9m in 2006 to the reimbursement of its bank debt.

Note 26. Corporate income tax

ANALYSIS OF THE TAX EXPENSE

€000 at 31 October	2006	2005
Profit before tax	**58 700**	**65 832**
Current tax expense	21 366	22 315
Change in deferred tax	(541)	1 908
Total tax expense	**20 825**	**24 224**
Effective tax rate	35,48 %	36,80 %

TAX PROOF

€000 at 31 October	2006
Net profit before tax	156 796
Total consolidation adjustments	(98 096)
Profit taxable at the current corporate income tax rate	**58 700**
French corporate income tax rate	33,33 %
Tax charge based on current corporate income tax rate (theoretical)	**(19 567)**

€000 at 31 October	2006
Temporary timing differences	1 006
Permanent differences	32 057
Net effect of consolidation operations	(34 622)
Tax losses generated by Group companies during the year	(20 699)
Impact of tax consolidation	16 641
Income taxed at the reduced tax rate and impact of differences in foreign companies' tax rates	2 039
Utilisation of tax losses carried forward and depreciation treated as deferred (ARD)	825
Tax credit and other	1 284
Other eliminations	211
Group tax charge	**(20 825)**
Consolidated net income before tax	58 700
Reconstituted Group tax rate	**35,48 %**

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

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

DEFERRED TAX ASSETS AND LIABILITIES

€000 at 31 October	2006	2005
Deferred tax — Assets	2 280	3 022
Deferred tax — Liabilities	(32 719)	(31 469)
Net deferred tax	**(30 439)**	**(28 447)**

Note 27. Commercial and financial commitments

COMMITMENTS GIVEN

Contractual obligations and commercial commitments as of 31 October 2006.

€000 at 31 October	2006	2005	Payments due per period		
			less than 1 year	1 to 5 years	more than 5 years
Long term liabilities (bank debts with guarantees)	458 863	416 146	37 799	177 287	201 060
Finance lease obligations (other than hire purchase)	796	1 806	664	1 142	-
Operating lease contracts (leases, non-real estate lease contracts)	62 021	69 552	6 194	20 821	42 537
Other commitments (collateral or mortgages)	1 680	1 406	-	1 406	-
Other obligations (Guarantees)	5 345	6 770	6 770	-	-
Notes issued	159	9	9	-	-
Liability guarantee	5 481	5 481	5 481	-	-
Other financial commitments	-	15 195	15 195	-	-
Other commercial commitments	35 166	33 670	5 267	11 742	16 661
TOTAL	**569 511**	**550 035**	**77 379**	**212 398**	**260 258**

COMMITMENTS RECEIVED

€000 at 31 October	2006	2005
Guarantees	1 116	986
Liability guarantee	17 731	17 731
Other commitments	2 680	-
TOTAL	**21 527**	**18 717**

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

Note 28. Activities in the process of being divested

On the acquisition of the Divonne Group, at the request of the French competition authority (DGCCRF), GROUPE PARTOUCHE had to divest one of the establishments that it acquired as part of the Divonne group within a time limit of 18 months. GROUPE PARTOUCHE signed a memorandum of understanding for the disposal of the Saint Julien en Genevois casino. At the balance sheet date of this financial year, this memorandum of understanding led the Group to consider Saint Julien casino as an available for sale asset. Only the corresponding assets and liabilities are presented as held for sale in the consolidated balance sheet.

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

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

BREAKDOWN OF NON-CURRENT ASSETS

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

Note 29. Events occurring after the preparation date of the accounts and transactions in progress

No significant events occurred in the period after the consolidated financial statements were prepared which could have a significant effect on the accounts.

Note 30. Scope of consolidation

The following companies were consolidated by GROUPE PARTOUCHE SA:

COMPANY At 31 October	Country	Interest percentage 2006	Interest percentage 2005	Consolidation method
SA Groupe PARTOUCHE	France			Parent company
FULLY CONSOLIDATED COMPANIES				
CASINOS				
SA CASINO DE SAINT AMAND	France	100,00	100,00	FC
SA GRAND CASINO DE CABOURG	France	100,00	100,00	FC
SA CASINO DU GRAND CAFE	France	61,90	61,91	FC
SA GRAND CASINO DE BEAULIEU-SUR-MER	France	100,00	100,00	FC
SA FORGES THERMAL	France	58,76	58,75	FC
SA CASINO ET BAINS DE MER DE DIEPPE	France	100,00	100,00	FC
SA JEAN METZ	France	100,00	100,00	FC
SA LE TOUQUET'S	France	90,05	90,05	FC
SA CASINOS DU TOUQUET	France	99,53	99,53	FC
SA CASINOS DE VICHY	France	91,68	91,68	FC
CASINO DE CONTREXEVILLE	France	100,00	100,00	FC
SA NUMA	France	100,00	100,00	FC
SA GRAND CASINO DE LYON	France	94,00	94,00	FC
SA LCL FRANCE ET CIE (CASINO CARLTON)	France	99,99	99,99	FC
SA ECK	Belgium	99,90	99,90	FC
SA LE GRAND CASINO DE DJERBA	Tunisia	84,91	84,91	FC
CASINO NUEVO DE SAN ROQUE	Spain	98,90	98,90	FC
SA SATHEL	France	99,86	99,88	FC
SA CASINO MUNICIPAL DE ROYAT	France	99,86	99,88	FC
SA CASINO LE LION BLANC	France	99,86	99,88	FC
SA EDEN BEACH CASINO	France	99,65	99,66	FC
SA CASINO MUNICIPAL D'AIX THERMAL	France	99,41	99,42	FC
SA CASINO DES FLOTS BLEUS	France	99,39	99,40	FC
SA CASINO DE PALAVAS-LES-FLOTS	France	99,87	99,89	FC
CASINO DE PORNICHET	France	100,00	100,00	FC
CASINO DE PORNIC	France	100,00	100,00	FC
CASINO D'ANDERNOS	France	99,78	99,78	FC
CASINO D'ARCACHON	France	98,65	98,65	FC
CASINO DE SALIES-DE-BEARN	France	100,00	100,00	FC
CASINO DE LA GRANDE-MOTTE	France	99,98	99,98	FC
CASINO DE GREOUX-LES-BAINS	France	100,00	100,00	FC
CASINO DE SAINT-NECTAIRE	France	100,00	100,00	FC
CASINO D'EVAUX-LES-BAINS	France	100,00	100,00	FC
CASINO DE SAINT-HONORE-LES-BAINS	France	97,22	97,22	FC
CASINO DE PLOMBIERES-LES-BAINS	France	100,00	100,00	FC
CASINO D'OOSTENDE	Belgium	65,60	59,99	FC
CASINO DE CHAUDFONTAINE	Belgium	65,60	59,99	FC
CASINO DE LA ROCHE-POSAY	France	89,70	89,70	FC
CASINO DE AGON-COUTAINVILLE	France	89,36	89,36	FC
CASINO DE HYERES	France	99,90	99,90	FC
CASINO DE VAL-ANDRE	France	100,00	100,00	FC
CASINO DE PLOUESCAT	France	97,00	97,00	FC
CASINO DE BANDOL	France	100,00	100,00	FC
CASINO LAC MEYRIN	Switzerland	39,98	39,76	FC

COMPANY *(continuation)* At 31 October	Country	Interest percentage 2006	Interest percentage 2005	Consolidation method
SA LYDIA	France	97,30	97,30	FC
CASINO DU HAVRE	France	100,00	100,00	FC
CASINO DE LA TRINITE-SUR-MER	France	100,00	100,00	FC
CASINO DE DIVONNE-LES-BAINS	France	98,69	98,69	FC
CASINO D'ANNEMASSE	France	99,88	99,94	FC
CASINO DE HAUTEVILLE-LOMPNES	France	100,00	100,00	FC
CASINO DE SAINT-JULIEN-EN-GENEVOIS	France	100,00	100,00	FC
CASINO DE CRANS-MONTANA	Switzerland	57,00	80,00	FC
CASINO DE LA TREMBLADE*	France	69,76	-	FC
HOTELS				
SA ELYSEE PALACE HOTEL	France	91,55	91,55	FC
SA HOTEL INTERNATIONAL DE LYON	France	94,00	94,00	FC
SNC GARDEN BEACH HOTEL	France	99,65	99,67	FC
SARL AQUABELLA	France	99,79	99,79	FC
HOTEL 3,14	France	99,99	99,99	FC
GRANDS HOTELS DU PARC	France	100,00	100,00	FC
HOTEL COSMOS	France	100,00	100,00	FC
HOTEL EHC CHARBONNIERE	France	99,86	99,88	FC
SARL SINOCA	France	100,00	100,00	FC
OTHER				
SA CANNES BALNEAIRES PALM BEACH	France	99,99	99,99	FC
SA C.H.M.	France	86,56	86,56	FC
SA BARATEM	France	99,25	99,25	FC
SA HOLDING GARDEN PINEDE	France	100,00	100,00	FC
SCI HOTEL GARDEN PINEDE	France	100,00	100,00	FC
SCI RUE ROYALE	France	99,99	99,99	FC
ELYSEE PALACE EXPANSION	France	91,55	91,55	FC
ELYSEE PALACE SA	France	91,53	91,53	FC
SCI LYDIA INVESTISSEMENT	France	97,00	97,00	FC
SCI LES THERMES	France	99,99	99,99	FC
SARL THERM'PARK	France	99,99	99,99	FC
SA GROUPE PARTOUCHE INTERNATIONAL	Belgium	99,90	99,90	FC
SA SIKB	Belgium	99,90	99,90	FC
SPRL CASKNO	Belgium	69,93	69,93	FC
SARL SEK	France	99,86	99,88	FC
SCI DE L'EDEN BEACH CASINO	France	99,86	99,88	FC
SCI PALAVAS INVESTISSEMENT	France	99,88	99,89	FC
CAFÉ CARMEN	France	99,95	55,53	FC
CBAP CENTRE BALNÉOTHÉRAPIE	France	99,99	99,99	FC
VILLA DU HAVRE	France	100,00	100,00	FC
A.D.NOR TECHNOLOGIE	France	69,93	69,93	FC
ETABLISSEMENT THERMAL VITTEL	France	100,00	100,00	FC
ETABLISSEMENT THERMAL CONTREX	France	100,00	100,00	FC
SCI FONCIERE DE VITTEL ET CONTREX	France	100,00	100,00	FC
EUROPEENNE DE CASINO HOLDING	France	100,00	100,00	FC
BELCASINOS	Belgium	65,61	60,00	FC
SA CHAUDFONTAINE LOISIRS	Belgium	65,60	59,99	FC

COMPANY *(continuation)* **At 31 October**	**Country**	**Interest percentage 2006**	**Interest percentage 2005**	**Consolidation method**
SCI GAFA	France	89,80	89,80	FC
SCI AZUR BANDOL	France	100,00	100,00	FC
CASINO VIRGINIAN DE RENO	United States	100,00	100,00	FC
SCI MIAMI	France	99,78	99,78	FC
SCI LES MOUETTES	France	100,00	100,00	FC
SCI LES JARRES	France	100,00	100,00	FC
HOLDING SONECAR	France	100,00	100,00	FC
HOLDING LUDICA	France	100,00	100,00	FC
GIE EUROP. GESTION COMPANY	France	100,00	100,00	FC
SCI LERICHE ROSTAGNE	France	100,00	100,00	FC
HOLDING EUROPEENNE GAMING CIE	France	100,00	100,00	FC
SCI JMB	France	100,00	100,00	FC
CASINO DE LA SEYNE-SUR-MER	France	87,88	87,88	FC
VZW	Belgium	65,61	60,00	FC
CIE CASINO HOLDING	Switzerland	99,96	99,40	FC
VISTALEASING	Switzerland	99,96	99,40	FC
SCI PARC DE POSAY	France	89,71	89,71	FC
SARL PARC DU CHATEAU	France	71,76	71,76	FC
CINEMA ELYSEE VICHY	France	88,01	88,01	FC
QUARISMA	France	67,31	75,20	FC
CASINO DE SAXON	Switzerland	99,96	99,40	FC
CASINO SLUIS NV	Netherlands	39,96	39,96	FC
GROUPE DE DIVONNE	France	100,00	100,00	FC
SCI DE L'ARVE	France	99,94	99,94	FC
SOMARG	France	99,90	100,00	FC
PARTOUCHE INTERACTIVE*	France	84,00	-	FC
QUEDESJEUX*	France	84,00	-	FC
SOGIMAGE*	France	63,37	-	FC
SCI LA TREMBLADE*	France	70,06	-	FC
PARTOUCHE IMMOBILIER*	France	100,00	-	FC
PARTOUCHE GAMMON*	France	72,25	-	FC
KIOUSK *	France	99,99	-	FC
COMPANIES CONSOLIDATED USING THE EQUITY METHOD				
CASINOS				
CASINO DU PALAIS DE LA MEDITERRANNEE	France	25,00	25,00	EM
INTERNATIONAL CASINO OF MADRID	Egypt	17,63	17,63	EM
OTHER				
STE FRANCAISE INVEST HOTEL	France	25,00	25,00	EM
SAS HOTEL DU PALAIS DE LA MEDITERRANNEE	France	25,00	25,00	EM
FAIR PLAYERS*	France	16,80	-	EM
NEWS SCREENS CASH TV*	France	38,79	-	EM
PROPORTIONALLY CONSOLIDATED COMPANIES				
CASINOS				
SA CASINO DE GRASSE	France	49,77	49,74	PC
OTHER				
SCI DU CASINO DE GRASSE	France	49,78	49,78	PC

**Companies added to the scope of consolidation.*

Note 31. Reconciliations between french GAAP and IFRS

RECONCILIATION OF EQUITY BETWEEN FRENCH GAAP AND IFRS

								Equity – Group share	Minority interests	Conso-lidated entity
	Notes	31 October 2004	Changes in scope of conso-lidation	Profit for the year	Fair value	Other	Trans-lation adjust-ment	31 October 2005	31 October 2005	31 October 2005
Equity under French GAAP		**243 633**	**-**	**6 938**	**-**	**(570)**	**(186)**	**249 815**	**35 873**	**285 688**
IAS16		(2 964)	1 045	(623)	-	-	14	(2 529)	-	(2 529)
Early application of CRC 02.10 on certain subsidiaries		-	-	-	-	(243)	-	(243)	-	(243)
Impairment of property, plant and equipment		(16)	-	(48)	-	-	-	(65)	-	(65)
IAS39 Fair value of financial instruments		(3 565)	-	3 848	-	-	-	283	-	283
Elimination of set-up and research costs		(1 080)	(24)	366	-	(33)	-	(772)	-	(772)
Elimination of amortisation of business goodwill		-	-	189	-	-	-	189	-	189
Elimination of capitalised expenses		(7 166)	-	3 407	-	-	-	(3 759)	-	(3 759)
Fair value of held for sale financial assets		(17 259)	-	-	3 325	-	-	(13 934)	-	(13 934)
Reclassification of treasury shares		(169)	-	-	-	-	-	(169)	-	(169)
Deferred tax impact of IFRS restatements		8 207	(345)	(2 423)	(631)	-	(9)	4 799	-	4 799
Impairment of goodwill on acquisition		(14 483)	-	(1 112)	-	-	-	(15 595)	-	(15 595)
Neutralisation of amortisation of goodwill		-	-	21 979	-	145	-	22 124	224	22 348
Reclassification of the repurchase option for minority interests		-	-	-	-	-	-	0	(2 043)	(2 043)
Group/non Group breakdown		228	(9)	347	(64)	(76)	(14)	413	(413)	-
Equity based on IFRS		**205 367**	**666**	**32 866**	**2 630**	**(777)**	**(195)**	**240 557**	**33 642**	**274 199**

EXPLANATORY NOTES ON THE TRANSITION TO IFRS

The financial statements have been restated in accordance with international accounting standards in force. IFRS accounting standards have been consistently applied to all of the periods presented. Please note the position taken by the group with respect to its application of IFRS regarding the following items:

Impairment of goodwill

Impairment tests carried out on goodwill in compliance with IAS 36 have led the Group to recognise an impairment of goodwill relating to its Andernos, Chaudfontaine and Ostend casinos. This leads to a €14.483k impact on opening equity.

According to French GAAP (CRC 99-02), the assessment of goodwill is based on the entire CEC group, which included the Andernos, Chaudfontaine and Ostend casinos. Pursuant to IAS 36, goodwill at 31 October 2004 has been allocated to the different CGUs identified. Impairment tests that were carried out in this way at the level of each CGU led the Group to recognise, via an adjustment of opening equity, a total impairment of €14,483k, which breaks down as follows:

SUBSIDIARIES €000 at 31 October 2004	Goowill before impairment	Impairment	Goowill after impairment
Andernos casino	23 442	7 191	16 251
Chaudfontaine casino (Chaudfontaine loisirs)	6 996	2 469	4 527
Ostend casino	14 483	4 822	9 661
TOTAL	**44 921**	**14 483**	**30 439**

Measurement of certain assets at fair value

The measurement of assets at fair value only related to non-consolidated shares in Société fermière du casino municipale de Cannes (SFCMC). This measurement had an adverse impact of €17,259k on opening equity, corresponding to the difference between the accounting value of these shares (€35,308k) and their fair value (€25,203k).

On the first-time application of IAS 32 and IAS 39, the fair values of hedges are recognised in the hedge reserve. The impact of the first-time application of these IASs leads to a reduction in equity of €3,565k before the tax impact at 1 November 2004, which impacts Group equity in full.

Business combinations

Business combinations prior to 1 November 2004 have not been restated in accordance with the option provided by IFRS 1.

Note 32. Reminder of the consolidated financial statements at – French Gaap

CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2005

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

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

CONSOLIDATED INCOME STATEMENT AT 31 OCTOBER 2005

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

Total number of shares at 31 October 2003: 6 156 774

Total number of shares at 31 October 2004 : 43 097 418

Total number of shares at 31 October 2005 : 43 097 418

CASH FLOW STATEMENT

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

CONSOLIDATED CHANGE IN OPERATING WORKING CAPITAL REQUIREMENTS

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

CHANGES IN CONSOLIDATED EQUITY

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

20.2.2 FINANCIAL STATEMENTS OF THE PARENT COMPANY FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2006

BALANCE SHEET

ASSETS (net values) €000 at 31 October	Notes	2006	2005	2004
FIXED ASSETS				
Intangible assets	**2.1 / 2.2**			
Concessions and similar rights		160	184	39
Internally generated goodwill		1 590	1 667	1 743
Deposits and downpayments on fixed assets		173	22	
Tangible fixed assets	**2.1 / 2.2**			
Land		145	145	145
Buildings		4 802	5 230	5 568
Technical equipment				
Other tangible fixed assets		273	148	191
Assets under construction				180
Deposits and downpayments			1	
Financial investments				
Other investments in associates	2.3 / 2.4	622 169	625 750	529 180
Other investments	2.3			
Loans	2.5	19	11	14
Other financial investments	2.4 / 2.5	136	125	85
Total fixed assets		**629 466**	**633 283**	**537 145**
CURRENT ASSETS				
Advances and downpayments to suppliers		20	6	7
Trade receivables	2.5	11	106	104
Other receivables	2.4 / 2.5	277 827	233 038	199 384
Marketable securities		22 979	32 725	1 022
Cash and equivalents		166	831	1 028
Prepaid expenses	2.5 / 2.10	1 645	1 275	812
Total current assets		**302 648**	**267 980**	**202 357**
REGULARISATION ACCOUNTS				
Capitalised expenses		4 433	5 183	9 581
Translation adjustment — asset		120	464	523
TOTAL ASSETS		**936 668**	**906 910**	**749 606**

LIABILITIES AND EQUITY €000 at 31 October	Notes	2006	2005	2004
Share capital (o/w fully paid: 86,195) [1]	2.13	86 195	86 195	86 195
Share premium, merger and contribution reserves		54 285	54 285	54 285
Revaluation reserve [2]				
Legal reserve		8 619	8 619	8 619
Statutory reserve [3]				5 566
Other reserves		14 423	14 423	3 054
Retained earnings		144 601	111 898	105 262
Net profit for the years		41 541	32 776	12 718
Equity	**2.12**	**349 663**	**308 196**	**275 699**
Provisions for contingencies	2.4	114	413	523
Provisions for losses	2.4	1 185	407	407
Provisions for contingencies and losses		**1 299**	**821**	**930**
Bank loans [5]	2.6	507 530	539 307	402 395
Other borrowings	2.6	1 031	992	991
Advances and deposits on outstanding orders				
Trade creditors	2.6	443	732	384
Tax and social security liabilities	2.6	1 916	6 598	8 621
Liabilities in respect of fixed assets	2.6	41	41	41
Other liabilities	2.6	74 719	50 154	60 522
Deferred income	2.6 / 2.11	20	19	19
TOTAL [4]		**585 700**	**597 843**	**472 973**
Translation adjustment – liability		6	51	4
TOTAL EQUITY AND LIABILITIES		**936 668**	**906 910**	**749 606**
[1] Capitalised revaluation differential		294	294	294
[2] Includes a special revaluation reserve (1959)				
• Free revaluation reserve				
• Revaluation reserve (1976)				
[3] Includes a statutory reserve for long-term capital gains				5 566
[4] Liabilities and deferred income due falling due or to be released to the income statement in less than one year		119 177	97 013	116 927
[5] Includes current account bank balances and bank overdrafts		6 700	6 469	7 840

INCOME STATEMENT

€000 at 31 October	Notes	2006	2005	2004
Sales of goods held for resale		**0**	**0**	**0**
Sales of services		11 443	10 681	8 592
Net turnover	**2.14**	**11 443**	**10 681**	**8 592**
Reversals of depreciation, amortisation, provisions and expense transfers [7]		323	1 390	187
Other revenue		13	30	
Total operating revenue [2]		**11 779**	**12 101**	**8 779**
Operating expenses				
Purchases of goods (and customs duties)		0	0	0
Other purchases and external expenses [6a]		5 674	6 847	3 752
Tax		425	343	293
Personnel costs		3 733	3 474	3 199
Social security expenses		1 581	1 413	1 332
Depreciation and amortisation charges and provisions on fixed assets		1 405	10 439	3 056
Impairment of current assets		876	4 963	17 732
Other expenses		67	67	
Total operating expenses		**13 761**	**27 546**	**29 364**
OPERATING INCOME		**(1 982)**	**(15 445)**	**(20 585)**
Income allocated or loss transferred		30	32	43
Loss borne or income transferred		0	0	
Income from associates [5]	2.16	46 301	54 757	38 275
Income from other marketable securities and receivables [5]		21	57	53
Other interest income [5]		7 982	5 193	5 856
Provision reversals and expense transfers		13 558	4 403	462
Positive foreign exchange differences		0	0	0
Net gains on the disposal of marketable securities		701	341	102
Total financial income		**68 564**	**64 750**	**44 748**

(Continuation)

€000 at 31 October	Notes	2006	2005	2004
Finance costs				
Depreciation, amortisation and provision charges		4 955	702	1 341
Interest expense [6]		28 595	31 446	27 275
Negative foreign exchange differences		426	61	
Total finance costs		**33 975**	**32 208**	**28 616**
FINANCIAL ITEMS		**34 588**	**32 542**	**16 132**
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		**32 636**	**17 129**	**(4 410)**
Exceptional income on management transactions		493	1 422	157
Exceptional income on capital transactions		17 334		1 813
Provision reversals and expense transfers		1 299	4	91
Total exceptional income		19 126	1 426	2 061
Exceptional expense on management transactions		2 549	93	125
Exceptional expense on capital transactions		22 352		269
Exceptional depreciation, amortisation and provision charges		778		6 864
Total exceptional expense		25 679	93	7 258
EXCEPTIONAL ITEMS	**2.17**	**(6 553)**	**1 333**	**(5 197)**
Employee profit sharing				
Corporate income tax	2.18	(15 458)	(14 314)	(22 325)
Total income		99 498	78 310	55 631
Total expense		57 958	45 534	42 913
NET PROFIT		**41 541**	**32 776**	**12 718**
[2] Includes property rental income		658	503	482
[3] Includes operating revenue relating to previous financial years		60	68	144
[4] Includes operating expenses relating to previous financial years		123	5	33
[5] Includes income from associated entities		53 830	59 767	43 935
[6] Includes interest from associated entities		9 484	10 411	7 285
[6a] Includes contributions made to organisations deemed to be in the public interest		14	18	207
[7] Includes expense transfers		118	1 390	187

NOTES TO THE HOLDING COMPANY ACCOUNTS

Notes to the balance sheet before appropriation for the financial year ending 31 October 2006 which totals €936.668m and the income statement for the financial year, presented in list format, showing total revenues of €99.498m and net profit of €41.541m.

The financial year included 12 months, covering the period from 1 November 2005 to 31 October 2006, during which the following key events occurred:

• Disposal of the 55.55% stake in the capital of Société Française De Casinos in favour of La Tête Dans Les Nuages for an amount of €17.5m, including the current account.

• On 29 September 2006, the family shareholders of GP signed a memorandum of understanding with Mr. Michel Ohayon for a possible sale in the majority of the share capital of voting rights in the Group. On completion of the term of this memorandum of understanding, an offer of €21.5 was formulated by Mr. Michel Ohayon and refused by the Partouche family.

The notes and tables below are an integral part of the annual financial statements.

There were no changes of accounting policy or presentation in the holding company accounts.

1. Accounting policies and presentation

The balance sheet and the income statement of GROUPE PARTOUCHE SA are drawn up in accordance with French regulations and with accounting principles generally applied in France. Thus they have been drawn up as provided by:
• the new 1999 chart of accounts adopted by the CRC on 29 April 1999 (Regulation 99-03),
• law 83-353 of 30 April 1983,
• decree 83-1020 of 29 November 1983.

CRC Regulation 2002-10 relating to asset depreciation and impairment was applied at the beginning of the financial year, its main consequence being the introduction of a component approach to the valuation of assets. This method led to a reduction in retained earnings of €73k.

As a reminder, for the year ending 31 October 2005, the company had carried out an analysis of its buildings based on three components contributing to the net carrying value of these assets as of 31 October 2005 which break down as follows:
• Structures: 51 %
• Fluids: 24 %
• Fixtures and fittings: 25 %

The main accounting policies applied are as follows:

1.1. INTANGIBLE FIXED ASSETS

Intangible assets related to software licences are written off over a period of 1 to 4 years.

A long lease charge is written off over a period of 30 years.

1.2. TANGIBLE FIXED ASSETS

Tangible fixed assets are stated in the balance sheet at their historical acquisition cost (supplemented by acquisition expenses), at their production cost or at their contribution value in respect of SIHB SA fixed assets contributed as part of the merger-renunciation agreement concluded in 1994 with retroactive effect as of 1 November 1993.

We use a straight-line method of depreciation over the expected useful lives of the assets.
• Buildings: 20 to 50 years
• Equipment: 5 to 8 years
• Fixtures and fittings: 5 to 10 years
• Vehicles: 5 years
• Office and computer equipment: 2 to 5 years

1.3. LONG-TERM INVESTMENTS

Long-term investments are stated in the balance sheet at acquisition cost (excluding incidental expenses) or at contribution cost.

When their inventory value falls below their gross value, a provision for impairment is established for the amount of the difference.

The inventory value of investments is based on their value-in-use or fair value.

This value can notably be determined through:
• the calculation of their net asset value in the most recent financial statements of the subsidiary that owns them, adjusted for unrealised capital gains (internally generated goodwill, buildings, deferred tax, etc.),
• forward-looking data such as profitability prospects,
• stock market prices.

The securities contributed by SIHB SA are valued at their contribution value at the time of the merger.

1.4. RECEIVABLES

Receivables are recorded at their face value. A provision for impairment is established whenever their inventory value, based on the likelihood of their being recovered, is less than their book value.

1.5. RECEIVABLES AND DEBTS DENOMINATED IN FOREIGN CURRENCIES

During the financial year, receivables in foreign currencies are translated on the basis of the exchange rate on the transaction date. At the end of the financial year, these receivables are translated on the basis of the closing rate, and the differences with respect to amounts previously accounted are recorded under "Unrealised gains or losses on foreign exchange transactions". Losses on foreign exchange are provided for under "Provisions for losses".

1.6. CASH AND CASH EQUIVALENTS

Marketable securities are recorded in the balance sheet at their acquisition cost.

Where the acquisition cost is greater than their net realisable value at the end of the financial year, a provision for impairment is established for the amount of the difference.

1.7. DEFERRED CHARGES

Deferred charges consist of renegotiation expenses for the debt contracted in September 2005.

These charges are spread over a period of 7 years, the maturity of the loan.

1.8. DIVIDENDS

Dividends received from foreign subsidiaries are recorded at their net amounts after withholding taxes.

1.9. CONTINGENCY AND LOSS PROVISIONS

Claims by the public authorities in respect of tax and social security re-assessments are provided for, in the amount of the estimated risk on the basis of data available at the end of the financial year.

1.10. DISTINCTION BETWEEN INCOME FROM ORDINARY ACTIVITIES AND EXCEPTIONAL ITEMS

The "Exceptional items" income statement heading includes exceptional items resulting from ordinary activities, as well as extraordinary items. Exceptional items resulting from ordinary activities are those whose achievement is not related to the company's ordinary course of business, either because their amounts or impact are of abnormal nature or because they very rarely occur.

2. Additional information in respect of the balance sheet and income statement (€000)

2.1. INTANGIBLE AND TANGIBLE FIXED ASSETS

€000 At 31 October 2006	Gross value of fixed assets at the beginning of each year	Increases: Revaluation during the year	Increases: Acquisition, creation, inter-account
Setup costs, research	-	-	-
Other intangible assets	**2 791**	**-**	**304**
Land	145	-	-
Buildings on own land	3 182	-	-
Buildings on other land	2 239	-	-
Fixtures and fittings — buildings	2 364	-	-
Machinery and equipment	0	-	-
Other equipment, fixtures and fittings	158	-	27
Vehicles	138	-	163
Office and computer equipment, furniture	139	-	21
Fixed assets under construction	205	-	65
Advances and down payments	1	-	-
Total fixed assets	**8 571**	**-**	**276**

€000 At 31 October 2006	Decreases: inter-account transfer	Decreases: by sale or withdrawal	Gross value of asset at end of financial year	Legal revaluation original value at end of financial year
Setup costs, research	-	-	-	-
Other intangible assets	**22**	**-**	**3 073**	**-**
Land	-	-	145	-
Buildings on own land	-	-	3 182	-
Buildings on other land	-	-	2 239	-
Fixtures and fittings — buildings	-	-	2 364	-
Machinery and equipment	-	-	0	-
Other equipment, fixtures and fittings	-	-	184	-
Vehicles	-	45	256	-
Office and computer equipment, furniture	-	-	160	-
Fixed assets under construction	-	270	0	-
Advances and down payments	1	-	0	-
Total fixed assets	**1**	**315**	**8 531**	**-**

The company carried out an analysis of its buildings into three distinct components as indicated above, with a view to the application of CRC Regulation 2002-10.

2.2. DEPRECIATION AND AMORTISATION

Positions and movements during the financial year

€000 At 31 October 2006	Beginning of the financial year	Appropriation during financial year	Decrease during financial year	End of financial year
Setup costs, research	-	-	-	-
Other intangible assets	**919**	**231**	**-**	**1 150**
Land	-	-	-	-
Buildings on own land	931	170	-	1 101
Buildings on other land	708	112	-	820
Fixtures and fittings — buildings	916	146	-	1 062
Machinery and equipment	0	0	-	0
Other equipment, fixtures and fittings	78	20	-	98
Vehicles	103	26	28	102
Office and computer equipment, furniture	106	23	-	129
Recoverable packaging and other	-	-	-	0
Fixed assets under constructions	-	-	-	0
Advances and down payments	-	-	-	0
Total	**2 842**	**498**	**28**	**3 311**
GRAND TOTAL	**3 760**	**729**	**28**	**4 461**

The depreciation and amortisation charges in respect of intangible and tangible fixed assets amounts to €656k.

The amount relating to deferred charges amounts to €749k.

The sum of these two charges is equal to €1,405k (compare "Depreciation, amortisation and provisions for fixed assets" in the income statement).

Retained earnings decreased €73k following the impact of restating the assets.

The total charge for the financial year of €729k breaks down as follows:

Depreciation and amortisation in respect of intangible and tangible fixed assets:	€656K
+ Impact of the restatement on assets:	€73K
TOTAL	€729K

2.3. INVESTMENTS IN ASSOCIATES

€000 at 31 October 2006	Gross value beginning of financial year	Acquisition, inter-account transfer
Equity-accounted investments	-	-
Other investments in associates	639 641	6 237
Other long-term investment securities	-	-
Loans and other long-term investments	904	145
TOTAL	**640 545**	**6 382**

€000 At 31 October 2006	Decrease by inter-account transfer	Decrease by sale or withdrawal	Gross value of asset at end of financial year	Legal revaluation at end of financial year
Equity-accounted investments	-	-	-	-
Other investments in associates	14	22 065	623 799	-
Other long-term investment securities	-	-	0	-
Loans and other long-term investments	883	11	155	-
TOTAL	**897**	**22 076**	**623 954**	**-**

The main changes in the financial year were:

- Acquisition of equity investments in the following companies: News Screen, QueDesJeux, Sogimage and Quarisma.
- Creation of Partouche Interactive and transfer to it of equity investments acquired in the abovementioned companies at their acquisition value.
- Divestment of Socièté Française De Casinos shares.
- Allocation of an additional price component for SCI Lydia shares.
- Disposal of Sandton shares.
- Conversion into shares of a participatory loan in Boccardi Capital Systems and disposal of such shares.

The share price at 31 October 2006 of Société Fermière du Casino Municipal de Cannes was €902.

2.4. INVESTMENTS IN ASSOCIATES

€000 At 31 October 2006	Beginning of the financial year	Increase allocation	Decrease recovery	End of the financial year
Provisions	-	-	-	-
For litigation	-	-	-	-
For foreign exchange losses	413	114	413	114
For tax	407	778	-	1 185
Other provisions for contingencies and losses	-	-	-	-
Total	**821**	**892**	**413**	**1 299**
For property, plant and equipment	205	-	205	0
Provisions for investments in associates	13 890	50	12 310	1 630
Provisions for financial investments	768	-	768	0
For trade accounts receivable	-	88	-	88
Other provisions for impairment	30 981	5 579	1 366	35 194
Total	**45 844**	**5 717**	**14 649**	**36 912**
GRAND TOTAL	**46 665**	**6 608**	**15 062**	**38 211**
Including:				
Operating allocations and recoveries	-	876	205	-
Financial allocations and recoveries	-	4 955	13 558	-
Exceptional allocations and reversals	-	778	1 299	-
Impairment of shares in equity accounted affiliates	-	-	-	-

Tax provisions mainly concern the tax re-assessments for the years 1981 to 1984. The charge recognised of €778k related to a correction following a verification of the accounts for the years 2002 to 2004.

Provisions for financial investments in the amount of €205k relate to the expenses incurred in the preparation of bids for casinos, were reversed.

A provision reversal for equity investments of €12,266k was recognised relating to Sandton shares. A reversal in respect of Casino de La Tremblade shares of €44k was recognised given the fact that a gaming authorisation was obtained.

Hotel Cosmos and Café Carmen shares have had to be impaired, in light of the net equity position of these two subsidiaries.

Given the conversion into shares of a participatory loan, a reversal of other non-current financial assets was recognised in the amount of €768k.

Other provisions break down as follows:

- Certain current account receivables, which were provisioned in respect of our subsidiaries in light of their net worth. These provisions amounted to €27,519k.
- The balance of other provisions, at the financial year-end, relates to receivables from third parties, notably for €6,860k from a third party that has not delivered assets acquired under contract, against whom a legal procedure is in progress, in addition to a Jatek receivable for €787k charged in the financial year.

A receivable of €1,031k, arising on the acquisition of SCI Lydia was allocated to shares, as a price supplement, and the provision was reversed during the financial year.

2.5. MATURITIES OF RECEIVABLES

€000 at 31 October 2006	Gross amount	1 year maximum	+ 1 year
Loans	19	19	-
Other long-term investments	136	136	-
Other trade receivables	99	99	-
Employee accounts payable	9	9	-
Corporate income tax	1 503	1 503	-
VAT	621	621	-
Other taxes	-	-	-
Other receivables	-	-	-
Subsidiaries and associates	281 437	281 437	-
Sundry receivables	29 452	29 452	-
Prepaid expenses	1 645	1 645	-
GRAND TOTAL	**314 920**	**314 920**	**0**
Repayment of loans during the financial year	134	-	-
Loans granted during the financial year	888	-	-

2.6. MATURITIES OF DEBTS

€000 at 31 October 2006	Gross amount	- 1 year	1 to 5 years	+ 5 year
Bank loans and overdrafts	507 530	41 180	211 452	254 898
Sundry loans and debts	1 031	1 031	-	-
Trade accounts payable	443	443	-	-
Liabilities to personnel	227	227	-	-
Social security and other social benefits	299	299	-	-
State and other public authorities:	-	-	-	-
Corporate income tax	-	-	-	-
VAT	1 028	1 028	-	-
Other taxes	362	362	-	-
Miscellaneous	-	-	-	-
Liabilities to fixed assets suppliers	41	41	-	-
Subsidiaries and associates	74 537	74 537	-	-
Other liabilities	183	183	-	-
Deferred income	20	20	-	-
GRAND TOTAL	**585 700**	**119 350**	**211 452**	**254 898**
Bank loans contracted during the financial year.	-	-	-	-
Bank loan repayments during the financial year	32 008	-	-	-

2.7. ELEMENTS RELATED TO MORE THAN ONE BALANCE SHEET ITEM

Gross amount in respect of affiliated undertakings (participating interests) €000 at 31 October 2006	Amount
Fixed assets	
Participating interests	612 136
Current assets	
Trade receivables	0
Other receivables	288 867
Debts	
Loans, sundry financial debts	100 020
Trade accounts payable	0
Other liabilities	74 290

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

2.8. ACCRUED INCOME

€000 at 31 October 2006	Amount
Accrued interest	-
Other long-term investments	**0**
Trade receivables	**0**
Accrued income on management fees	6 697
Accrued income	477
Other receivables	**7 174**
TOTAL	**7 174**

2.9. ACCRUED EXPENSES INCLUDED IN THE FOLLOWING BALANCE SHEET ITEMS

€000 at 31 October 2006	Amount
Bank loans and overdrafts	0
Trade notes and accounts payable	0
Tax and social charges	552
Other liabilities	172
Accrued interest on overdrafts	17
TOTAL	**741**

2.10. PREPAID EXPENSES

€000 at 31 October 2006	Amount
Prepaid operating expenses	1 466
Prepaid financial expenses	179
TOTAL	**1 645**

2.11. DEFERRED INCOME

€000 at 31 October 2006	Amount
Deferred income	20
TOTAL	**20**

2.12. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EQUITY ACCOUNTS €000 at 31 October	Year-end 2005	Appropriation of 2005 profit	Position after appropriation	Financial year movements	Year-end 2006
Share capital	86 195		86 195		86 195
Share premium account, merger reserve	7 881		7 881		7 881
Contribution reserve	46 404		46 404		46 404
Revaluation reserve	0		0		0
Legal reserve	8 619		8 619		8 619
Statutory reserve	0		0		0
Other reserves	14 423		14 423		14 423
Retained earnings	111 898	32 776	144 674	-73	144 601
Net profit for the year	32 776	-32 776	0	41 541	41 694
NET SHAREHOLDERS' EQUITY CARRIED FORWARD	**308 196**	**0**	**308 196**	**41 468**	**349 663**

The change of €73k for the financial year relates to the impact of restatement of assets.

2.13. BREAKDOWN OF SHARE CAPITAL

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

19,166 shares are self-held by the Company since the Extraordinary Shareholders' Meeting of 10 November 2003. These treasury shares are presented under investment securities.

These shares are presented under marketable securities. The share price of GROUPE PARTOUCHE at 31 October 2006 was €20.

2.14. BREAKDOWN OF NET TURNOVER

€000 at 31 October 2006	France	Rest of world	Total
Group management fees	9 784	820	10 605
Rent	658		658
Other	180		180
TOTAL	**10 622**	**820**	**11 443**

2.15. EXPENSE TRANSFERS

€000 at 31 October 2006	Amount
Miscellaneous operating expense transfers	118
TOTAL OPERATING EXPENSE TRANSFERS	**118**

2.16. FINANCIAL INCOME FROM ASSOCIATES

€000 at 31 October 2006	Amount
Financial income from associates	46 301
TOTAL	**46 301**

2.17. BREAKDOWN OF EXCEPTIONAL ITEMS

€000 at 31 October 2006	Exceptional expense	Exceptional income
Late payment penalties, fines	0	-
Disposal of equity investments	22 065	17 310
Disposals of intangible assets (nil sales proceeds)	270	-
Disposals of property and equipment	17	24
Assignment of receivables following the disposal of shares and corresponding reversals	1 767	1 299
Damages and other judgments	618	427
Other exceptional expenses and profit for the year	41	5
Various exceptional income and expenses in respect of prior periods	123	60
Exceptional contingencies and losses charge and reversal	778	-
TOTAL	**25 679**	**19 126**

2.18. BREAKDOWN OF CORPORATE INCOME TAX

€000 at 31 October 2006	Profit before tax	Tax due	Net profit After tax
Profit from ordinary activities	32 636	-13 241	45 877
Exceptional items	-6 553	-2 217	-4 336
Accounting profit	**26 083**	**-15 458**	**41 541**

N.B. GROUPE PARTOUCHE SA is head of a tax consolidation group comprising 62 subsidiaries.

2.19. FINANCIAL COMMITMENTS

Commitments given €000 at 31 October 2006	Amount
Collateral *	13 043
Guaranteed bank debt	401 301
Retirement indemnities	89
Operating lease contract	2 464
Liability guarantee	5 481
Other commitments given	4 288
TOTAL	**426 666**

** Of which, related to subsidiaries: 10,104*

Commitments received €000 at 31 October 2006	Amount
Financial recovery commitments *	17 482
Operating lease contract	5 786
Liability guarantee	17 731
Other commitments received	2 680
TOTAL	**43 679**

** Of which, related to subsidiaries: 17 482*

2.20. OTHER INFORMATION

At the end of the financial year, there were 26,848,500 outstanding GROUPE PARTOUCHE shares pledged as collateral. Bank debt solely comprises a syndicated loan which has the following characteristics:

Original loan amount: €431,000,000.
Principal outstanding at the year-end: €400,830,000.
Remaining term: : 6 years

Rate:
Variable rate based on 3-month Euribor, with a decreasing banking margin (25 basis points) in proportion to an improved ratio of: Consolidated financial debt net of cash / Consolidated operating profit plus depreciation, amortisation and operating provisions, less reversals of depreciation, amortisation and operating provisions.
Guarantees:
- Pledging of the shares of the major subsidiaries of the Group.
- Compliance with financial ratios relating to the Group's profitability, financial structure and investments:
  - The ratio of Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals / Finance costs must be greater or equal to 4.75% at 31/10/2007.
  - The ratio of Available cash flow after tax and exceptional items before debt servicing costs / Debt servicing costs must be greater or equal to 1 at 31/10/2007.
  - The ratio of Financial debt net of cash / Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals must be less than or equal to 3 at 31/10/2007.

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

2.21. EFFECTIF MOYEN

At 31 October 2006	Staff
Executives	28
Non-executives	20
TOTAL	**48**

2.22. MANAGEMENT REMUNERATION

Management remuneration amounted to €1,544,401 and consisted of:
- remuneration allocated to the members of the Supervisory Board: €281,000,
- remuneration allocated to the members of the Executive Board: €1,263,401.

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

2.23. COMMITMENTS FOR PENSIONS AND OTHER RETIREMENT COSTS

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

2.24. SUNDRY INFORMATION

Since the syndicated loan currently in force has a variable rate of interest, a partial hedge against the interest rate risk on this loan is in place. A cap was purchased to provide cover against an increase in the reference rate to 3.50% and a leveraged swap with an embedded range was concluded to provide cover against an increase in the reference rate to 3.70%. These last two transactions have a residual term of two years.

The total amount hedged for the syndicated credit facility amounted to €201m as of 31 October 2006 and will be reduced as the loan is repaid.

These hedges were active at the end of the financial year.

2.25. DEFERRED TAX

€000 at 31 October 2006	Amount
Tax to be paid on:	
Pre-deducted expenses	-1 518
Prepaid tax on:	
Temporarily non-deductible expenses (to be deducted on the following financial year)	284
Taxed profit to be deducted at a later date	74
Net deferred tax	**-1 160**

FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES 20

3. Subsidiaries and associated entities at 31/10/2006 (€000)

Name	Head office	Share capital	Equity	%	Dividends	Gross value of investments	Net value of investments	Loans, Advances in gross value	Guarantees	Turnover	Net profit
Subsidiaries (more than 50% of share capital)											
CENTRE FORMATION PROFESSIONNEL CASINOS	FORGES-LES-EAUX	8	NC	100,00 %	0	8	8	55	-	NC	NC
CIE EUROPEENNE DE CASINOS	PARIS	24 813	177 373	100,00 %	0	316 504	316 504	0	-	0	20 044
HOLDING GARDEN PINEDE	PARIS	15 418	13 660	100,00 %	0	336	336	3 196	-	0	90
HOTEL COSMOS	CONTREXEVILLE	50	(1 264)	100,00 %	0	50	0	1 386	-	2 076	(232)
STE EXPLOITION CASINO ET HOTELS CONTREXEVILLE	CONTREXEVILLE	75	682	100,00 %	545	6 833	6 833	434	-	3 765	408
THERMES DE CONTREXEVILLE	CONTREXEVILLE	50	(1 753)	100,00 %	0	50	0	1 818	-	1 261	(373)
THERMES DE VITTEL	VITTEL	50	(2 226)	100,00 %	0	50	0	2 471	-	3 029	(652)
VILLA DU HAVRE	LE HAVRE	40	(1 842)	100,00 %	0	40	0	2 075	-	613	(534)
SOCIETE DU CASINO DE ST AMAND-LES-EAUX	ST-AMAND-LES-EAUX	17 786	27 932	100,00 %	6 743	18 371	18 371	13 932	-	27 780	6 870
SOCIETE DU GRAND CASINO DE CABOURG	CABOURG	300	(622)	100,00 %	0	564	564	461	-	3 552	(409)
GRAND CASINO DE LA TRINITE-SUR-MER	LA TRINITE-SUR-MER	75	(372)	100,00 %	0	76	76	2 082	-	132	(42)
GRAND CASINO DE BEAULIEU-SUR-MER	BEAULIEU	150	(780)	100,00 %	0	152	152	2 567	-	4 563	(292)
JEAN METZ	BERCK-SUR-MER	80	1 107	100,00 %	1 200	3 025	3 025	0	-	4 055	827
NUMA	BOULOGNE-SUR-MER	80	1 227	100,00 %	1 100	3 458	3 458	0	-	3 308	980
SA DU CASINO ET DES BAINS DE MER	DIEPPE	396	1 148	100,00 %	396	4 611	4 611	148	-	6 729	538
GROUPE DE DIVONNE	PARIS	39 900	79 507	100,00 %	0	84 002	84 002	47 390	-	0	(7 627)
SOCIETE FONCIERE DE VITTEL ET CONTREXEVILLE	CONTREXEVILLE	50	(310)	100,00 %	0	50	50	3 052	-	396	4
GRAND CASINO DU HAVRE	LE HAVRE	150	(5 001)	100,00 %	0	150	150	33 647	-	7 552	(3 274)
SCI LES THERMES	AIX-EN-PROVENCE	150	(3 240)	99,99 %	0	0	0	9 001	-	1 015	(120)
SCI DE LA RUE ROYALE	PARIS	134	159	99,99 %	0	534	534	0	-	63	28
SOCIETE CANNES BALNEAIRE	CANNES	2 551	(11 548)	99,99 %	0	48 424	48 424	7 960	-	700	(8 526)
GROUPE PARTOUCHE INTERNATIONAL	BRUXELLES	144	(18 338)	99,90 %	0	153	0	45 762	-	0	30
SATHEL	LA TOUR SALVAGNY	323	44 175	99,86 %	18 122	93 525	93 525	7 271	-	34 581	19 663
CASINO DES 4 SAISONS	LE TOUQUET	392	2 309	99,53 %	2 804	5 593	5 593	0	-	4 462	1 050
SA LYDIA INVEST	LE BARCARES	40	(2 582)	97,30 %	0	444	444	5 003	-	3 179	(1 263)
SCI LYDIA INVESTISSEMENT	LE BARCARES	2	(359)	97,00 %	0	2 023	2 023	976	-	180	(6)
HOTEL INTERNATIONAL DE LYON	LYON	300	2 345	94,00 %	4 324	287	287	13 487	-	13 780	4 526
LE TOUQUET'S	CALAIS	92	1 346	90,05 %	1 396	4 668	4 668	0	-	5 424	1 125
CASINOS DE VICHY	VICHY	240	(562)	79,93 %	0	371	371	12 571	-	4 558	(449)
ELYSEE PALACE EXPANSION	VICHY	40	(436)	79,80 %	0	1 309	1 309	3 946	-	0	(65)
ELYSEE PALACE HOTEL	VICHY	40	(469)	79,80 %	0	1 240	0	161	-	0	(65)
STE CHEMINS FER ET HOTELS MONTAGNE PYRENEES	VICHY	701	961	76,43 %	0	601	601	0	-	41	39
CASINO DE TREMBLADE	PARIS	38	4	69,76 %	0	53	53	15	-	0	(7)
FORGES THERMAL	FORGES-LES-EAUX	15 600	43 775	58,76 %	2 355	11 207	11 207	0	-	26 283	3 852
CAFE CARMEN	PARIS	30	(1 510)	99,95 %	0	0	0	1 056		659	32
PARTOUCHE INTERACTIVE	PARIS	37	(1 023)	84,00 %	0	31	31	7 701		0	(1 060)
PARTOUCHE IMMOBILIER	PARIS	37	33	100,00 %	0	37	37	118		0	(4)
Associated entities (10 to 50% of share capital)											
SOCIETE DU CASINO MUNICIPAL D'AIX THERMAL	AIX-EN-PROVENCE	2 160	30 603	38,63 %	2 921	2 780	2 780	0	-	32 234	5 350
SOCIETAT DE L'OCI DELS PYRENEUS	ESCALDES ENGORDANY	38	NC	33,00 %	-	13	13	42	-	NC	NC
BASTIDE II RICH TAVERN	MONTPELLIER	46	NC	25,00 %	-	46	0		-	NC	NC
PALAVAS INVESTISSEMENT	PALAVAS-LES-FLOTS	8	(926)	10,00 %	0	122	122	753	-	186	89
Other interests											
CASINO DE PALAVAS-LES-FLOTS	PALAVAS-LES-FLOTS	330	2 102	9,09 %	110	183	183	92	-	8 794	1 322
FERMIERE DU CASINO MUNICIPAL DE CANNES (2005)	CANNES	2 157	33 916	4,95 %	-	11 415	11 415	0	-	27 385	2 736
CASINO MUNICIPAL DE ROYAT	ROYAT	240	3 026	1,91 %	50	73	73	0	-	8 117	2 375
EDEN BEACH CASINO	JUAN-LES-PINS	1 056	12 741	1,44 %	0	155	155	166	-	11 824	1 067
SCI TREMBLADE	PARIS	1	(2)	1,00 %	0	0	0	99		0	(3)
SEMTEE	ESCALDES ENGORDANY	25 242	NC	0,71 %	14	181	181	0	-	NC	NC
CASINO D'AGON COUTAINVILLE	AGON-COUTAINVILLE	51	6 347	0,05 %	0	2	2	0	-	2 825	623
CASINO D'ARCACHON	ARCACHON	60	2 218	0,03 %	1	1	1	15	-	5 555	778
SOCIETE THERMALE DE PLOMBIERES-LES-BAINS	PLOMBIERES-LES-BAINS	38	26	0,00 %	-	2	0	0	-	3 764	(2)
CASINO LE LION BLANC	ST-GALMIER	240	2 174	0,16 %	3	0	0	188	-	7 400	1 624
CASINO LES FLOTS BLEUS	LA CIOTAT	200	1 260	0,02 %	0	0	0	10	-	4 479	942
CASINO LE MIAMI	ANDERNOS	758	1 939	0,00 %	0	0	0	0	-	4 102	747
CASINO DE LA ROCHE POSAY	LA ROCHE-POSAY	177	20 453	0,00 %	0	0	0	0	-	8 909	2 502
CASINO DU PALAIS DE LA MEDITERRANEE	NICE	40	(5 595)	0,03 %	0	0	0	342	-	11 454	6 960
EXPLOITATION HOTELIERE DE CHARBONNIERE	LA TOUR DE SALVAGNY	1	(897)	0,10 %	0	0	0	0	-	480	(898)

4. Capital gains on which tax has been deferred (€000)

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

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

Nature of the operation: Merger.

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

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

Designation	Number of shares	Tax and book value	Contribution value	Capital gains for which tax is deferred
LAND				
Land at BAGNOLES		5	145	140
Cliff		1	0	-1
INVESTMENTS IN ASSOCIATES				
SA CASINO DES 4 SAISONS 26, rue St-Jean - 62520 LE TOUQUET	22 050	1 210	5 488	4 278
SA EDEN BEACH CASINO Bd Edouard Baudouin - 06160 JUAN-LES-PINS	924	305	155	-150
SA FORGES THERMAL Av. des Sources - 76440 FORGES-LES-EAUX	6 210	2 310	9 072	6 762
SA JEAN METZ Av. du Gral. de Gaulle - 62600 BERCK-S\MER	992	27	3 025	2 998
SA NUMA 37, rue Félix Adam - 62200 BOULOGNE-S\MER	4 930	113	3 457	3 344
SA CASINO ET BAINS DE MER DIEPPE Bd. de Verdun - 76200 DIEPPE	4 600	991	3 825	2 834
SA SATHEL 200, av. du Casino - 69890 TOUR DE SALVAGNY	10 008	10 965	29 104	18 139
SA LE TOUQUET'S 59, rue Royale - 62100 CALAIS	1 801	210	4 668	4 458
	Subtotal	**16 131**	**58 794**	**42 663**
RECEIVABLES				
JATEK		778	778	0
CAPITAL GAINS ON DEPRECIABLE ASSETS (*)				
BUILDING				
GRANVILLE Cellar		0	1	1
BAGNOLES building		3	1 303	1 300
SAINT-PLACIDE apartment		19	76	57
	Subtotal	**22**	**1 380**	**1 358**
TOTAL		**16 937**	**61 097**	**44 160**

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

5. Table for the last five years

Indication	Year ended 31/10/2002 (12 months)	Year ended 31/10/2003 (12 months)	Year ended 31/10/2004 (12 months)	Year ended 31/10/2005 (12 months)	Year ended 31/10/06 (12 m.) before AGM approval
I. Share capital at the end of the financial year					
Share capital	86 194 836	86 194 836	86 194 836	86 194 836	86 194 836
Number of existing ordinary shares	6 156 774	6 156 774	43 097 418	43 097 418	43 097 418
Number of shares carrying priority dividends (without voting rights)	-	-	-	-	-
Maximum number of shares that may be created in the future	-	-	-	-	-
By conversion of bonds	-	-	-	-	-
By exercising share subscription options	-	-	-	-	-
II. Results for the financial year					
Turnover excluding tax	5 083 989	7 465 090	8 591 972	10 681 419	11 442 639
Profit before tax, employee profit-sharing, Depreciation, amortisation and regulated provisions	33 890 441	18 067 330	18 832 413	34 036 752	19 034 378
Corporate income tax	-14 690 152	-23 455 020	-22 325 358	-14 314 350	-15 457 725
Employee profit-sharing for the financial year	-	-	-	-	-
Depreciation, amortisation and provision charges	3 541 113	26 328 215	28 439 549	15 575 299	-7 048 558
Net profit	45 039 480	15 194 134	12 718 223	32 775 803	41 540 660
Distributed profit	0	0	0	0	0
III. Earnings per share					
Profit after tax and employee profit-sharing, but before depreciation, amortisation and regulated provisions.	7,89	6,74	0,95	1,12	0,80
Profit after tax, employee profit-sharing, depreciation, amortisation and regulated provisions	7,32	2,47	0,30	0,76	0,96
Dividend per share	0,00	0,00	0,00	0,00	0,00
IV. Personnel costs					
Average workforce during the financial year	29	43	48	47	48
Payroll for the financial year	1 541 005	2 322 073	3 199 275	3 473 872	3 732 642
Social benefits paid for the financial year	645 656	1 009 590	1 331 673	1 413 263	1 580 688

20.3. AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

20.3.1. REPORTS OF THE STATUTORY AUDITORS

STATUTORY AUDITORS' GENERAL REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2006

Ladies and Gentlemen,

In accordance with the terms of the assignment with which we were entrusted by your Shareholders' Meeting, we have audited the consolidated financial statements of GROUPE PARTOUCHE SA as at 31 October 2006.

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

These accounts have been prepared for the first time in accordance with IFRS, as adopted in the European Union. They include comparative data relating to the financial year ended 31 October 2005 which has been restated based on the same rules.

I. Opinion on the annual financial statements

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

In our opinion, the consolidated financial statements for the financial year are, in light of the accounting rules and policies specified by IFRS, as adopted in the European Union, true and fair and provide a faithful image of the net assets, financial position and results of the Group comprising the enterprises included in its scope of consolidation.

II. Justification of our assessments

Pursuant to Article L.823-9 of the Code of Commerce relating to the justification of our assessments, we draw to your attention the following issues:

The note to the consolidated financial statements relating to the description of the accounting policies and valuation methods applied by the group presents the methods relating to the treatment of goodwill and related impairment tests. In the course of our assessment of the accounting policies adopted by your company, we verified the above-mentioned accounting policies and the information provided in the notes and we obtained assurance that they were correctly applied.

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

III. Specific verifications

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

Saint-Cloud and Sceaux, 23 March 2007.

BDO MARQUE GENDROT — **José David**
Patrick Foulon
Jean-Louis Mathieu

STATUTORY AUDITORS' GENERAL REPORT ON THE FINANCIAL STATEMENTS OF THE HOLDING COMPANY FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2006

Ladies and Gentlemen,

In accordance with the terms of the assignment with which we were entrusted by your Shareholders' Meeting, we submit to you our report for the financial year ended 31 October 2006 on:
- our audit of the annual financial statements of GROUPE PARTOUCHE SA, as attached to this report,
- the justification of our assessments,
- specific legally-required verifications and information disclosures.

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

I. Opinion on the annual financial statement

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

In our opinion, the annual financial statements present fairly, in all material aspects, the financial position of the Group as at 31 October 2006 and the results of the Company's operations included in the consolidation for the year then ended, in accordance with French accounting principles.

II. Justification of our assessments

Pursuant to Article L.823-9 of the Code of Commerce relating to the justification of our assessments, we draw to your attention the following issues:

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

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

III. Specific verifications and information disclosures

We have also carried out, in accordance with the professional standards that are applicable in France, specific legally-required verifications.

We have no comment to make as to:

• their good faith and their consistency with the annual financial statements, of the information provided in the Executive Board's Management Report and in the documents addressed to the shareholders in respect of the Company's financial position and annual financial statements;

• the accuracy of information provided in the management report relating to remuneration and benefits in kind paid or granted to the company officers concerned, in addition to commitments granted to them on or after their assumption, cessation or change of function.

As provided by the law, ensured that the various elements of information related to the acquisition of equity investments and controlling interests and the identity of owners of the share capital have been communicated to you in the management report.

Saint-Cloud and Sceaux, 23 March 2007.

BDO MARQUE GENDROT **José David**

Patrick Foulon

Jean-Louis Mathieu

20.3.2. OTHER INFORMATION VERIFIED BY THE STATUTORY AUDITORS

There is no additional information verified by the Statutory Auditors other than that discussed in their reports presented above (chapter 20.3.1.).

20.3.3. FINANCIAL INFORMATION NOT CONTAINED IN THE FINANCIAL STATEMENTS

None.

20.4. DATE OF LATEST AVAILABLE FINANCIAL INFORMATION

None.

20.5. INTERIM PERIOD AND OTHER FINANCIAL INFORMATION

TURNOVER FOR THE FIRST QUARTER OF THE 2006 AND 2007 FINANCIAL YEARS
(information not verified by the Statutory Auditors):

€000 at 31 January	2007	2006	Change
Casinos	119,7	123,7	-3,2 %
Hotels	6,3	6,1	4,1 %
Other companies	3,9	2,6	53,5 %
Total consolidated turnover	**130,0**	**132,3**	**-1,8 %**

GROUPE PARTOUCHE's first quarter turnover declined to €130.0m, 1.8% lower year-on-year. At constant structure, eliminating the impact of the Group's stake in Société Française de Casinos sold at 30 April 2006, turnover saw an increase of 0.6%.

CASINOS

€000 at 31 January	2007	2006	Change
Gross gaming revenue	201,1	211,6	-5,0 %
Levies	99,8	105,7	-5,5 %
Net gaming revenue	**101,3**	**106,0**	**-4,4 %**

The Group's gross gaming revenue declined by 5%, notably as a result of the application of customer identification checks in all casinos from 1 November 2006. The combination of table games and slot machines introduced in certain gaming rooms and the test run of poker at two of the Group's establishments resulted in a strong performance by table games (a 23% improvement), while GGR earned from slot machines declined by 6.8% (4.9% at constant structure).

HOTELS

The Group's hotel business posted a 4.1% improvement, due in particular to the positive contributions of the Hilton in Lyon (+19%) and the 3.14 in Cannes (+33%).

OTHER COMPANIES

Thanks to the turnover generated by Partouche Interactive, this business segment achieved total turnover of €3.9m, an increase of 53%.

20.6. DIVIDEND DISTRIBUTION POLICY

Over the past five financial years, net dividends paid, tax credits and the corresponding total dividend income are as follows:

Financial year for which the dividend was paid Year ended 31 October in euro	Net dividend per share	Tax credit paid	Total dividend income per share
2001	0,80	0,40	1,20
2002	-	-	-
2003	-	-	-
2004	-	-	-
2005	-	-	-

During the financial year ended 31 October 2005, no interim dividends were paid.

Any dividend that is not claimed within five years as from its due date will be prescribed by the State, as provided by law (payment to the Service des Domaines).

No dividend was proposed for the financial year ended 31 October 2006.

20.7. LEGAL AND ARBITRATION PROCEEDINGS

ACCOUNTING OPTIONS FOR CONTINGENCIES AND CLAIMS

A legal claim is only provisioned when the obligation towards a third party is deemed likely to lead to an outflow of resources without consideration.

CLAIMS

• Two ground-breaking lawsuits brought against Group subsidiaries by gamblers demanding reparations for moral damages as well as the return of gambling losses claiming that the casinos they frequented should be partly responsible for their addiction to gambling were dismissed by the courts of first instance. An appeal filed by the plaintiffs is now pending before the Riom Court of Appeal.

• The jointly interested parties in Raineau, who sold their 49% stake in Sathel to GROUPE PARTOUCHE in 1991, brought a claim for compensation against the French state in 1998, on the grounds that they had been forced to sell their stake. Their claim was dismissed by the Lyon Administrative Court of Appeal in October 2006, upholding a decision by the Administrative Court.

• Following this decision, they then brought a lawsuit against GROUPE PARTOUCHE seeking rescission of the sale agreement, which was dismissed at the first instance by the Paris District Court. An appeal by these plaintiffs is pending before the Paris Court of Appeal, which will hear this case in 2008.

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

CLAIMS INVOLVING THE COMPANY INDIRECTLY

• On 28 March 2006, Syndicat des Casinos Modernes de France, of which the casinos of GROUPE PARTOUCHE are members, lodged a complaint with the European Commission's Directorate-General for Competition against the French state and the Française des Jeux (FDJ), on grounds of abuse of a dominant position (article 82 of the EC Treaty). Today, FDJ has in fact seen its monopoly in the organisation of lotteries and sports betting extended to the online market, and has expanded its offerings by providing online casino-like games, which in the opinion of the Syndicat des Casinos Modernes constitutes an abuse of a dominant position and discrimination against French casino operators, who must contend with unfair competition in the use of modern technologies in their area of activity.

• In April 2006, another claim was brought before the French Conseil d'Etat, demanding the abrogation of the Decree of 17 February 2006 relating to the organisation and operations of lottery games by the FDJ, alleging that it has not complied with the spirit and letter of this legislation, by prompting minors under the age of 16 who may access the FDJ Web site to participate in its games.

The unique objective of these two claims is to bring about a clear, effective and fair definition of the French state's position, in conformity with the law, on gaming via the Internet and other new electronic channels, for which French casinos have lobbied unsuccessfully for more than five years.

• As a reaction to these claims, a criminal lawsuit was brought against GROUPE PARTOUCHE International in 2006 for having authorised an online gaming site in 2001 to use the brand GROUPE PARTOUCHE International in all countries where this use would be authorised, also personally accusing Patrick Partouche, Chairman of the Executive Board, of complicity in the alleged illicit activities of this site. It is certainly no coincidence that this suit followed swiftly on the heels of Patrick Partouche's efforts to bring the legitimate concerns of French casino operators to the attention of European authorities. GROUPE PARTOUCHE feels certain that the legality of its actions and its utmost good faith will be recognised.

20.8. SIGNIFICANT CHANGES IN THE FINANCIAL OR TRADING POSITION

No significant change in the financial or trading position of the Group has occurred since the end of the financial year for which verified financial statements or interim financial statements have been published.

21. ADDITIONAL INFORMATION

21.1. SHARE CAPITAL

21.1.1. SHARE CAPITAL AT 31 OCTOBER 2006

At 31 October 2006, the share capital amounts to €86,194,836 (eighty six million one hundred and ninety four thousand eight hundred and thirty six euros).

It comprises 43,097,418 shares (forty three million ninety seven thousand four hundred and eighteen shares) of €2 (two) each, with their nominal value fully paid up.

21.1.2. SECURITIES THAT DO NOT REPRESENT THE SHARE CAPITAL

There are no securities that do not represent the share capital, since all of the shares issued are the same type.

21.1.3. ACQUISITION BY THE COMPANY OF ITS OWN SHARES

PURCHASE TRANSACTION RELATING TO THE SHARES OF THE COMPANY BY THE COMPANY IN RESPECT OF FINANCIAL YEAR 2005-2006

Since the Shareholders' Meeting of 24 April 1998, we have an authorisation relating to the purchase each year of treasury shares in compliance with the provisions of Article L.225-209 of the Code of Commerce.

NUMBER OF TREASURY SHARES HELD

GROUPE PARTOUCHE holds 19,166 of its own shares at 31 October 2006.

EXISTING AUTHORISATION

The Extraordinary Shareholders' Meeting of 27 April 2006 renewed its authorisation to the Executive Board to repurchase its own shares on the stock market under the provisions of Article L.225-209 of the Code of Commerce, primarily in order to regulate the share price and to remit shares in exchange or payment, particularly with respect to external growth transactions, either with a view to awarding share purchase options in favour of the Group's personnel and senior management or in connection with an asset and financial management policy.

The maximum purchase price has been set at 30 euros per share and the minimum sale price is 10 euros. This authorisation, which is valid for a maximum period of 18 months and wich will expire on 27 October 2007, has not been used.

21.1.4. OTHER SECURITIES GIVING ACCESS TO THE CAPITAL

None.

21.1.5. SHARE CAPITAL SUBSCRIBED, BUT NOT PAID UP – CAPITAL INCREASE

The Executive Board benefits from the following authorisations granted by the Extraordinary Shareholders' Meeting of 23 April 2004 and 26 April 2005, which may lead to the issue of securities conferring access to the share capital. These authorisations are summarised in the table below:

Nature of transaction authorised	Duration and expiration of authorisation	Maximum amount	Terms
Capital increase • In cash (EGM of 26 April 2005)	26 months 26 June 2007	€500,000,000	With and without preferential right of subscription
Capital increase • By capitalisation of reserves, premiums or net profit (EGM of 26 April 2005)	26 months 26 June 2007	Amount of premiums, reserves and earnings available	
Capital increase • By issue of debt securities (EGM of 26 April 2005)	26 months 26 June 2007	€500,000,000	With and without preferential right of subscription
Capital increase • Reserved for employees belonging to a company savings plan (EGM of 23 April 2004)	60 months 23 April 2009	€5,860,000	

No authorisations were followed by an increase.

21.1.6. SHARE CAPITAL UNDER OPTION

None.

21.1.7. HISTORY OF SHARE CAPITAL

Changes in share capital over the five preceding financial years:

Year (1 November 2002 to 31 October 2006)	Type of operation	Amount of change in share capital	Successive amounts of share capital	Cumulative number of shares
2002	-	-	86 194 836 €	6 156 774
2003	EGM of 10 November 2003 Division by 7 (seven) of the nominal value of shares and the total number of shares was therefore multiplied by 7 (seven)	-	86 194 836 €	43 097 418
2004	-	-	86 194 836 €	43 097 418
2005	-	-	86 194 836 €	43 097 418
2006	-	-	86 194 836 €	43 097 418

21.1.8. MARKET IN THE COMPANY'S FINANCIAL INSTRUMENTS

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

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

The table below shows the change in the share price and transaction volume of GROUPE PARTOUCHE S.A. shares:

Period	Period high and low (€)		Number of shares exchanged	Capital (in €m)
	High	Low		
2005				
September	14,85	13,21	630 251	8,62
October	14,98	13,65	517 712	7,63
November	14,00	13,32	92 322	1,27
December	15,00	13,85	159 140	2,32
2006				
January	16,15	14,30	391 940	5,86
February	15,49	14,30	155 005	2,31
March	16,60	14,61	1 416 642	22,99
April	16,66	15,42	141 918	2,31
May	16,50	15,55	400 373	6,49
June	16,40	15,51	978 527	15,49
July	17,00	15,50	140 009	2,28
August	16,45	15,60	95 211	1,53
September	16,35	15,20	106 077	1,68
October	20,19	15,65	3 561 212	66,97
November	19,90	18,05	3 189 834	61,26
December	19,30	18,00	1 553 801	29,02
2007				
January	19,55	18,40	2 062 517	39,34
February	19,09	16,00	2 350 025	41,01

21.2. MEMORANDUM AND ARTICLES OF ASSOCIATION

21.2.1. PURPOSE

Pursuant to article 3 of the Articles of Association, the purpose of the company in France and all other countries is:

• The administrative, financial and accounting management of all the present or future companies operating mainly in the entertainment, hotels and gaming sectors.

• The acquisition of equity stakes of all types in such companies.

• Assisting these companies in improving their growth by providing all types of services.

• All transactions in shares in French and foreign markets.

• Acquisition and sale of real estate fixed assets and current assets.

And in general all types of industrial and commercial operations related to:

• The creation, acquisition, rental, lease or operation of all types of business in any of the abovementioned sectors of activity.

• The acquisition, operation or sale of any process or patent related to these activities.

• The direct or indirect participation in any type of financial, real estate or personal property operations or commercial enterprise transaction related to the abovementioned purpose or any other connected purpose.

21.2.2. DISPOSITIONS IN THE ARTICLES OF ASSOCIATION OR ELSEWHERE RELATING TO EXECUTIVE AND MANAGEMENT BODIES

OPERATION OF THE SUPERVISORY BOARD

Members of the Supervisory Board must own one share.

The organisation methods and operation of Supervisory Board are detailed in Articles 21 and 22 of the Articles of Association of GROUPE PARTOUCHE SA, reproduced below:

" **ARTICLE 21. ORGANISATION AND OPERATION OF THE SUPERVISORY BOARD**

• The Supervisory Board elects from among its members a Chairman and a Vice-Chairman, natural persons, who are responsible for calling Board meetings and directing its debates. They are appointed for the period of their mandate on the Supervisory Board. The Board determines their remuneration, if any. The Board may appoint a secretary who may be selected from non-shareholders.

• The Board meets as often as the interests of the Company dictate. However, the Chairman must convene a meeting of the Board no more than 15 days after the request date, when at least one member of the Executive Board, or at least one third of the members of the Supervisory Board present him with a substantiated request to do so. Meetings take place at the registered office or at any other place indicated in the notice of meeting. Any member of the Board may, via letter or telegram, mandate another advisor to represent him at a Board meeting. The effective presence of at least half of the members of the Board is required for its operations to be valid. The Executive Board's deliberations shall be valid if at least one-half of its members are present or deemed present; each member present or represented has one vote and each member present only has one vote. The vote of the meeting's chairman is casting in the event of a tie vote.

• A register is kept and signed by the members of the Board who attend the meeting. The Supervisory Board's deliberations are officially established by minutes kept in a special record filed at the Company's registered office. Copies or extracts of minutes presenting the Board's deliberations are provided and certified in accordance with the law."

" **ARTICLE 22. POWERS OF THE SUPERVISORY BOARD**

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

It appoints the members of the Executive Board and designates its Chairman, and, where applicable, the General Managers; it proposes their revocation to the Shareholders' Meeting and sets the level of their remuneration.

It convenes the Shareholders' Meeting of Shareholders, if convocation is not issued by the Executive Board.

It gives the Executive Board the authorisations required prior to the operations falling within the provisions of Article 17 above.

It authorises agreements governed by Article 24 of the Articles of Association. At any time, it may perform verifications and controls as it sees fit, and may receive any document it deems useful to accomplish its mission. It presents its observations on the Executive Board report and the accounts for the financial year to the Ordinary Annual Shareholders' Meeting.

The Supervisory Board may decide to transfer the registered office within the same département or an adjoining département, subject to such a decision's ratification by the next Ordinary Shareholders' Meeting.

The Supervisory Board may grant one or more of its members any special mandates for one or more pre-determined purposes and set their remuneration for this end."

EXECUTIVE BOARD ORGANISATION AND PROCEDURES

Members of the Executive Board must hold at least one share in the Company.

The organisation and procedures of the Executive Board are stipulated in Article 18 of the Articles of Association of GROUPE PARTOUCHE SA, which is reproduced below:

" **ARTICLE 18. ORGANISATION AND PROCEDURES OF THE EXECUTIVE BOARD**

I. The Supervisory Board appoints one of the members of the Executive Board as Chairman.

The Executive Board meets as often as the interests of the Company dictate, as convened by its Chairman or at least one-half of its members, at the registered office or at any other place indicated in the notice of meeting.

The Chairman of the Executive Board presides over its meetings and appoints a secretary, who need not be a member of the Executive Board.

The Executive Board's deliberations are only valid if at least one-half of its members are in attendance.

The Executive Board's decisions are taken based on the majority of the votes of its members. Voting by proxy is prohibited.

In the event of a tie, the Chairman casts the deciding vote.

II. The deliberations of the Executive Board may be officially established by minutes kept in a special record, signed by the members of the Executive Board having attended the meeting.

The minutes mention the names of the members in attendance and those of the absent members.

Copies or extracts of these minutes are certified by the Chairman of the Executive Board or by one of its members and, in the event of liquidation, by the authorised liquidator.

III. The members of the Executive Board may divide among themselves all management tasks, subject to the authorisation of the Supervisory Board. However, this allocation of tasks may not under any circumstances absolve the Executive Board from its obligation to meet regularly and deliberate upon the most important issues faced in managing the Company, nor may it prevent its members from acting collectively to ensure the management of the Company."

21.2.3. RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHING TO SHARES

These are stipulated in Article 15 of the Articles of Association, which is reproduced below:

" **ARTICLE 15. RIGHTS AND OBLIGATIONS ATTACHING TO SHARES**

I. Each share entitles its holder to a share in the Company's profits and assets proportional to the number of shares issued, as stipulated in Articles 40 and 43 hereafter.

II. Ownership of a share automatically implies acceptance of the Company's Articles of Association and of the resolutions passed by the Shareholders' Meeting.

The rights and obligations attached to a share pass to the acquirer thereof, whoever he or she may be.

The heirs or creditors of a shareholder may not, on any pretext whatsoever, demand that seals be affixed to the property of the Company or request the division or public sale by auction of same, or interfere in any way in the Company's administration. In order to exercise their rights, they must refer to the Company's schedules of assets and liabilities and to the resolutions of the Shareholders' Meeting.

III. Shareholders are only liable for the debts of the Company up to the par value of the shares they hold."

21.2.4. CHANGE IN THE RIGHTS OF HOLDERS OF THE SHARES

There were no modifications to the rights of shareholders.

21.2.5. SHAREHOLDERS' MEETINGS

GENERAL REGULATIONS

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

- Shareholders' Meetings may be convened by the Executive Board, or failing this, by the Supervisory Board or the Statutory Auditors, as provided by Article 194 of the Decree of 23 March 1967, or by a proxy designated by the President of the Commercial Court rendering a decision under a summary procedure, upon the request of one or more shareholders together holding at least one-tenth of the share capital, or by the official liquidator.

- Shareholders' Meetings are held either in the head office or in any other place that should be specified in the notice.

- Notices can be published in the newspapers entitled to receive legal notices in the departmental region of the head office and also in the Bulletin des Annonces Légales Obligatoires. Shareholders holding nominative shares for at least one month from the date of publication of the announcement are convened by an ordinary letter. They may request delivery a registered letter if they remit to the company the relevant postage costs.

- The period between the last dispatch of these letters or publications and the date of the meeting must be at least fifteen days from the first notice and six days thereafter.

The notice of the meeting should indicate the name of the company and if possible its logo, the type of the company, the amount of the share capital, the address of the head office, the registration number, the date, time and place of the meeting as well as the nature of the meeting and its agenda.

The subject of the items comprised in the agenda shall be clearly and exactly described.

Should a meeting be adjourned due to a failure to obtain an adequate quorum, a second meeting is convened in the same form and manner, and notice thereof shall include the date of the first meeting.

Any meeting that has not been convened in the required form and manner can be deemed null and void. However, recourse to such voidability is withdrawn should all shareholders have attended or been represented.

The proxy form addressed by the company to the shareholders shall clearly inform them that should the proxy form omit to designate the name of the nominated representative, their vote will be considered favourable to the resolutions submitted by the Executive Board; the documents listed by Article 133 of the Decree should be enclosed with the proxy form.

Announcements to shareholders, in advance of any meeting, may be made by any of the following means:

- By sending, at their request, the agenda of the meeting, draft resolutions, notices in respect of the members of the Executive and Supervisory Boards and in respect of the candidates to these positions, the report of the Executive Board and the observations of the Supervisory Board and a summary in respect of the company's financial position and net profit for the last five years. Moreover, the following should be enclosed:
    - in advance of an Annual Shareholders' Meetings, the income statement, the balance sheet and the special report of the Statutory Auditors,
    - in advance of an Extraordinary Shareholders' Meeting, the report of the statutory auditors, if applicable.
- The abovementioned documents should be made available to the shareholders at the Company's head office, as should the list of companies, the list of shareholders, and the indication of the total compensation paid to the Company's five highest earning individuals, as well as the report of the statutory auditors and if applicable, merger or disposal proposals.
- Voting by correspondence.

Any shareholder may vote by correspondence by completing an official form established in accordance with the law that will be valid only if received at least three days prior to the date of the Shareholders' Meeting. Forms which do not indicate a clear vote or which express an abstention are considered as nay votes.

ADMISSION TO SHAREHOLDERS' MEETINGS – (ARTICLE 28 OF THE ARTICLES OF ASSOCIATION)

All shareholders may attend and vote at Shareholders' Meetings, irrespective of the number of the shares held. Only spouses of shareholders or other shareholders in the Company may serve as proxies.

The right to take part in Shareholders' Meetings is contingent upon being a registered shareholder, or, for owners of shares in bearer form, upon the delivery of a certificate of share ownership to the location indicated on the notice of meeting by the authorised account-holding intermediary, confirming that such shares are not available for sale from the date of this delivery until the date of the meeting. These formalities must be carried out within five days prior to the date of the meeting.

VOTING RIGHTS – (ARTICLE 31 OF THE ARTICLES OF ASSOCIATION)

Each shareholder present or represented by proxy at a Shareholders' Meeting has as many votes as the shares held or represented, without limitation.

MULTIPLE VOTING RIGHTS

None.

QUORUM (ARTICLES 34 AND 36 OF THE ARTICLES OF ASSOCIATION)

By virtue of a decision of the Extraordinary Shareholders' Meeting of 27 April 2006, it was decided to modify articles 34 and 36 of the Articles of Association relating to quorum and majority at Ordinary and Extraordinary Shareholders' Meetings, pursuant to the provisions of article 6 of the law of 26 July 2005.

21.2.6. CLAUSES DELAYING, DEFERRING OR PREVENTING A CHANGE OF CONTROL

There are no clauses that restrict a change of control.

Article 13 of the Articles of Association stipulates:

" ARTICLE 13. TRANSMISSION OF SHARES

Shares may be freely exchanged subject to legal provisions. Transmission is effected by account transfer under the terms and conditions specified by the texts in force."

21.2.7. CROSSING OF OWNERSHIP THRESHOLDS

CROSSING OF STATUTORY THRESHOLDS AND PENALTIES IN THE EVENT OF NON-COMPLIANCE WITH DISCLOSURE REQUIREMENTS (ARTICLE 12 OF THE ARTICLES OF ASSOCIATION)

Pursuant to Article L. 233-7 §5 of the Code of Commerce, shareholders must notify the company of the number of shares held directly or indirectly, alone or in concert, whenever their holding crosses the threshold of 2% of the share capital or a multiple of this percentage. In the event of non-compliance with this disclosure obligation, shares exceeding the non-disclosed fraction will be deprived of their voting rights at the request, recorded in the minutes of the Shareholders' Meeting, of one or more shareholders, holding 5% at least of the capital of the company, when the shares of the company are officially listed on a stock exchange.

21.2.8. CHANGES IN THE SHARE CAPITAL

Article 8 of the Articles of Association stipulates as follows:

" ARTICLE 8. CHANGES IN THE SHARE CAPITAL

I. Capital increases

The share capital may be increased either by issuing new shares or by increasing the par value of the existing shares.

The new shares shall be paid for either in cash or through compensation with debts in liquid funds due and payable by the Company, through capitalisation of reserves, income or share issue premiums, with assets in kind or through bond conversion.

The new shares are issued either at their par value or at this value increased by an issue premium: they may be ordinary shares or preferred shares enjoying certain advantages over other shares and entitling their holders to preferential rights to income or assets or any other indirect advantage.

Capital increases are decided upon or authorised by the Extraordinary Shareholders' Meeting of shareholders, which may delegate to the Executive Board the necessary powers to carry out capital increases in one or more stages, to set their terms and conditions, to formally record the performance of these increases and to amend the Articles of Association accordingly. A capital increase must be carried out within five years of the date of the Shareholders' Meeting having decided upon or authorised the increase, except in the case of capital increases resulting from the conversion of bonds into shares or additional increases reserved for bondholders who will have opted for conversion, or for capital increases decided pursuant to the provisions of Article L. 225-229-III of the Code of Commerce.

When a capital increase takes place through the capitalisation of reserves, income or share issue premiums, the Shareholders' Meeting deciding upon the increase must meet the quorum and majority requirements for Ordinary Shareholders' Meetings.

In the event of an issue of new shares to be paid for in cash, the share capital of the Company prior to the proposed increase must first be fully paid-up and the shareholders shall be entitled to exercise their pre-emptive right to subscribe to shares as provided by law. The entitlement of usufructuaries and bare owners to the pre-emptive subscription right is governed by the aforementioned Article.

If the new shares are paid for through compensation with debts due and payable by the Company, the latter shall be disclosed in financial statements prepared by the Executive Board, certified as valid by the Statutory Auditors and attached to the statement of subscription and payment.

The minimum subscription period is ten trading days, with the option for early termination of this period once the capital increase is subscribed by shareholders in proportion to their existing holdings.

The Shareholders' Meeting that decides upon the capital increase may elect to exclude the pre-emptive subscription right upon examining the reports of the Executive Board and the Statutory Auditors.

Capital increases shall be carried out notwithstanding the existence of fractional rights. Those shareholders not possessing the number of subscription or share rights exactly required to obtain a whole number of new shares, shall have to personally arrange for the purchase or sale of fractional rights to bring their holdings to a whole number.

In conjunction with any decision to increase the Company's share capital, the Extraordinary Shareholders' Meeting shall also need to consider a draft resolution intended to authorise a capital increase reserved for employees. Moreover, a draft resolution of this kind must be presented, once every five years, for the approval of an Extraordinary Shareholders' Meeting convened for this purpose, as long as the shares held by the employees of the Company and of any affiliated company as defined under Article L. 225-180 of the Code of Commerce represent less than 3% of the total share capital.

II. Redemption of share capital

The share capital may, upon the decision of the Extraordinary Shareholders' Meeting, be redeemed by way of an equivalent reimbursement for each share, through transfer of income or reserves, with the exception of the legal reserve.

Dividend shares thus created may be reconverted into capital shares, either through an obligatory transfer of the portion of company profits attributable to these shares, or through an optional payment by each of the owners of dividend shares.

III. Capital decreases

The share capital may be reduced in one or more stages for any reason, either by reducing the par value of shares or the number of shares. If a capital decrease is not entailed by losses, bondholders and creditors may oppose the decrease.

A decision to reduce the share capital, regardless of its motivation, to a level below the minimum required by law may only be taken if a capital increase can be effected to increase the share capital to a level above said minimum, unless the company is to be transformed into a company of another form not requiring a capital amount greater than its share capital following the decrease.

Should this condition not be met, any interested party may apply for a court order requiring the dissolution of the Company. The dissolution of the Company shall not take effect if, on the date when the court's decision is rendered, the share capital has been brought back up to the legal minimum.

The Company is not authorised to buy back its own shares. However, the Shareholders' Meeting having decided upon a capital decrease not entailed by losses may authorise the Executive Board to buy back a specified number of shares as to cancel them. This buyback shall be proportional to the number of shares held by each shareholder and limited to shares available in the market.

Capital decreases are decided or authorised by the Extraordinary Shareholders' Meeting, which may delegate to the Executive Board the necessary powers to carry them out.

In all cases, the proposal for a reduction in the share capital is communicated to the Statutory Auditors no less than 45 days prior to the Shareholders' Meeting of shareholders convened to decide upon this proposal.

The meeting examines the report of the Statutory Auditors, who present their assessment of the justification and conditions for the capital decrease.

If the capital decrease is carried out by reducing the number of shares, shareholders are required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares can be exchanged for new shares.

IV. Stock splits and reverse stock splits

In the event of a stock split or reverse stock split, shareholders are also required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares can be exchanged for new shares."

21.2.9. HOLDING COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS (ARTICLES 39 AND 40 OF THE ARTICLES OF ASSOCIATION)

ARTICLE 39. HOLDING COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

I. Presentation of the accounts

At the end of each financial year, the Executive Board establishes the schedule of the assets and liabilities existing at that date.

It also draws up the income statement and the balance sheet.

The Executive Board prepares a written report on the results for the financial year, the situation of the company and its business activity during the period under review.

These documents are made available to the Statutory Auditors at the company's registered office at least 45 days prior to the Shareholders' Meeting convened to approve the holding company financial statements, with the exception of the report on the results for the financial year and the situation of the company, which may be made available to the Statutory Auditors no less than 20 days prior to the meeting. Copies of these documents must be forwarded to the Statutory Auditors should they request them.

II. Presentation and measurement methods

The income statement and the balance sheet are established each year in accordance with the same presentation guidelines and measurement methods used in previous years. However, in the event of any proposed changes, the Shareholders' Meeting, upon examining the financial statements established in accordance with both the proposed and existing presentation guidelines and methods, as well as the reports of the Executive Board and the Statutory Auditors, shall render its decision upon the proposed changes.

If methods other than those required by applicable legal and regulatory provisions were used for the measurement of the company's assets in the schedule and in the balance sheet, mention is made of this fact in the report presented by the Executive Board.

III. Depreciation, amortisation and provisions

All necessary depreciation, amortisation and provisions are recognised even if there has not been any profit or it has been insufficient, to ensure that the balance sheet provides a fair view of the Company's financial position.

Depreciation is recognised for any impairment in the carrying amount of assets, whether due to wear and tear, technical modifications or any other cause.

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 is mentioned at the foot of the balance sheet.

ARTICLE 40. APPROPRIATION AND ALLOCATION OF EARNINGS

• Net earnings consist of the net profit for the financial year, less overheads and other company expenditure, as well as the depreciation or amortisation of company assets and all provisions for commercial and industrial contingencies.

• Net earnings are appropriated and allocated as follows:

• A deduction of 5% is taken from net profit for the year after the offset of any prior year losses carried forward, for the purpose of creating the legally required "legal reserves", until these reserves equal one-tenth of the company's share capital.

• Net earnings to be appropriated consist of the net profit for the financial year, less prior-year losses and legally required reserves, plus retained earnings carried forward.

• The Shareholders' Meeting then allocates the amounts it deems appropriate to the optional, ordinary and/or extraordinary reserves, and to retained earnings.

The resulting balance, if any, is allocated among all shareholders proportionately to their paid-up outstanding shareholdings. However, except in the event of a capital decrease, no payment to shareholders is carried out if the resulting amount of net assets is or would otherwise become less than the combined amount of the share capital and reserves that may be distributed as provided by law or by the Articles of Association.

The Shareholders' Meeting may decide to allocate amounts deducted from the optional reserves either in order to provide or supplement a dividend or for the purpose of allocating exceptional provisions; in this case, the resolution shall expressly indicate the reserve categories from which these deductions are to be made.

After the approval of the financial statements by the Shareholders' Meeting, any losses are recorded in a special account for offset against profit of future years until the expiry of their availability for carryforward.

• The Shareholders' Meeting convened to approve the financial statements for a given year may grant to each shareholder, in respect of all or a part of the dividend set aside for distribution, an option to be paid either in cash or in shares, the price of which is previously determined as provided by law. The offer of payment in shares must be made simultaneously to all shareholders. Requests by shareholders in this regard must be made during a period determined by the Shareholders' Meeting, which may not last longer than three months from the date of this meeting.

21.3. STATUTORY AUDITORS' FEES

	BDO MARQUE GENDROT				José DAVID			
	Amount (€k)		%		Amount (€k)		%	
At 31 October	**2 006**	**2 005**	**2 006**	**2 005**	**2 006**	**2 005**	**2 006**	**2 005**
Audit								
Statutory audit, certification, audit of the individual company and consolidated financial statements								
Issuer	55	55	81 %	69 %	55	55	10 %	15 %
Fully consolidated subsidiaries	13	25	19 %	31 %	409	307	77 %	85 %
Other work and services performed directly related to the mission of statutory auditor								
Issuer					70			
Fully consolidated subsidiaries								
Subtotal	**68**	**80**	**100 %**	**100 %**	**534**	**362**	**100 %**	**100 %**
Other services rendered by the networks to fully consolidated subsidiaries								
Legal, tax, employee-related								
Other (specify if > 10% of audit fees)								
Subtotal	**0**	**0**	**0 %**	**0 %**	**0**	**0**	**0 %**	**0 %**
TOTAL	**68**	**80**	**100 %**	**100 %**	**534**	**362**	**100 %**	**100 %**

22. MATERIAL CONTRACTS

In the two years immediately preceding the publication of this Reference Document, the Company signed the following significant contracts (other than those concluded in the normal course of business):

On 30 September 2005, GROUPE PARTOUCHE acquired from the Didot-Bottin group and its partners the entire share capital of SA Groupe de Divonne, which controls the French casinos at Divonne-les-Bains, Annemasse, Saint-Julien-en-Genevois, Hauteville-Lompnes, and the Swiss casino Crans-Montana.

GROUPE PARTOUCHE made a commitment to the French Economics ministry to maintain the competitive position of casinos in the canton of Geneva.

This is why its Groupe de Divonne subsidiary was obliged to divest the Saint-Julien-en-Genevois casino.

Moreover, on 26 April 2006, GROUPE PARTOUCHE sold to the company La Tête Dans Les Nuages the investment that it held in the capital of Société Française de Casinos, i.e. 55.55% of the share capital for a total amount of €17.5m, including current accounts.

Furthermore, a certain number of significant contracts were signed by GROUPE PARTOUCHE and/or its subsidiaries (other than those concluded in the normal course of business) which confer an obligation or significant commitment for the entire Group:

On 27 September 2005, at the same time as the acquisition of Groupe de Divonne, GROUPE PARTOUCHE contracted a new syndicated credit, which constitutes the bulk of the Group's bank debt. This credit is for an initial term of seven years for an amount of €431m.

It bears interest at a variable rate, based on Euribor 3 months, with a decrease in the banking margin (25 basis points) as the ratio detailed in Note 17 of the notes to the consolidated financial statements improves (item 20.3.1.)

The guarantees related to this credit are the collateralization of the securities of the Group's main subsidiaries, and the monitoring of financial ratios related to the profitability, financial structure and investments of the Group.

On 26 August 2003, GROUPE PARTOUCHE concluded a shareholder advance agreement granted by SA Financière Partouche, for an amount of €100,000,000 for a duration of 7 years and 3 months as of 29 August 2003. This advance is remunerated at the annual rate of Euribor plus 2%.

The rider to this agreement signed on 30 September 2005 specifies that the shareholder advance will be extended until 30 November 2012.

23. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

A summary estimate of the Group's tangible fixed assets was performed by Mr. Gérard Naulet, Previous Government Commissioner at the Chambre des Expropriations du Tribunal de Grande Instance de Paris, of 17 allées des Eiders, Paris (19^{th} arr.). (Chapter 8.1.)

24. DOCUMENTS ON DISPLAY

24.1. DOCUMENTS ON DISPLAY

During the period of validity of this Reference Document, the following documents (or copy of these documents) may, where applicable, be consulted:
a) the memorandum and Articles of Association of the issuer;
b) all reports, correspondence and other documents, historic financial information, valuations and declarations established by an expert at the request of the issuer, certain of which are included or referred to in the registration document;
c) the historic financial information of the issuer or, in the case of a group, the historic financial information of the issuer and its subsidiaries for each of the two financial years preceding the publication of the registration document.

The documents above may be consulted at the registered office of the Company - GROUPE PARTOUCHE SA, 141bis rue de Saussure 75017 Paris, France.

24.2. PERSON RESPONSIBLE FOR THE INFORMATION

Mr. Alain Cens, Chief Financial Officer

Telephone : +33(0)1 47 64 33 45

24.3. FINANCIAL COMMUNICATION CALENDAR

• 1st Quarter revenue	Week 11
• 2nd Quarter revenue	Week 24
• 1st Half results	Week 26
• 3rd Quarter revenue	Week 37
• 4th Quarter revenue	Week 50
• Results for the financial year	Week 9 of 2008.

25. INFORMATION ON INVESTMENTS

Please refer to the table of subsidiaries and affiliates in the Company presented in point 3 of the individual company financial statements in Chapter 20.2.2 above in addition to Note 30 of the consolidated financial statements of the Group for the financial year ended 31 October 2006, presented in Chapter 20.2.1 of this document.

During financial year 2005-06, GROUPE PARTOUCHE did not acquire any significant investments, as defined in article L. 233-6 of the Code of Commerce, in French companies (excluding intra-Group transactions).

26. TABLE OF RECONCILIATION

In order to facilitate the reader's access to information in the annual report, for which the original French version has been registered as a reference document, the following table of reconciliation presents the headings relating to the minimum disclosure requirements in this reference document.

		Chapter
1.	**Management report of the Board of Directors on the parent company**	**9.2.**
1.1.	Position of the company's activity during the financial year under review and where applicable of the subsidiaries and companies that it controls	**6. 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 on which the report was prepared	**5.1.5.**
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	**4.1.9. and 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. 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. and 17.2.**
1.13.	List of mandates and functions carried out at each company by each company officer	**14.1.**
1.14.	Employee and environmental impacts	**4.1.9. and 17.**
1.15.	Information on the policy for mitigating technology-related accident risks, capacity of the company to cover its civil liability…	**4.2.**
1.16.	Amount of dividends distributed in the last three financial years	**20.6.**
1.17.	Information on share repurchase programmes	**21.1.3.**
1.18.	Transactions carried out by directors in their shares	**14.2.2.**
1.19.	Calculation variables and results of the adjustment of the conversion bases or exercise of securities conferring access to capital and share subscription or purchase options	**17.2.**
1.20.	Acquisition of investment stakes in companies having their registered office in the territory of the French Republic and representing more than 1/20, 1/10, 1/5, 1/3, 1/2 or 2/3 of the capital or voting rights of these companies and acquisition of a controlling interest in companies having their registered office in the territory of the French Republic	**25.**

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The original French language version of this reference document was filed with the Autorité des Marchés Financiers on 3 April 2007, in compliance with article 212-13 of the AMF's General Regulations.

The original French language version of this reference document may be used as a supporting document for a financial transaction if supplemented by a prospectus duly granted a visa by the Autorité des Marchés Financiers.

Design & Creation: Carole Estevada
Printing: Premium Graphics
Photos: Marcel Partouche Sebban, X

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