Societe des Bains de Mer
et du Cercle des Etrangers a Monaco
Annual Report
2011 / 2012

SOCIETE ANONYME DES BAINS DE MER

ET DU CERCLE DES ETRANGERS A MONACO

ANNUAL GENERAL MEETING

SEPTEMBER 14, 2012

Note:

The financial statements in English are a faithful translation of the original French version but should not be considered as completely accurate due to the unavailability of English equivalents for certain French accounting terms. Consequently, this English document is intended for general information only.

FISCAL YEAR

2011 - 2012

BOARD OF DIRECTORS

Chairman	Mr.	Jean-Luc BIAMONTI
Directors	Messrs.	Willy de BRUYN
		Michel DOTTA
		Alexandre KEUSSEOGLOU
		Thierry LACOSTE
		Patrick LECLERCQ (end of term 06/06/2011)
		Pierre LETZELTER (beginning of term 06/08/2011)
		Jean-Louis MASUREL
		Michel REY
		Pierre SVARA
		William TIMMINS

EXECUTIVE MANAGEMENT TEAM

Board Member and Chief Executive Officer	Mr.	Jean-Louis MASUREL
Deputy C.E.O.	Mrs.	Isabelle SIMON
Deputy C.E.O. Finance	Mr.	Yves de TOYTOT
General Secretary - Head of Human Resources	Mrs.	Agnès PUONS

STATUTORY AUDITORS

Permanent Members	Mrs.	Simone DUMOLLARD
	Mr.	André GARINO
Substitute Members	Mrs.	Bettina RAGAZZONI
	Mr.	Louis VIALE

CONTRACTUAL AUDITOR

DELOITTE & ASSOCIES

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MESSAGE FROM THE CHAIRMAN

Ladies,

Gentlemen,

Shareholders,

The fiscal year, whose results we are presenting you today, is the most challenging your Company has experienced since a very long time. It is the result of a sharp decline in the operating performance and an intensification of the problems encountered with our diversification investment in on-line gaming.

In a troubled economic environment that may unfortunately deteriorate further, your Company did not have the flexibility necessary to adapt its cost structure to the new conditions.

The Société des Bains de Mer parent company financial statements clearly reflect these adaptation difficulties. With revenue that was nearly equivalent to that of fiscal year 2009/2010 (€354 million compared to €356 million two years ago), your Company generated a parent company net loss of €7.4 million compared to a net income of €13.9 million during fiscal year 2009/2010. At the same time, personnel costs rose from €146.5 million to €174.9 million in fiscal year 2011/2012, for an increase of €28.4 million (+ 19%). The increase arises from a specific corporate context that is very much removed from the activity trend. The Group consolidated financial statements reflect a same situation.

The recovery plan set up in early 2012 has not yet produced the results that are necessary to offset and curb your Company's worsening cost structure. The efforts undertaken in terms of cost cutting and business revitalization must therefore be stepped up.

With respect to on-line gaming, and faced with national regulations that are more restrictive than anticipated, we have implemented drastic savings measures so as to arrive at a cost structure that is more in keeping with our operating environment and the current taxation level for this activity. We have significantly reduced our payroll and marketing expenses, which should generate a positive performance for the 2012 calendar year in terms of cash flow from operating activities, even without any change regarding the regulatory environment. We have hope that this objective will be met given the results available at the end of August.

Despite these poor performances, your Board of Directors has pursued the capital expenditure that it deemed strategic to your Company's future. During the year, we completed the refurbishment of the Casino, much to the satisfaction of our gaming clientele, and the reconstruction of the Balmoral residence, whose luxury apartments have already been leased. This residence will boost the performances of the leasing sector, the only one to have posted a steady improvement in operating income in recent years.

We have set the following priorities in order to return to profitability in terms of operating income:

- Pursuit of the cost-cutting policy (none systematic replacement of all employees'departures, set-up of a voluntary early retirement program and any measures that would adapt expenses to the activity level);
- Diversification of our clientele originating from stronger economic growth zones, our traditional clientele coming from European countries that have been particularly affected by the crisis;
- Continuing development of our real estate assets. We have made progress in the study of the real estate project adjoining the Place du Casino in lieu of the Sporting d'Hiver. The work should start early 2014. We are also looking at a possible renovation of the Hôtel de Paris.

In these difficult economic times, we know we can rely on the valuable support of our personnel and we wish to thank them.

Jean-Luc Biamonti

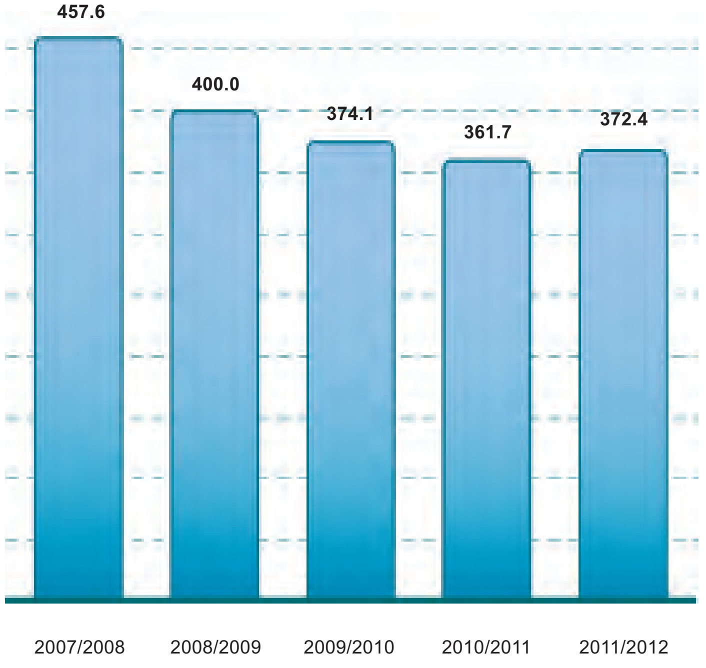
Chairman of the Board of Directors

KEY FIGURES

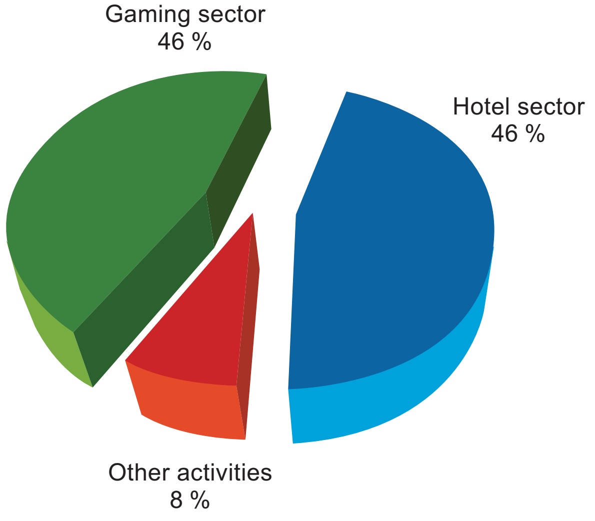
The following information relates to the group comprising the Société des Bains de Mer and its subsidiaries.

CONSOLIDATED REVENUES

in millions of euros

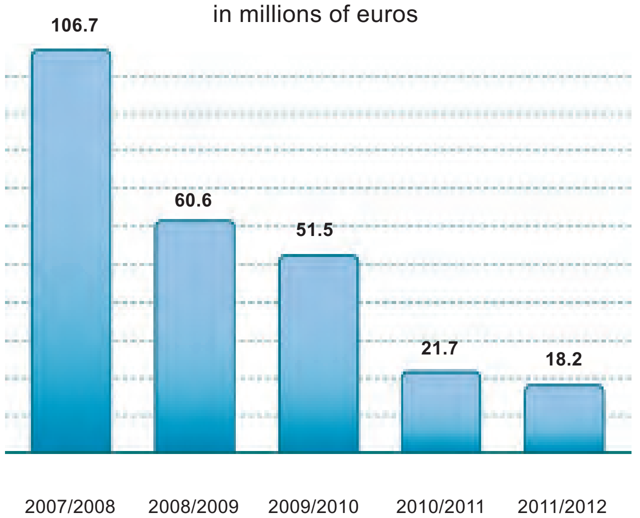


BREAKDOWN OF ACTIVITIES



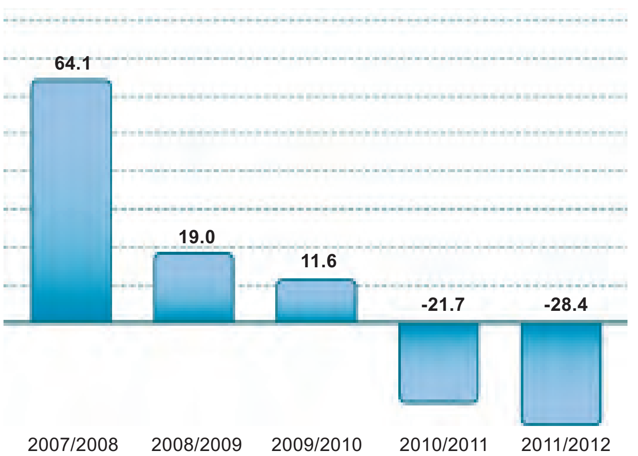
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

in millions of euros



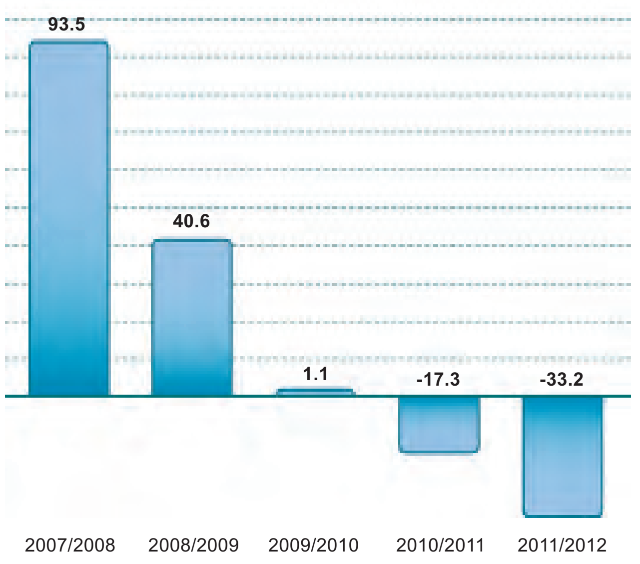
OPERATING INCOME

in millions of euros



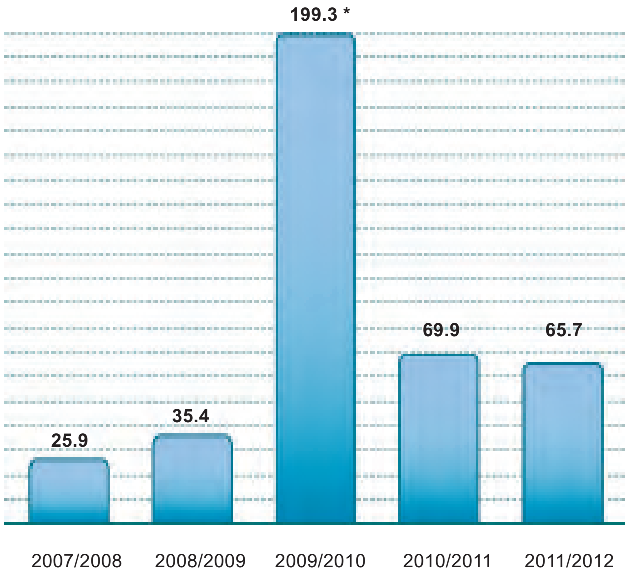
INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

in millions of euros



CAPITAL EXPENDITURE

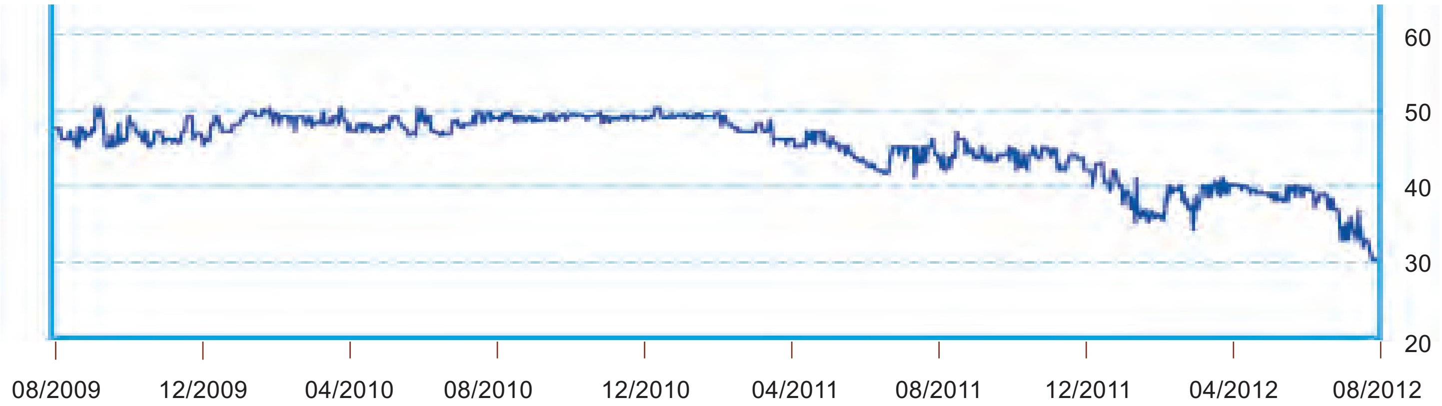
in millions of euros



* including investment in Mangas Gaming : 140 million €

MARKET SHARE PRICE OF THE SOCIETE DES BAINS DE MER

NYSE Euronext Paris / Compartiment B (code Euroclear MC0000031187 - BAIN)



Despite a slight turnaround in activity, the Group posted an overall decline for the 2011/2012 fiscal year compared to the previous year.

Revenue stood at €372 million for 2011/2012, for an increase of 3%, compared to €362 million in 2010/2011.

The growth is due to the hotel sector, which posted revenue of €181 million, up 6% over the last year. The increase was spread throughout the Group establishments and concerns the accommodation and catering activities. With receipts of €172.7 million, the gaming sector had activity that was equivalent to last year. The result combines a favorable change in table games, which rose by 6% with higher gambling revenues, and a 4% decrease in slot machine revenues.

Despite the €10.7 million increase in consolidated revenue, the Group posted an operating loss of €28.4 million, compared to a loss of €21.7 million the previous year, thus confirming the difficulty in transforming revenue growth into profit. Accordingly, the two main sectors – gaming and hotels – recorded decline in their operating income while Other activities, mainly comprising leasing, improved its profitability, contributing €15.1 million to Group operating income.

Net income from financial items totaled €45.3 million compared to a profit of €29.3 million in 2010/2011, a favorable difference of €16 million. The increase primarily stems from capital gains on the sale of Wynn Resorts, Ltd shares, which were more significant than the previous year, standing at €39.7 million compared to €28.3 million, and the adjustment of the price supplement paid for the interest in the BetClic Everest Group.

Lastly, the equity consolidation of the Betclic Everest Group, the on-line gaming group that is 50% owned by Société des Bains de Mer, must take into account the 50% share of its profit for the period from April 1, 2011 to March 31, 2012, for a negative share of €50.2 million. Its operations already penalized by the opening of the French on-line gaming market and the introduction of a particularly burdensome tax charge, the net profit of the BetClic Everest Group continues to be impacted by the amortization charge for intangible assets and the partial impairment of goodwill recognized on the investment in Everest and the re-estimate of financial instruments related to this transaction.

The Group posted a consolidated net loss of €33.2 million, compared to a loss of €17.3 million for 2010/2011.

The developments in the gaming and hotel sectors are analyzed below.

GAMING SECTOR

With receipts of €172.7 million in 2011/2012, compared to €172.0 million the previous year, the gaming sector posted an activity equivalent to that of last year. This performance is the result of a favorable trend in table gaming activity, combined with a new decline in slot machine revenues.

The trend reflects an economic context that remains daunting, affecting a substantial portion of customer markets.

The **table games** sector, which reported revenue of €77.2 million, compared to €73.2 million last year, a performance that was slightly higher than fiscal year 2010/2011, due to the sustained effort in terms of invitations, promotion and events.

With the exception of the Sun Casino, attendance at the establishments rose during the year, although the positive impact was nuanced by unfavorable events.

Receipts for *European Games* fluctuated significantly over the year, with the recognition of a favorable event during the first half and its noticeable reversal at the end of the second half. Receipts rose for European Roulette, which along with Punto Banco remains one of the most appreciated games among patrons. Revenue was also up for the new games in operation, including Ultimate Poker.

Activity for *American Games* varied according to the establishments. The Casino and Café de Paris rooms benefited from a clear turnaround in attendance and betting, translating into a 40% boost in receipts compared to last year, despite less favorable events. The Sun Casino reported a more limited increase in receipts at 5%, despite a slight decline in betting volume following a drop in attendance for some top clients. With growth up 36% compared to last year, Black Jack remains the sector's most popular game. The other American games – Craps and American Roulette – posted changes in revenue that were more limited, the fall in receipts for No Limit Poker arising from the closing of tables for a few months.

The situation for **slot machines** again deteriorated during the year, with revenue standing at €92.6 million, compared to €96.3 million in 2010/2011.

Benefiting from a more favorable geographical position and its smoking terrace, the Casino du Café de Paris was able to report a 1% increase in its receipts. On the other hand, activity for the other establishments – Casino, Sun Casino and Bay Casino – declined significantly due to lower attendance. With respect to La Rascasse, the first year of operation did not meet forecasts, necessitating the implementation of a recovery plan.

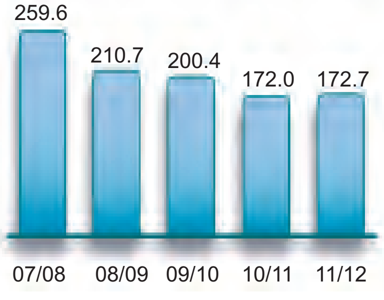
In an economic context that remains challenging, the Group wishes to maintain its investment efforts, with constant innovation in terms of technologies and game offerings proposed to clientele. The recovery plan now being prepared for this sector is based on the development of additional space for the outside terraces, a favorite with patrons, and a better allocation of resources for the promotion of the slot machine activity.

Operating income before depreciation and amortization for the entire gaming sector was down, breaking even at €0.2 million in 2011/2012, compared to €5.2 million the previous year. This decrease stems from continuing initiatives in terms of invitations, marketing and promotional campaigns, as well as higher personnel costs.

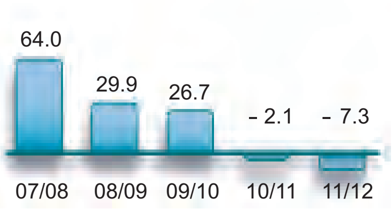
After taking into account a depreciation and amortization charge that was €0.2 million higher than last year, the Group reported an operating loss of -€7.3 million for the gaming sector, compared to a loss of -€2.1 million the previous year.

REVENUE (in M€)		10/11	11/12	%
46 %	Table games	75.7	80.1	+ 6
54 %	Slot machines	96.3	92.6	– 4
100 %	**Total gaming sector**	**172.0**	**172.7**	**+ 0**

GAMING REVENUE (in M€)



OPERATING INCOME FROM GAMES (in M€)




sea

HOTEL SECTOR

In an economy that remained turbulent, the luxury hotel market again bettered its performance. This improvement was manifest in terms of both occupancy rate and average prices in the major French and foreign agglomerations as well as the Côte d'Azur.

Taking advantage of this more favorable context and new operating capacities, the hotel sector continued the business recovery initiated last year.

Revenue for the Group's hotel operations therefore rose + 6%, standing at €181 million for 2011/2012, compared to €170.7 million the previous year.

This renewed activity, which was observed throughout the year, profited most of the establishments, and particularly the Hôtel Hermitage, which has benefited from a major refurbishment and extension program during the past two years.

With revenue of €62.3 million compared to €59.1 million for 2010/2011, the **Accommodation** activity rose 6%, and all the establishments recorded higher revenues. The occupancy rate for the four hotels – Hôtel de Paris, Hôtel Hermitage, Monte-Carlo Beach Hotel and Monte-Carlo Bay Hotel & Resort – stood at 56% compared to 54.4%. The average room rate rose 2%, primarily as a result of the change in the client mix. The breakdown between "private individuals" and "business clients" is nearing the 60%/36% ratio, compared to 60%/40% the previous year.

Segmentation by geographical origin was steady, the French market remaining the top nationality in our establishments, with more than 21% of the clients accommodated, ahead of the Italian clientele, which was down slightly and the Russian, which was up at 14%. Next in line were the American and British client bases, at 11% and 9% respectively.

Catering rose 7% to reach €94.6 million, compared to €88.6 million last year. The opening of the Buddha Bar the preceding year and its first full year of operations, the continuing robust growth of the Café de Paris, as well as the catering activity of the Hôtel de Paris and the Hôtel Hermitage were the prime drivers of this growth. The other Group establishments, namely the Louis XV, Jimmy'z or the restaurants of the Beach seaside complex, also contributed to this favorable trend. Conversely, activity for the Salle des Etoiles has declined in relation to the achievements of the 2010 summer season, which benefited from an exceptional artistic programming.

A total of 895,000 meals were served during the year, for an increase of 3%. The Café de Paris remained the most frequented establishment, with 324,000 meals served during the year.

Lastly, the average price rose significantly, with the exception of the Salle des Etoiles for the aforementioned reasons.

The hotel sector's **other activities** posted a 5% increase in revenue, to stand at €24.0 million for the year, compared to €22.9 million in 2010/2011. This positive trend is primarily attributable to the business growth of the Beach seaside complex, which profited from the enhancement of its remarkable surroundings and the activity of Thermes Marins Monte-Carlo.

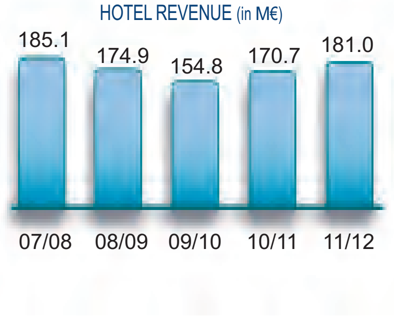
However, the transformation of revenue growth into profit continues to be a challenge for the sector, primarily due to the steady rise in personnel costs.

Operating income before depreciation and amortization for the entire hotel sector totaled €23.4 million, compared to €23 million for the 2010/2011 fiscal year.

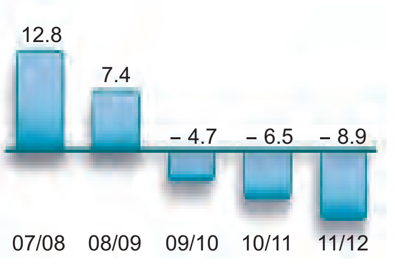
After taking into account a €2.7 million increase in depreciation and amortization charges after capital expenditure, the Group reported a more pronounced operating loss for the hotel sector, standing at -€8.9 million in 2011/2012, compared to -€6.5 million for the previous year.

REVENUE (in M€)		10/11	11/12	%
34 %	Accommodation	59.1	62.3	+ 6
52 %	Catering	88.6	94.6	+ 7
13 %	Other	22.9	24.0	+ 5
100 %	**Total hotel sector**	**170.7**	**181.0**	**+ 6**

HOTEL REVENUE (in M€)



OPERATING INCOME (LOSS) FROM HOTELS (in M€)



Despite a slight turnaround in activity, the Group's results for fiscal year 2011/2012 were down compared to the previous year.

Revenue

The Group reported consolidated revenue of €372 million for the 2011/2012 year, compared to €362 million in 2010/2011, for an increase of 3%.

While activity grew by 10% for the first six months, revenue declined 8% in the second half.

Operating income and depreciation and amortization

Despite a €10.7 million increase in consolidated revenue, Operating income before depreciation and amortization declined by 16% to stand at €18.3 million, compared to €21.7 million in 2010/2011.

The depreciation and amortization charge rose sharply, standing at €46.6 million for fiscal year 2011/2012, compared to de €43.4 million previously, due to major investments over the last two years.

The Group posted an operating loss of €28.4 million, compared to a loss of €21.7 million the previous year. Accordingly, the two main sectors – gaming and hotels – reported respective declines of €5.2 million and €2.4 million in their operating income. Conversely, leasing activities representing a significant portion of the "Other activities" sector posted an ongoing improvement in their profitability and contribute at the level of €15.1 million to the operating income.

Financial income or loss

Financial income was positive at €45.3 million, compared to a profit of €29.3 million in 2010/2011. Capital gains of €39.7 million on the sale of 500,000 shares of Wynn Resorts, Ltd were also recorded, in addition to the €3 million in dividends paid by this same company and the adjustment of the price supplement paid in connection with the BetClic Everest Group investment.

Share in net profit of the BetClic Everest Group

Lastly, the equity-accounting consolidation of BetClic Everest Group, an on-line gaming group that is 50% owned by Société des Bains de Mer, required the recognition of a 50% share of its net profit for the period from April 1, 2011 to March 31, 2012, for a negative share of -€50.2 million. Already hindered by the opening of the French on-line gaming market and high taxation at the operating level, net profit for the BetClic Everest Group continues to be impacted by the amortization of intangible assets. The partial write-down of goodwill on the Everest investment recognized over the period and the re-estimate of the financial instruments related to this transaction also weighed on net profit.

Consolidated net income/(loss)

The Group posted a consolidated net loss attributable to the equity holders of Société des Bains de Mer and its subsidiaries of €33.2 million, compared to a loss of €17.3 million for fiscal 2010/2011.

Cash from operations and cash flows

Cash from operations dropped sharply, standing at €24.4 million, compared to €37.3 million the previous year. After taking into account the change in the working capital requirement, net cash flows from operations fell sharply, from €74.3 million in 2010/2011 to 26.3 million for the current year. In 2010/2011, the item had benefited from a favorable trend in the working capital requirement, following the early collection of a portion of the rent in the amount of €36.5 million relating to the extension of the long-term lease for the residential section of the Belle Epoque building.

In addition, the Group pursued an active investment policy, and financial resources allocated to capital expenditure for the refurbishment and development of real estate assets totaled €67.5 million, compared to €69.9 million for 2010/2011.

After taking into account proceeds from the disposal of financial assets for €46.3 million, net cash used in investing activities totaled €55 million for fiscal 2011/2012, compared to €73.1 million in the previous year.

For the year ended March 31, 2012, the Group's net debt was positive at €12.3 million, compared to €41.4 million in the previous year.

Parent company financial statements and dividends

For the period ended March 31, 2012, the financial statements of Société des Bains de Mer, the parent company, reported revenue of €354.4 million and a net loss of €7.4 million, compared to a profit of €8.4 million in 2010/2011.

These financial statements include a provision of €26.5 million for the partial impairment of debt securities held by your Company in Sarl Monte-Carlo SBM International, a subsidiary incorporated under Luxembourg law, whose earnings were impacted in the amount of €18 million by the partial write-down of goodwill recognized on the Everest investment.

Considering these unfavorable results, the Board of Directors deemed it inappropriate to pay out any dividends and proposed only to pay the cumulative preferred dividend, i.e. €0.01 per share.

CAPITAL EXPENDITURE AND FUTURE OUTLOOK

Capital expenditure

Despite a challenging year in terms of profit, the Group pursued its renovation program in the various activity sectors. Resources earmarked for capital expenditure excluding financial investments stood at €65.7 million for fiscal 2011/2012, compared to €69.9 million in 2010/2011.

The ongoing work for the **Casino de Monte-Carlo** represents the flagship project for the year. Scaled in several phases so as not to interrupt business, the first phase was delivered for the 2011 Grand Prix, thus offering players a new gamming terrace facing the sea, in the Belle Epoque style and with a surface area of 280 m². With three European roulette tables and four Punto Banco or Black Jack levels, the Salle Blanche terrace can welcome some one hundred customers with smoking permitted. During this first phase, the renovation program also covered the Salle Médecin room, adjoining restaurants that have been entirely refurbished and decorated, and the terrace facing Cap Martin.

The second phase of the program comprised the Rose and Touzet Salons, while privileging indirect light and drapes with shimmering colors. Work for the Salon Rose reflected a boudoir by enhancing the original ceiling fresco.

Lastly, the third phase was launched in January 2012 and completed for the 2012 Grand Prix 2012. It covered the complete refurbishment of the Renaissance, Europe, and Touzet Nord Salons and the entrance to the Salons Privés. The Group expects a return on these investments, which represented a total expenditure of €18 million during the year.

The major work previously described did not compromise the resources earmarked for the **renewal of the slot machine** pool, knowing the need to constantly innovate and, above all, the necessity of being attuned to the latest trends. The commissioning of such exclusive machines as American Idol and Batman or that most famous of pin-ups Betty Boop reflect the strategy thus initiated.

The year's other significant project is the ongoing renovation of the former Hôtel **Balmoral**, in the heart of Monte-Carlo. The delivery of a prestigious residence with hotel service in the second quarter of 2012 represented an investment of €14.6 million for the year. The six exceptional apartments to be leased offer a spectacular view of Port Hercule.

In the hotel sector, no new projects with the same scope as in the previous three years were undertaken in fiscal 2011/2012, although establishments were the subject of more current capital expenditure. By way of example, the recent renewal of the **Hôtel de Paris** hall, with its impressive volumes, has restored the site's former glory and enhanced the central glass dome.

The nightly entertainment concept has been revamped for the winter period, with a new location at the Place du Casino and the creation of **Jimmy'z d'Hiver**, a new and highly successful establishment with the latest in sound and light technology.

Similarly, major improvements have been made to transform La **Rascasse** into a trendy bar. Renowned since the 70s and located by the famous bend in the Formula 1 circuit, the new site will feature performing artists on the ground floor and a new gaming room on the first floor.

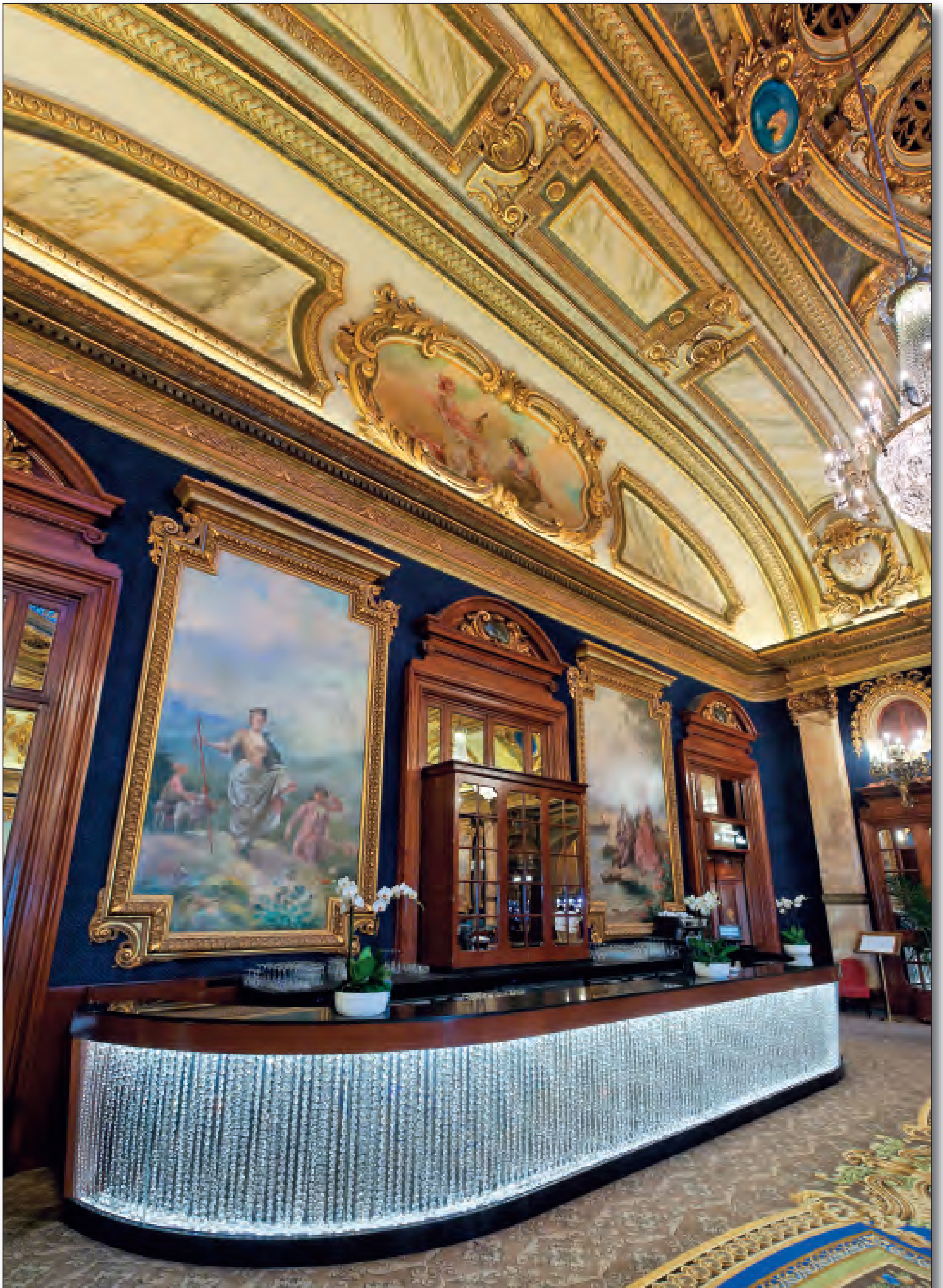
Lastly, the **Sea Lounge** and its extensively revamped decor opened its doors in May 2011, in a natural and unique environment between sea and sky that is highly prized by the clientele.

Brand value and protection policy

Since its inception, Société des Bains de Mer has created some of the most prestigious brands in the luxury hotel industry and the gaming world. These brands symbolize not only the Group's name and history, but also an image and reputation embodying the excellence of its establishments, some of which now represent considerable value due to their renown.

These brands have been grouped under the name "Monte-Carlo SBM" and are presented in a new graphic charter. However, like all famous brands, those created by Société des Bains de Mer have been subject to illegal use, which has multiplied with the inception and development of the Internet.

Fully determined to preserve its image, the Group has strengthened the organization dedicated to their protection. A permanent monitoring system was introduced and, as needed, the necessary actions are initiated with the international arbitration bodies concerned and the competent legal authorities. Carried out persistently over several years, this protection policy has enjoyed the success forecast. Aware of the communicative power and strategic importance of its brands, the Group intends to pursue the actions implemented so as to transform them into future growth levers in an increasingly globalized market.



Competitive environment and outlook

In the difficult context encountered in recent months, Société des Bains de Mer and its subsidiaries intend to pursue an active investment policy and identify new development strategies for the coming years.

The Group's General Management set up in November 2011 has initiated a three-year recovery plan known as the **Renaissance Project**.

The project's priority is to revitalize the Group's business and profit levels. It also seeks to transform the company to better prepare its future, by laying the foundations and linking a profound change in the corporate culture and management methods.

The Renaissance Project combines timely concrete measures and strategic longer-term thinking. It has identified seven policies for the Group's e future covering the most crucial challenges: gaming, hotels, customer relations, development, diversification of the offering, human resources, finance, best practices, communication and change management.

In addition, an innovative project has resulted from the strategy sessions covering the **Sporting d'Hiver** building that have taken place over several years. The project is being supported by the Principality Government.

On the horizon for 2018, the Sporting d'Hiver building will be replaced by seven main buildings as part of a mixed-use development community planning project that will combine shops, prestigious residences, offices, leisure and cultural space, as well as parking. To preserve the architectural heritage of the former Sporting d'Hiver, an identical copy of the **Salle des Arts**, probably its most striking element, will be rebuilt inside this contemporary setting.

The project has been awarded to the firm Rogers Stirk Harbour + Partners, founded by Lord Richard Rogers, who designed the Centre Georges Pompidou in Paris, as well as the Millennium Dome and prominent residential projects in London.

The project's coordination was awarded to the Monegasque architect Alexandre Giraldi. This ensemble will revitalize the neighborhood, transforming it into place of dynamism and conviviality, and serving as an example of green urbanism and sustainable development.

This project will buttress the Group's development strategy by optimizing its real estate assets, all the new space to be leased, and by attracting and retaining an international clientele who now demand exceptional residential accommodation and service in Monaco. With the leasing pool of upscale boutiques being significantly extended , this new clientele will contribute to developing the Company's property and hotel income and bolster its traditional activities in the gaming sector.

Lastly, the Group took over the operation of the **Hôtel Méridien Beach Plaza** in Monaco on June 28, 2012. The Société Hôtelière du Larvotto, the wholly owned subsidiary of Société des Bains de Mer, will thus succeed a Starman group company for the remaining term of the lease management agreement now in effect with the owner, Société Nationale de Financement, which is to say until September 30, 2018. Up until this date, the Starwood group will continue to manage this hotel, under the Le Méridien brand and on behalf of the Monte-Carlo SBM group.

The Méridien Beach Plaza is a 4-star sea front hotel with more than 400 rooms and suites, a private beach, a business center and a fitness center, the Monte-Carlo Sea Club.

Investment in BetClic Everest Group (formerly Mangas Gaming)

The Group has held a 50% joint stake in BetClic Everest Group since May 2009, a company controlled by Mr. Stéphane Courbit through Financière Lov.

As of March 31, 2012, the BetClic Everest Group comprised the following entities:

- the wholly owned companies of the Betclic and Expekt subgroups;
- the 56% owned companies of the Bet-At-Home subgroup following the May 31, 2011 purchase of 5% of the minority interests from its founders;
- the 60% owned companies of the Everest subgroup following the acquisition of control in April 2010, the remaining share being held by GigaMedia, which is listed on the NASDAQ.

To finance the purchase of 5% of the minority interests of Bet-At-Home from its founders and the settlement of a deferred payment relating to the acquisition of Expekt, BetClic Everest Group secured two loans from a financial institution on

September 30, 2011; The two loans for €7.2 million and €15 million are repayable over seven years. In October 2011, the two associates - the S.B.M. Group and Financière Lov – acted as joint and several guarantors for the financial loans granted to BetClic Everest Group. Since each associate can be called on for the total amount of financial commitments, a demand counter-guarantee arrangement was set up between them in the amount of €13.5 million, backed by cross-pledges of 13,500 BetClic Everest Group shares held by each company.

In addition to the measures described above, Mangas Lov and the SBM Group, the two shareholders of BetClic Everest Group, will undertake additional financing commitments. Current account advances were also granted during the year, representing a total of €32.5 million for each partner, over and above the €30 million loan granted in 2010 by the S.B.M. Group to the Betclic Everest Group as part of the acquisition of Everest Gaming,

Lastly, the two partners wished to anticipate the supplemental price valuation stipulated in their agreements with respect to the S.B.M.Group's investment in BetClic Everest Group.

The 50% interest in the BetClic Everest Group was acquired in May 2009 through a share capital increase subscribed by the S.B.M. Group, via its subsidiary Monte-Carlo SBM International, for €70 million.

As part of these agreements, the S.B.M. Group pledged to subscribe to a new capital increase (the Subsequent Capital Increase) in 2012, the amount of which is based on the performances of the Betclic Group, to be assessed in terms of gross gaming revenue and EBITDA in 2011, and representing a price supplement. The Subsequent Capital Increase will be capped at €70 million so that the total investment made by the Group through the two subscriptions for the 50% interest in BetClic Everest Group amounts to between €70 and €140 million.

While the aforementioned price supplement was to have been valued in mid 2012, the two shareholders preferred to anticipate the valuation approved at €63,850,000, given the expected performances and after taking into account the changes within the Betclic subgroup since the investment. The capital increase was effectively settled on December 16, 2011 by offset with a portion of the €70 million loan. The balance of €6,150,000, which bears no interest until June 30, 2012, may be reimbursed according to the various terms stipulated in the agreements.


LA BOUTIQUE

Environment

The Group pursued the initiatives undertaken as part of its Environmental Charter under the *Be Green Monte-Carlo* SBM logo. The results obtained in fiscal 2011/2012, the final year of the five-year program launched in April 2007, remain significant and confirm the savings and progress realized since the initiative's introduction. This was demonstrated in the second carbon footprint report prepared during the year, namely in terms of greenhouse gas emissions.

The program's main areas of action are presented below with the key results.

Employee awareness

Group employees are kept up to date on environmental news through the internal blog, *Oxygène*, a rapid and targeted communication tool. Since its launch in June 2007, more than 220 articles have been made available and put on-line.

Water saving

Since the project's start-up in 2007, the Group has significantly reduced its water consumption via several initiatives. Consumption is now 31% lower than it was in 2005, even prior to the opening of the Monte-Carlo Bay Hôtel & Resort. These achievements were made possible by the introduction of technical measures, including the implementation of cooling circuits and the renovation of water reclamation and conservation equipment, and a major internal awareness campaign concerning the use of this resource.

Energies

Thanks to the effective mobilization of its personnel, the Group has successfully pursued its energy saving efforts:

- Annual gas consumption over the year is 31% lower than it was in 2006/2007;
- Electricity consumption for 2010/2011 has been reduced by 8% since the project's launch, following the use of nine seawater heat pumps and a major upgrade to technical equipment carried out in recent years;
- The significant improvements in air conditioning are noteworthy, with a substantial drop in hot and cold production consumption by 36% and 28% respectively.

Collection, selective sorting, recycling

The Group has increased the number of recovery sites to collect a great variety of waste (used oil, paper, glass, batteries, Waste Electrical and Electronic equipment, household packaging, neon and lamps, toxic products, etc.).

These actions will be pursued by seeking to improve the share of volumes collected, but mostly reducing needs in order to produce waste.

"Green" purchases

The Group's purchasing policy is in line with this responsible approach:

- paper purchased is recycled or provided by sustainably managed forests (FSC or PEFC certified);
- purchases of standard plastic consumables reduced by using a starch-based biodegradable natural polymer;
- purchases of office paper reduced by 18% in five years;
- purchases of food privileging local and seasonal products, and organic farming in partnerships with regional market farmers, and banning of certain food items (for example, red tuna which has not been purchased since 2007);
- purchases of fair trade products (coffee, etc.).

The approach adopted for fair and equitable purchasing has expanded the exchanges with many other channels (chocolate, sugar, cereal, etc.), the objective being to maintain product quality and secure supplies. More generally, due to tensions in the commodity markets in recent months, the Group has developed a greater understanding of supply channels and its management of commodity reference listing and processing.

Biodiversity and green space management

The Group's Environment Department is responsible for managing and preserving a rich and historical legacy of numerous species remarkable for their rarity (Wollemia nobilis, Cycas debaoensis, etc.), size (Ficus macrophylla in the Boulingrins garden or the Casino terraces), age (centenary olive trees in the Petite Afrique garden), or beauty (magnificent flowering of Chorisia speciosa or Brachychiton discolor, etc.). The Group's environmental commitment in this area is expressed through the following actions:

- Use of eco-friendly treatments for the maintenance of green spaces and reduced use of insecticides, herbicides and fungicides;
- Listing of all trees (1,867 individual trees tagged and nearly 150 different species);
- Effort to encourage species that are less water dependent, following the example of certain lawns in "secondary gardens" being replaced by succulent plants or grass.

Work and application of H.E.Q standards

With the Balmoral project, the Works Department has chosen to implement the BRE Environmental Assessment Method to carry out and evaluate all the Group's new projects.

To improve their environmental performance, construction projects already underway or in the works will be managed and assessed based on this method, which will guarantee a positive environmental influence from the design phase to the final use of a new building. Based on this methodology, it will also be possible to communicate a final rating for buildings and clearly describe the strategies implemented to limit related environmental impacts.

A message for customers

In addition to current communication media and initiatives, such as stands in bedrooms and suites, online distribution of press releases and annual environmental reports on the www.montecarloresort.com site, under the "Be Green Monte-Carlo SBM" logo, the Group has also taken part in targeted events; such as supporting the epic endeavor of the PlanetSolar boat, which in May completed the first worldwide voyage powered solely by solar energy, arriving in Monaco after 584 days of navigation and a crossing of more than 60,000 km.

An internet link set up between the Group and Prince Albert II Foundation web sites has been in operation for three years. Using the link, customers who so wish can offset the carbon footprint of their travel to our establishments.

Lastly, the Group has initiated a strategy process to ensure the continuity of actions initiated on the occasion of the first Environmental Charter. Specifically, the drafting of charters defined by establishment and a charter for support services is planned. These various charters should improve the appropriation of environmental actions by each of the Group entities with the introduction of initiatives and particularities specific to each establishment, while capitalizing on the experience acquired over the last five years and the significant mobilization of employees around all these issues.

The workplace

In the area of employee relations, the Company is resolutely committed to a major modernization and remobilization process as evident by numerous projects.

The contemplated changes will necessarily entail a remodeled HR Department whose organization will be redesigned in order to better meet the expectations of employees and their managers. Developing the Company's human potential will be a priority: the chance for each employee to find professional fulfillment and realize his or her projects in order to go forward.

This ambitious project will focus team efforts on the advance work prior to implementing an overall evaluation and development process for all personnel: drafting of the first job description databases, the basis of the process, has begun in two pilot departments and will continue throughout the Company. These databases will enable a better positioning for each employee in the Department and Company organizational chart.

The contractual framework reform, largely initiated by the signing of the March 30, 2012 New General Collective Agreement for Employees, will continue in the gaming and hotel sectors with the ongoing objective of encouraging the mobility necessary for the creation of a professional project and the search for common interests as a result of the success shared by all employees across all sectors.

New time and planning management tools will ensure compliance with the legislative and contractual rights of employees, providing them with rapid and responsive methods for consulting their personal, salary and HR data. For line management, this will represent an effective employee management tool and will more than reduce data entry in order to refocus on dialogue.

Lastly and more generally, the development of all communication and exchange processes to promote a corporate culture and personnel enrichment at the workplace will be the rallying cry for employee relations in the coming years.

You are requested to discharge all Directors from any liabilities with respect to the performance of their mandate for the 2011/2012 fiscal year and grant a final discharge to Mr. Patrick Leclercq.

ARTICLE 23 OF THE ORDER OF MARCH 5, 1895

We hereby inform you of the transactions directly or indirectly involving your company and its Directors, or between your Company and its affiliated or non-affiliated companies with common Directors:

- transactions involving the subsidiaries of your Company:
  - Société Anonyme Monégasque d'Entreprise de Spectacles (S.A.M.E.S.);
  - Société Anonyme Monégasque des Thermes Marins Monte-Carlo (S.T.M.);
  - Société Anonyme Monégasque Générale d'Hôtellerie (SOGETEL);
  - Société Financière et d'Encaissement (S.F.E.);
  - Société Civile Particulière Soleil du Midi;
  - Société Civile Immobilière de l'Hermitage;
  - Société S.B.M./U.S.A. Inc.;
  - S.à.r.l. Monte-Carlo SBM International;
  - SARL Café Grand Prix;
  - Société BetClic Everest Group.

- and :
  - bank operations conducted with Banque J. Safra (Monaco) S.A., Mr. Jean-Louis Masurel being a Director, for the following transactions:
    - participation in a pool of financial institutions with whom the Company has a credit facility,
    - lease granted by the Company for premises in the Belle Epoque building,
  - wine purchases conducted on an arm's length basis with Société des Vins de Fontfroide, which is owned and managed by Mr. Jean-Louis Masurel, for non-material amounts;
  - civil lease transactions on an arm's length basis with Société Anonyme Monégasque Dotta Immobilier, whose vice-president Mr. Michel Dotta, for non-material amounts;
  - business relations with Société Monégasque pour l'Exploitation du Tournoi de Tennis (S.M.E.T.T.) in which the Company is a shareholder.

In accordance with Article 23 of the Order of March 5, 1895, we would ask you to ratify these transactions.

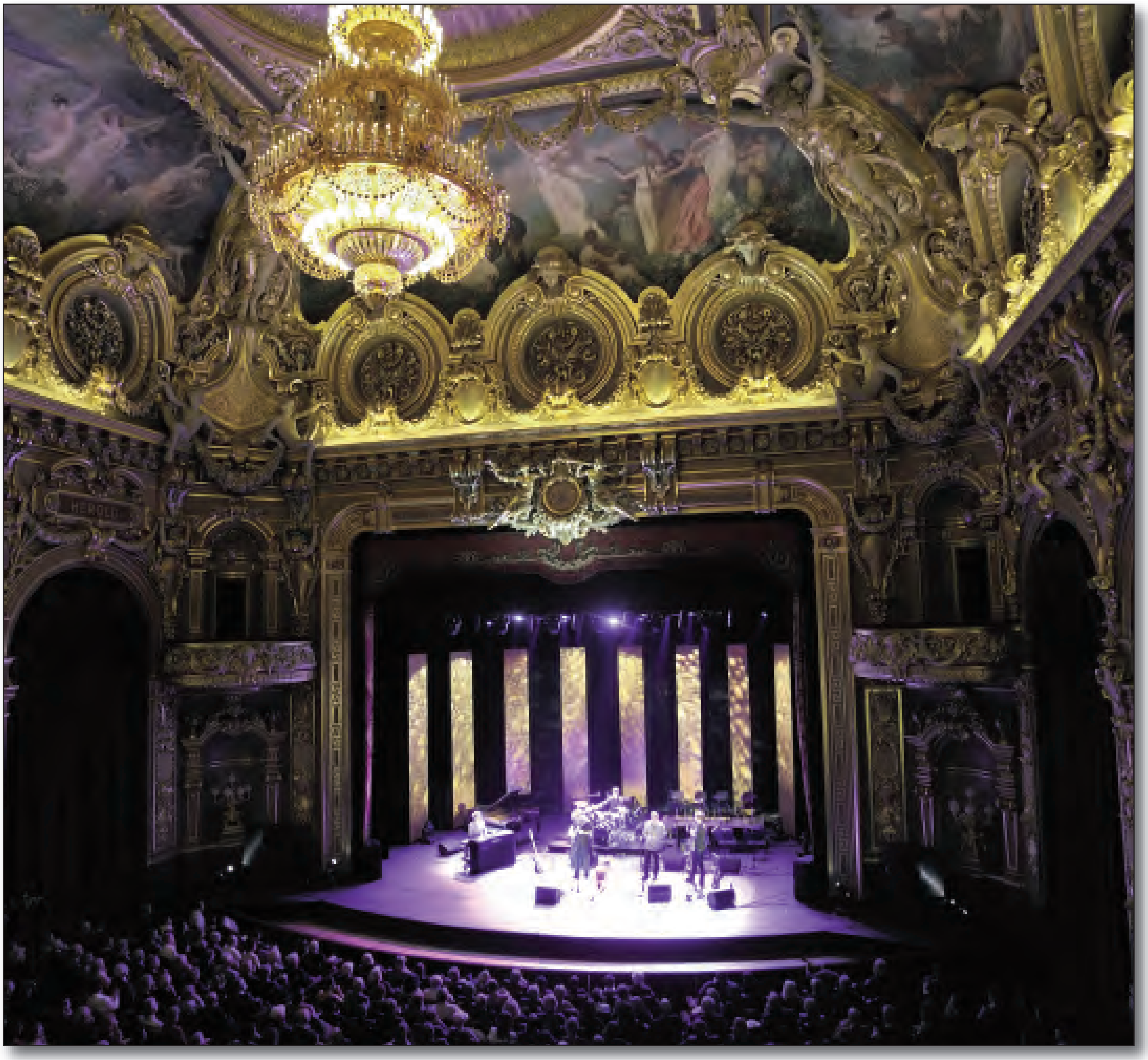
PROPERTY AND LEASING ISSUES

Your Company has received a request from S.A.M. d'Investissements du Centre Cardio Thoracique de Monaco concerning the extension of the building in which the activities of the Centre Médico-Chirurgical are carried out:

- Lower ground floor: underpinning of the building to create additional engineering volume;
- Frontage:
  - North face: volume for the vertical distribution of a new elevator,
  - South face: optimization of premises by displacement of the façade from level + 2 to level + 6,
- Surface areas in useable square meters to be created totaling 624.08 m^2, compared to the current 8,066 m^2.

Following your Company's approval, the long-term lease between the two parties was amended on June 19, 1986, the rent being adjusted based on this increase in surface area.

The Stockholders' General Meeting is asked to approve the amendment to the long-term lease dated June 19, 1986, to be reiterated in the office of Henry Rey, Notary, when the condition precedent relating to the building permits is met.



AUTHORIZATION FOR THE COMPANY TO BUY BACK SHARES

We remind you that the Extraordinary General Meeting of September 25, 2009 had amended article 41 of the Bylaws to allow the Company to buy back its own shares for up to an amount of 5% of share capital. The Ordinary General Meeting held on this same date had granted this authorization to the Board of Directors for a period of 18 months expiring on March 14, 2011. This authorization has not been exercised.

The previous period having expired, the General Meeting is asked to renew this authorization so as to allow the Board of Directors to buy Company shares for up to an amount of 5% of share capital.

The objectives are identical to those set out on September 25, 2009, namely:

- retention and subsequent tender of shares within the scope of an exchange offer or for payment in external growth transactions (including new investments or additional investments);
- maintaining an active and liquid market in the Company's shares through an independent investment services provider, pursuant to a liquidity agreement in accordance with an ethics charter recognized by the French Financial Markets Authority (Autorité des Marches Financiers);
- possession of shares enabling the Company to fulfill obligations relating to debt securities exchangeable for shares or other marketable securities granting entitlement to existing shares;
- possession of shares that may be allotted to the Company's personnel and that of subsidiaries under share purchase option or bonus share allotment plans;
- adoption of any other practice accepted or recognized by French law or the French Financial Markets Authority in the future, or any other objective that would comply with prevailing regulations.

We therefore propose that you adopt the following share buyback program:

- authorization to purchase Company shares, under the terms and conditions defined hereafter and within the limit of 5% of the Company's share capital on the date of this General Meeting;
- the maximum purchase price shall not exceed €60 per share, bearing in mind that in the event of capital transactions, particularly through the capitalization of reserves and allotment of bonus shares, and/or share splits or reverse splits, this price shall be adjusted accordingly;
- the maximum amount of funds intended for the buyback program may not exceed €35 million;
- the authorization shall be valid for a period of 18 months as of September 14, 2012;
- these shares may be purchased or transferred, by any means, particularly on the stock exchange or in a private transaction, including through purchase or sale of blocks, use of derivative financial instruments traded on a regulated market or in a private transaction, in accordance with regulations prevailing on the date of the transactions considered, and at times that the Board of Directors or the person acting on behalf of the Board shall see fit.

We ask that you approve the share buyback program we have proposed.

STATUTORY AUDITORS AND CONTRACTUAL AUDITOR

The fees paid to the statutory and contractual auditors in respect of fiscal year 2011/2012 break down as follows:

	Deloitte & Associés				Statutory auditors			
	Amount excluding taxes €		%		Amount excluding taxes €		%	
	2011/2012	2010/2011	**11/12**	10/11	**2011/2012**	2010/2011	**11/12**	10/11
Audit								
• Statutory audit certification review of company and consolidated financial statements								
- Issuer	280,000	295,000	93	98	70,500	68,300	100	100
- Fully consolidated subsidiaries	11,150		4					
• Other procedures and services directly related to the statutory audit								
- Issuer	8,436	6,076	3	2				
- Fully consolidated subsidiaries								
Sub-total	**299,586**	**301,076**	**100**	**100**	**70,500**	**68,300**	**100**	**100**
Other services rendered by the networks for the fully consolidated subsidiaries								
• Legal tax employee-related								
• Acquisition audits								
Sub-total								
TOTAL FEES PAID	**299,586**	**301,076**	**100**	**100**	**70,500**	**68,300**	**100**	**100**

RISK MANAGEMENT

The Group pursues a risk management policy in order to best protect the interests of its shareholders, customers and the environment. The risks described below are the most significant in terms of their potential financial impact.

Economic risks

The Group's activities are particularly vulnerable to economic cycles and international economic trends. Any downturn has a negative impact on tourism and leisure activities in general and the travel industry in particular.

As all the establishments are currently located in the Principality of Monaco or neighboring districts with a very international clientele in terms of origin, these economic fluctuations can trigger significant variations in the level of activity.

However, the growing use of local markets can limit the Group's exposure to such fluctuations.

Environmental risks

Although its activities do not generate any risks specific to the environment, the Group is actively involved in several environmental protection initiatives as part of the policy implemented by the Principality of Monaco.

Legal risks

The Group's activities can give rise to operational difficulties and potential litigation with suppliers, personnel and any third parties with whom the Group has a business relation.

Provisions are recognized when the Group has a present obligation arising from a past event, which will probably result in an outflow of economic resources that can be reasonably estimated.

To the best of the Group's knowledge, there is no litigation that could have an impact on its financial position, activity or earnings.

Financial risk management

(See also Note 24 to the consolidated financial statements).

In the course of its business, the Group is exposed to various market risks such as liquidity, interest rate and foreign exchange.

The Group may use derivative instruments to limit these risks but prohibits itself from any speculation.

- ***Liquidity risk***

  The Group's financing policy calls for a constant level of available liquidity at least cost in order to fund its assets, short-term cash requirements and development, regardless of the term or amount.

  The Group has a credit facility with a pool of financial institutions. Concluded for a term of 10 years and four months as of December 1, 2004, this credit facility for a maximum principal amount of €120 million can be used in the form of draw-downs at floating rates. The maximum amount of draw-downs is subject to the following successive increases:

  - March 31, 2013: €40 million;
  - March 31, 2014: €40 million;
  - March 31, 2015: €40 million.

  The credit facility is primarily used to finance the Group's general investment requirements, without restriction as to the use of capital. As of March 31, 2012, the Group had drawn down €10 million from this credit facility, which has an available amount capped at €120 million, after reduction.

  Lastly, the Group has confirmed overdraft authorizations for €5 million as of March 31, 2012 but does not have any readily available short-term investments.

  Accordingly, with total liquidity of €125 million for the 2011/2012 fiscal year, the Group has no liquidity risk exposure.

- ***Interest rate risk***

  Considering the expected change in its net indebtedness, the Company set up a structured interest rate derivative in April 2011, in order to minimize the cost of its future debt and the fluctuations arising from interest rate volatility. This instrument covers a period of five years as from April 1, 2011 and caps the interest rate at a maximum of 4.02%. The hedged notional amount totals €100 million until the contract's final maturity date. Cash assets bear interest at short-term market rates.

- ***Foreign exchange risk***

  There are two types of risk:

  - transaction foreign exchange risk relating to the commercial and operating activities;
  - balance sheet foreign exchange risk relating to foreign investments.

  As virtually all the Group's operations are conducted in euros, there is little foreign exchange risk. However, commercial activities originating from issuer markets in the dollar zone (United States, Canada) remain vulnerable to exchange rate fluctuations.

  Balance sheet foreign exchange risk is primarily represented by the investment in Wynn Resorts, Limited, a US company listed on the NASDAQ. As of March 31, 2012, the Group held 800,000 shares at a share price of $124.88.

As part of the share-based transaction described in the following paragraph, this financial asset was partially hedged against foreign exchange risk through a $30 million forward contract, set up in December 2010 and maturing at the end of April 2011 and a second forward contract for €33 million, set up in July 2011 and maturing at the end of October 2011.

- ***Risk on portfolio shares***

  As indicated in the previous paragraph, the Group holds an interest in the US company Wynn Resorts, Limited and is thus exposed to fluctuations in this company's share price which is listed on NASDAQ.

  The Group decided to partially cover this risk of change in the share price and subscribed to forward contracts for 300,000 shares, which were set up in December 2010 and settled on their maturity in April 2011, for $31 million or €23.1 million. A second forward sale for 200,000 Wynn Resorts shares, subscribed in July 2011, was settled at its maturity in October 2011 on receipt of $33 million, or €23 million.

- ***Credit and counterparty risk***

  Most of the commercial activities are conducted with customers who pay in advance or without settlement periods, and therefore the Group has relatively little credit risk exposure in terms of commercial operations.

  The Group also wishes to limit its counterparty exposure. A diversified range of derivatives and financing instruments are contracted with leading counterparties. Likewise, cash surpluses are invested in certificates of deposit or money market mutual funds with leading financial institutions.

- ***Loan guarantees and security***

  In connection with the bank financing set up in 2010 and 2011 in their subsidiary BetClic Everest Group, the two associates - the S.B.M. Group and Financière Lov – acted as joint and several guarantors for the financial loans granted to BetClic Everest Group. Since each associate can be called on for the total amount of financial commitments, a demand counter-guarantee arrangement was set up between them, backed by cross-pledges of BetClic Everest Group shares held by each company.

  In order to optimize its cash management, BetClic Everest Group receives intra-group loans from its subsidiary Bet-At-Home. The repayment of these loans is equally guaranteed by the two associates.

  The breakdown of commitments given is presented in the notes to the consolidated financial statements (Note 28).

Insurance – Risk coverage

As its risks are characterized by a strong geographical concentration, the Group is subject to disasters that could affect several of its facilities simultaneously.

An insurance plan covers most of the Group's risks, particularly for damage (fire, lightning, earthquake and/or subsequent tidal wave, etc.) / operating losses and civil liability, based on an "all risks except" principle of guarantee. This risk management is accompanied by a highly developed prevention policy with the necessary equipment and a permanent training effort for personnel. With the help of its insurers and experts, the Group conducts regular risk audits and assessments in order to reduce risk and secure the most suitable coverage according to the insurance and reinsurance markets.

Risks are covered by leading and internationally recognized insurers and reinsurers. Calls for tender are organized for each new project.

Share ownership structure – provisions of the Bylaws restricting the exercise of voting rights and the transfer of shares

The share capital of Société des Bains de Mer is comprised of 18,160,490 shares each with a par value of €1:

- 12,160,490 shares are listed on the Eurolist market of Euronext Paris, compartment B (Euroclear code MC0000031187 - BAIN);
- 6,000,000 Monegasque state-owned shares that may not be assigned or sold pursuant to Monegasque law no. 807 of June 23, 1966.

The share capital of Société des Bains de Mer was not modified during the fiscal year 2011/2012.

Direct or indirect participating interests in the Company's share capital

The Monegasque state owned 69% of the share capital as of March 31, 2012. By notification dated March 12, 2012, QD Europe S.à.r.l., subsidiary of Qatari Diar Real Estate Investment, indicated that it held 1,161,102 shares, representing 6.39% of the share capital.

Rules applicable to the appointment and replacement of members of the Board of Directors and to amendments to the Bylaws

Article 12 of the Bylaws:

"The Board of Directors has a minimum of seven members and a maximum of eleven members.

Six among them are appointed among stockholders in a Stockholders' General Meeting, for a six-year term. One third of Directors is renewable every two years. Incumbent members may be reelected. With respect to replacement dates, any newly appointed Director carries out his predecessor's remaining term of office. In between Stockholders' General Meetings, the Board may modify the number of its members, within the limits provided for at the beginning of this paragraph, either to replace a deceased or terminating Director or to gain one or more new member(s). Any Board appointment shall subsequently be ratified by the following Stockholders' General Meeting.

The term of office of a Director appointed by the Stockholders' General Meeting or whose appointment by the Board of Directors has been ratified by the Stockholders' General Meeting comes to an end at the Stockholders' General Meeting following the date on which the appointee reaches the age of seventy-two.

Five members of the Board of Directors are appointed by the Government of HSH the Prince of Monaco, whom they represent within the Board. They are appointed for a renewable term of six years and can only be dismissed by the Government of HSH the Prince of Monaco.

The Directors appointed by the Company shall own one thousand shares that may not be assigned or sold during their term of office".

Article 21 of the Bylaws:

"The Board of Directors appoints a Chairman among its members. The Chairman shall be certified in this capacity by the Government of HSH the Prince of Monaco, who shall decide the duration of this certification within the limits of Article 12.

The Chairman may be reelected".

Article 31 of the Bylaws:

"Prior to any Stockholders' General Meeting, the agenda thereof shall be submitted to the Government of HSH the Prince of Monaco, as shall any proposed resolutions pertaining to the appointment of the members of the Board of Directors.

The appointment of the members of the Board of Directors is valid per se and irrespective of any ratification, unless the Government of HSH the Prince of Monaco vetoes either all the appointments or one of them".

Powers of the Board of Directors, including share issuance or share buybacks

Article 19 of the Bylaws:

"The Board of Directors defines and approves Company policy and determines its implementation. It has wider powers in order to manage, control and oversee the Company's business.

It enters into any agreement, acquisition, transaction or undertaking with any natural or legal person in public or private law under the terms and conditions that it deems necessary for the best interest of the Company. However, it may not decide any assignment or sale of property without having been authorized to do so by a detailed and well-founded resolution of the Stockholders' General Meeting.

It decides the application of the funds available.

It appoints and dismisses Managers. It decides the personnel's wages, salaries and bonuses.

It approves the financial statements to be submitted to the Stockholders' General Meeting and reports every year to said Meeting on the accounts and the employee-related issues while outlining the program it intends to implement.

Without prejudice to the provisions of Articles 25 and 26 (Managing Director-Chief Executive Officer), the Board of Directors may designate some of its members to form an Executive Committee. If it does so, it specifies the scope of the powers it confers thereon, the duration of their term of office and the possible compensation attaching to the office as defined, which it may terminate should it deem it necessary to do so.

The Board of Directors may also entrust one or several of its members with special assignments or duties. It decides both subject matter and duration thereof and determines the attaching compensation, if applicable. It may terminate such assignments or duties should it deem it necessary to do so".

Pursuant to Article 39 of the Bylaws, the Extraordinary General Meeting is responsible for deciding to increase or decrease the share capital, via any means: cash, contributions in kind, capitalization of any available reserves, share buyback, reduction in capital contributions, exchange of securities with or without balancing cash adjustments.

PARENT COMPANY FINANCIAL STATEMENTS

OF THE SOCIETE DES BAINS DE MER ET DU CERCLE DES ETRANGERS A MONACO

Annual financial statements in accordance with Monegasque accounting standards

Annual financial statements in accordance with French accounting standards

BALANCE SHEET AS OF MARCH 31, 2012 IN ACCORDANCE WITH

IN THOUSANDS

ASSETS	2011/2012 FISCAL YEAR GROSS	Depreciation amortization provisions	NET	2010/2011 FISCAL YEAR NET
CURRENT ASSETS OR ASSETS RECOVERABLE IN LESS THAN 1 YEAR	**104,240**	**31,379**	**72,862**	**63,887**
Cash in hand	19,860		19,860	18,676
Banks: deposit on demand	570		570	2,724
Other assets on demand				
Banks: time deposits				
Marketable securities				15,029
Operating receivables	8,360	2,326	6,034	10,787
Various receivables	6,284	341	5,943	3,837
Investment accounts				
Affiliate accounts	65,161	28,711	36,450	9,473
Assets withheld	4,005		4,005	3,361
INVENTORY	**12,573**	**63**	**12,510**	**12,670**
ADVANCE PAYMENTS OR GUARANTEES	**1,326**		**1,326**	**908**
Payments on account on orders	1,326		1,326	908
ASSETS TO MATURE IN OVER 1 YEAR				
Loans				
NON-CURRENT ASSETS	**231**		**231**	**156**
Deposits and guarantees paid	231		231	156
PARTICIPATING INTERESTS	**284,756**	**39,503**	**245,253**	**242,412**
Affiliates	274,491	39,485	235,006	225,836
Other participating interests	10,265	18	10,247	16,577
FIXED ASSETS	**1,118,848**	**641,867**	**476,981**	**485,575**
Intangible assets:				
- Concessions, patents & similar	24,392	20,605	3,787	2,678
- Leasehold rights	18	18		
- Assets under development	2,161		2,161	1,954
Property, plant & equipment:				
- Land	81,967		81,967	81,967
- Revaluation reserves as of 03/31/1979	35,616	35,616		
- Land development	2,491	2,491		
- Buildings	697,298	391,320	305,977	306,775
- Industrial and technical plant	199,610	146,095	53,515	61,416
- Other PP&E	61,931	45,721	16,210	17,519
- PP&E under construction	13,364		13,364	13,266
TOTAL ASSETS	**1,521,974**	**712,811**	**809,163**	**805,608**
DEPRECIATION & AMORTIZATION CHARGES				
ACCRUED INCOME & DEFERRED CHARGES	**5,399**		**5,399**	**6,311**
Prepaid expenses	5,390		5,390	6,079
Other suspense accounts	9		9	230
Foreign exchange differences				2
GRAND TOTAL	**1,527,373**	**712,811**	**814,562**	**811,919**
CLEARING ACCOUNTS				
Directors' shares held as management guarantees			5	6
Deposits and guarantees given (BEG operation)			69,700	89,233
Deposits received			2,336	4,336
Other obligation			59,962	45,116
Trade payables			31,313	29,629
Third-party receivables for bank guarantees				
Opening of credit facility and confirmed unused overdrafts			115,000	145,000
Variable-rate hedge			100,000	45,000
			378,315	**358,321**

LIABILITIES & STOCKHOLDERS' EQUITY	2011/2012 FISCAL YEAR	2010-2011 FISCAL YEAR
LIABILITIES PAYABLE IN LESS THAN 1 YEAR	**115,051**	**103,831**
Overdrafts	1,404	0
Bills payable	0	1,520
Operating liabilities	43,178	45,479
Affiliate accounts	9,821	8,982
Employee accounts	35,791	26,585
Borrowings	10,244	283
Other liabilities	5,015	5,191
Liabilities withheld	9,599	15,790
ADVANCE COLLECTIONS OR GUARANTEES	**16,710**	**15,455**
Advances received	11,187	10,486
Deposits and guarantees received	5,524	4,969
LIABILITIES TO MATURE IN OVER 1 YEAR	**21,224**	**22,021**
Operating liabilities		
Liabilities withheld	21,224	22,021
PROVISIONS FOR CONTINGENCIES	**7,742**	**10,312**
ACCRUED LIABILITIES & DEFERRED INCOME	**80,527**	**79,133**
Revenues to be recorded in future fiscal years	68,006	65,309
Other accrued liabilities and deferred income	2,005	2,346
Foreign exchange differences	26	1
Investment grant		
- gross	17,535	17,535
- amortization	(7,046)	(6,058)
STOCKHOLDERS' EQUITY		
Common stock, additional paid-in capital and reserves	**215,173**	**215,173**
Common stock: 18,160,490 shares of €1	18,160	18,160
Additional paid-in capital on shares	5,374	5,374
Revaluation reserves:		
- Revaluation surplus 03/31/1990	167,694	167,694
- Revaluation reserve 03/31/1979	23,944	23,944
Reserves:	**161,238**	**161,070**
- Statutory reserve	1,816	1,816
- Optional reserve	148,799	148,799
- Contingency reserve	10,623	10,454
- Long-term capital gains		
Results :	**196,896**	**206,926**
- Retained earnings	204,328	196,500
- Net income for the period	(7,433)	8,426
TOTAL STOCKHOLDERS' EQUITY	**573,307**	**583,169**
GRAND GENERAL	**814,562**	**811,919**
CLEARING ACCOUNTS		
Director payables for deposited shares	5	6
Deposits and guarantees given (BEG operation)	69,700	89,233
Third-party payables for bank guarantees	2,336	4,336
Other obligation received	59,962	45,116
Trade payables	31,313	29,629
Bank guarantees given		0
Opening of credit facility and confirmed unused overdrafts	115,000	145,000
Variable-rate hedge	100,000	45,000
	378,315	**358,321**

STATEMENT OF INCOME
in accordance with generally accepted accounting principles in Monaco

in thousands of euros	2011/2012 FISCAL YEAR	2010/2011 FISCAL YEAR
MAIN ACTIVITY		
Gaming receipts	184,813	179,978
Services rendered	174,538	163,257
Sales of bought-in goods	6,479	5,850
Other receipts	5,618	2,435
Less: intra-group transfers	(11,463)	(10,701)
Total income from main activity	**359,985**	**340,818**
To be deducted:		
- Cost of purchase of bought-in goods	(4,101)	(3,616)
- Purchases of raw materials and supplies	(124,488)	(125,960)
- License fees, duties and taxes other than income tax	(24,351)	(23,745)
- Wages and salaries	(174,980)	(157,201)
- Other operating expenses	(22,286)	(13,431)
- Depreciation and amortization charges	(45,618)	(42,676)
Provisions:		
- Charges	(12,586)	(11,948)
- Write-backs	20,189	12,192
Total expenses from main activity	**(388,221)**	**(366,384)**
Share in proceeds from joint ventures		
NET INCOME/(LOSS) FROM MAIN ACTIVITY	**(28,236)**	**(25,566)**
RELATED ACTIVITIES		
Financial net income/(loss)	4,285	3,536
Revenues from participating interests	3,070	6,723
Provisions:		
- Charges	(24)	(99)
- Write-backs	83	
NET INCOME/(LOSS) FROM RELATED ACTIVITIES	**7,414**	**10,161**
EXCEPTIONAL INCOME/(EXPENSES)		
Various exceptional expenses	40,853	27,778
Provisions:		
- Charges	(26,706)	(5,062)
- Write-backs	184	856
NET EXCEPTIONAL ITEMS	**14,332**	**23,572**
LOSSES FROM PRIOR YEARS	**(942)**	**258**
NET INCOME/(LOSS) FOR THE PERIOD	**(7,433)**	**8,426**

STATUTORY AUDITORS' GENERAL REPORT

YEAR ENDED MARCH 31, 2012

Ladies,

Gentlemen,

Stockholders,

In accordance with Article 25 of Law 408 of January 20, 1945 and the terms of our three-year appointment for the financial years 2011-2012, 2012-2013 and 2013-2014, at the Annual General Meeting of September 9, 2011, pursuant to Article 8 of the same Law, we hereby submit our report on the financial statements for the year ended March 31, 2012.

The financial statements and other corporate documents approved by the Board of Directors have been made available for our audit on a timely basis.

Our audit, which was designed to enable us to express an opinion on these financial statements, was performed in accordance with professional standards and included an examination of the balance sheet as of March 31, 2012 and the statement of income for the year 2011/2012.

Total assets amounted to €814,562 thousand. The statement of income shows a loss for the year of €7,433 thousand. Stockholders' equity amounted to €573,307 thousand.

These documents were prepared in accordance with legal guidelines, in the same format and by applying the same valuation methods as in the previous year.

We examined the various components of assets and liabilities, together with the methods used for their evaluation and the separate recognition of income and expenses.

We conducted our audit in accordance with applicable professional standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the accompanying balance sheet as of March 31, 2012 and income statement for the year 2011/2012 presented for your approval give a true and fair view of the financial position of the Company as of March 31, 2012 and the results of its operations for the twelve months then ended, in accordance with legal guidelines and professional practices.

We have also verified the financial information given in the Board of Directors' report, the proposed appropriation of net income and compliance with the legal provisions and bylaws governing the operations of your Company. We have no matters to report.

Monaco, July 27, 2012

THE STATUTORY AUDITORS

André GARINO

Simone DUMOLLARD

STATUTORY AUDITORS' SPECIAL REPORT

YEAR ENDED MARCH 31, 2012

Ladies,

Gentlemen,

Stockholders,

In accordance with Article 24 of Law 408 of January 20, 1945, we herby submit our report on the transactions governed by Article 23 of the Sovereign Order dated March 5, 1895, that were performed during the financial year 2011/2012 and on the Stockholders' General Meetings held in that same period.

TRANSACTIONS GOVERNED BY ARTICLE 23 OF THE SOVEREIGN ORDER DATED MARCH 5, 1895

The provisions of this Article apply to any undertakings or transactions involving a series of consecutive services (supplies, work, etc.), with similar or identical characteristics, performed with the Company or on its behalf, in which one of its Directors has a direct or indirect interest.

The transactions governed by this Article that were performed during the 2011/2012 financial year are described in the Board of Directors' special report. We have examined the information contained in this report and have no matter to bring to your attention.

STOCKHOLDERS' GENERAL MEETINGS HELD DURING THE FINANCIAL YEAR

During the year, the following Stockholders' General Meetings were called:

- on September 9, 2011, the Extraordinary General Meeting to approve amendment no. 3 to the Terms of Reference entered into with the Principality Government, the concession granting authority, and record the reference to its date of conclusion in Article 2 of the bylaws;
- on September 9, 2011, the Annual General Meeting to approve the financial statements for the year ended March 31, 2011 and approve the appointment of a director and the Statutory Auditors.

With respect to these meetings, we verified that:

- the legal guidelines and the provisions of the bylaws governing the proceedings were respected;
- the resolutions adopted at the Meeting were duly implemented.

We did not identify any irregularities.

Monaco, July 27, 2012

THE STATUTORY AUDITORS

André GARINO Simone DUMOLLARD

BALANCE SHEET AS OF MARCH 31, 2012 IN ACCORDANCE WITH

IN THOUSANDS

ASSETS		2011/2012 FISCAL YEAR GROSS	Depreciation amortization provisions	NET	2010/2011 FISCAL YEAR NET
NON-CURRENT ASSETS					
Intangible assets	Note 3	**26,571**	**20,623**	**5,948**	**4,632**
Concessions, patents & similar		24,392	20,605	3,787	2,678
Leasehold rights		18	18		
Intangible assets in progress		2,161		2,161	1,954
Property, plant & equipment	Note 4	**1,092,277**	**621,243**	**471,033**	**480,944**
Land		120,074	38,106	81,967	81,967
Buildings		697,298	391,320	305,977	306,775
Industrial and technical plant		199,610	146,095	53,515	61,416
Other PP&E		61,931	45,721	16,210	17,519
PP&E under construction		12,385		12,385	11,924
Payments on account		978		978	1,342
Long-term investments	Note 5	**289,541**	**39,844**	**249,697**	**246,109**
Participating interests		278,481	39,485	238,997	229,102
Other equity investments		10,169	8	10,161	16,511
Loans		564	341	222	274
Other long-term investments		327	10	317	221
TOTAL NON-CURRENT ASSETS		**1,408,389**	**681,710**	**726,678**	**731,684**
CURRENT ASSETS					
Inventory		12,573	63	12,510	12,670
Payments on account - advances paid		1,326		1,326	908
Operating receivables		8,374	2,326	6,048	10,881
Other operating receivables		2,832		2,832	3,054
Other receivables		68,058	28,711	39,347	10,212
Cash at bank & in hand and marketable securities		20,430		20,430	36,430
Prepaid expenses		5,390		5,390	6,079
TOTAL CURRENT ASSETS		**118,984**	**31,101**	**87,883**	**80,234**
DEFERRED CHARGES & UNREALIZED FOREIGN EXCHANGE LOSSES					**2**
TOTAL ASSETS		**1,527,373**	**712,811**	**814,562**	**811,919**

LIABILITIES & STOCKHOLDERS' EQUITY		2011/2012 FISCAL YEAR	2010/2011 FISCAL YEAR
STOCKHOLDERS' EQUITY			
Common stock		18,160	18,160
Additional paid-in capital		5,374	5,374
Revaluation reserves		191,638	191,638
Statutory reserve		1,816	1,816
Long-term net capital gains reserve			
Contingency reserve		10,623	10,454
Optional reserve		148,799	148,799
Retained earnings		204,328	196,500
Net income/(loss)	Note 8	(7,433)	8,426
Investment grants	Note 9	10,489	11,477
TOTAL STOCKHOLDERS' EQUITY	Note 7	**583,796**	**592,646**
PROVISIONS FOR CONTINGENCIES & LOSSES			
Provisions for contingencies		7,742	10,312
Provisions for losses		23,632	23,702
TOTAL PROVISIONS FOR CONTINGENCIES & LOSSES	Note 10	**31,374**	**34,013**
LIABILITIES			
Bank borrowings		11,648	283
Other borrowings		5,524	4,969
Payments on account - advances received		11,187	10,486
Trade payables and related accounts		13,899	20,349
Tax and employee-related liabilities		63,205	51,589
Other operating liabilities		4,811	3,957
Amounts payable on PP&E		4,245	11,799
Other liabilities		16,841	16,519
Prepaid income		68,006	65,309
TOTAL LIABILITIES	Notes 11 & 12	**199,365**	**185,259**
UNREALIZED FOREIGN EXCHANGE GAINS		**26**	**1**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		**814,562**	**811,919**

STATEMENT OF INCOME
in accordance with generally accepted accounting principles in France

in thousands of euros		2011/2012 FISCAL YEAR	2010/2011 FISCAL YEAR
OPERATING INCOME			
Net revenues		354,433	338,176
Write-back of depreciation, amortization and provisions	Note 15	20,189	12,192
Expense reclassifications		124	18
Other income		5,667	2,484
TOTAL OPERATING INCOME		**380,413**	**352,870**
OPERATING EXPENSES			
Purchases of bought-in goods		(4,084)	(3,662)
Changes in inventory of bought-in goods		(17)	49
Purchases of raw materials and other supplies		(22,043)	(20,720)
Changes in inventory of raw materials and other supplies		(167)	(30)
Other purchases and external charges		(102,395)	(104,931)
Share in proceeds from joint ventures			
Duties and taxes other than income tax		(24,338)	(23,690)
Wages and salaries		(121,090)	(107,995)
Employee welfare contributions and similar charges		(53,819)	(49,210)
Depreciation and amortization on fixed assets		(45,618)	(42,676)
Charges to provisions on current assets		(8,785)	(7,348)
Charges to provisions for contingencies and losses		(3,801)	(4,600)
Other charges	Note 15	(23,434)	(13,364)
TOTAL OPERATING EXPENSES		**(409,591)**	**(378,177)**
NET INCOME/(LOSS) FROM OPERATIONS		**(29,178)**	**(25,307)**
FINANCIAL INCOME			
From participating interests and marketable securities		7,965	11,269
Other interest and similar income		298	50
Foreign exchange gains		142	50
Net proceeds from sale of short-term investment securities		213	125
Write-back of provisions		83	
TOTAL FINANCIAL INCOME		**8,701**	**11,494**
FINANCIAL EXPENSES			
Interest and similar charges		(1,184)	(1,076)
Foreign exchange losses		(78)	(158)
Net charges on sales of short-term investment securities			
Charges to provisions		(24)	(99)
TOTAL FINANCIAL EXPENSES		**(1,287)**	**(1,333)**
NET INCOME/(LOSS) FROM FINANCIAL ITEMS	Note 16	**7,414**	**10,161**
EXCEPTIONAL INCOME			
From non-capital transactions		288	485
From capital transactions		47,470	35,998
Write-back of provisions		184	901
TOTAL EXCEPTIONAL INCOME		**47,942**	**37,384**
EXCEPTIONAL EXPENSES			
On non-capital transactions			(6)
On capital transactions		(6,904)	(8,743)
Charges to provisions		(26,706)	(5,062)
TOTAL EXCEPTIONAL EXPENSES		**(33,610)**	**(13,812)**
NET EXCEPTIONAL ITEMS		**14,332**	**23,572**
CORPORATE INCOME TAX			
NET INCOME FOR THE PERIOD		**(7,433)**	**8,426**

STATEMENT OF CASH FLOWS

IN THOUSANDS OF EUROS

	2011/2012 FISCAL YEAR	2010/2011 FISCAL YEAR
OPERATING ACTIVITIES		
Cash flow before disposal of fixed assets	21,270	29,460
Changes in working capital requirements	(13,698)	36,726
CASH FLOW FROM OPERATING ACTIVITIES	**7,572**	**66,186**
INVESTING ACTIVITIES		
Purchases of PP&E and intangible assets	(37,578)	(62,745)
Investment grants		
Changes in long-term investments and deferred charges	(36,413)	(37,506)
Proceeds from disposal of assets	46,482	34,961
Changes in amounts payable on PP&E	(7,554)	(68)
CASH FLOW USED IN INVESTING ACTIVITIES	**(35,062)**	**(65,357)**
FINANCING ACTIVITIES		
Draw-downs on credit facility	9,962	
Credit line repayments		(30,041)
Dividends paid	(429)	(592)
Share capital increase		32
Changes in stable financing activities	555	3
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**10,087**	**(30,598)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(17,403)**	**(29,769)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**36,430**	**66,199**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**19,026**	**36,430**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The following information comprises the Notes to the balance sheet before appropriation of earnings for the fiscal year ended March 31, 2012, which totaled €814,562,000 and the statement of income for the period ended March 31, 2012 which recorded a loss of €7,433,000.

The 12-month fiscal year covers the period from April 1, 2011 to March 31, 2012.

NOTE 1 - ACCOUNTING RULES AND METHODS

The annual financial statements were prepared in accordance with the provisions of CRC regulation 99-03 of April 29, 1999, relating to the new Chart of Accounts, and any legislation that has led to its amendment or completion (particularly CRC regulations 2004-06, 2003-07 and 2002-10(§3)).

General accounting standards were applied in respect of the prudence principle, in accordance with the general accounting rules for the preparation and presentation of annual financial statements, and in accordance with the following basic assumptions:

- going concern
- cut-off
- consistency from one fiscal year to another.

1.1 - Change in accounting method

There were no changes in accounting method during the fiscal year.

1.2 - Accounting policies

- ***Intangible assets***

  Intangible assets are stated at their historical cost in the balance sheet.

  Amortization is calculated according to the straight-line method:

  - software — amortized over 3 to 6 years
  - concessions — operating term, covered by a write-down provision in the event of adverse developments compared to initial profitability forecasts.

- ***Property, plant & equipment***

  a - Gross value

  Property, plant & equipment are stated at their historical cost excluding interest expense. Land and buildings are, however, subject to revaluations which are treated in the parent company financial statements as follows:

  - during the 1978/79 fiscal year, the revaluation was performed in accordance with French law;
  - during the 1989/90 fiscal year, the corresponding entry of the revaluation was taken to a revaluation reserve account in equity.

  b - Legal regime for certain real-estate assets

  Société des Bains de Mer was granted exclusive gaming rights subject to the reserves, terms and conditions and obligations of the terms of reference. These rights, originally granted for a period of fifty years as from April 2, 1863, have been renewed several times. Certain provisions with regard to the legal regime for certain real-estate assets were laid down during the penultimate renewal on March 17, 1987.

  A new Concession Agreement signed on March 21, 2003 with the Principality Government, renewing gaming rights until March 31, 2027, upon approval by the Extraordinary General Meeting of January 17, 2003 and the concession granting authority on March 13, 2003, incorporated similar provisions, as defined below.

  In these terms of reference, it is stated that at the end of the current gaming rights concession, or in the event of further renewals at the end of the last extension, Société des Bains de Mer will hand over free of charge to the concession granting authority the Monte-Carlo Casino including its terraces and Square. Based on capitalized assets as of March 31, 2012, the estimated residual value of these properties upon expiry of the current concession would be around €13.6 million.

It is also specified that at the end of the current gaming rights concession or in the event of further renewals, Société des Bains de Mer undertakes to sell to the Principality Government the following properties, for which the governmental concession granting authority will have requested the return:

- Café de Paris
- Sporting Monte-Carlo
- Hôtel de Paris et jardins
- Hôtel Hermitage.

If the Principality Government requested such a return, these assets would be sold at their market value calculated on the day of this request, the sale price being determined according to expert opinion in the event of a disagreement between the parties.

c - Depreciation

Depreciation is calculated according to the straight-line method based on the following useful lives:

- buildings	17 to 50 years;
- industrial and technical plant	3 to 15 years;
- other fixed assets	3 to 10 years;

The assets defined in the previous paragraph (b) are normally depreciated over their economic life and not over the term of the concession.

- ***Long-term investments***

Participating interests and other long-term investments are stated at their acquisition cost. If required, write-down provisions are recorded when their balance sheet carrying value is lower than their acquisition cost.

- ***Inventory***

Raw material inventory for restaurants and supplies is valued according to the average weighted price method. A write-down provision is recorded when the probable net realizable value is lower than the cost price.

- ***Receivables and liabilities***

Receivables and liabilities are stated at their nominal value. If required, receivables are written down by a provision, based on an individual or statistical evaluation, to cover the risk of non-recovery.

- ***Marketable securities***

Marketable securities are stated at the lower of acquisition cost and market value.

- ***Provisions for contingencies and losses***

These provisions are clearly identified in terms of their purpose and recognized at the year-end to cover contingencies or losses rendered probable by past or current events.

Retirement, termination and long-service benefit commitments:

The benefits offered by the Company to its employees and retirees are valued and recognized in accordance with CNC recommendation 2003-R01 and IAS 19 Employee benefits.

Payments to defined benefit contribution plans are expensed when due.

Group obligations in terms of retirement and similar benefits for defined benefit contribution plans are recognized on the basis of an actuarial valuation of potential rights vested by employees and retirees, using the projected unit credit method.

These estimates, made at each balance sheet date, take into account life expectancy, employee turnover and salary adjustment assumptions as well as the discounting of amounts payable.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized at each estimate. They are recorded in profit or loss on a straight-line basis over the average remaining life of obligations.

- ***Investment grants***

The grants allocated to the Company in order to finance investments are classified in equity. They are added back to net exceptional items at the same rate as the provisions for the write-down of the financed assets.

- ***Financial instruments***

  The Group uses financial instruments in order to manage and reduce its exposure to exchange rate fluctuations and interest rate or equity risk. If these instruments are deemed as hedging instruments, the corresponding gains and losses are recognized in the same period as the hedged item. Otherwise, the fluctuations in their market value are recognized in net income for the period.

NOTE 2 - HIGHLIGHTS OF THE YEAR AND SUBSEQUENT EVENTS

- ***Investment in Wynn Resorts, Limited***

  The forward sale of 300,000 shares set up in December 2010 was settled at maturity in April 2011, for 31 million dollars, or €23.1 million, generating a capital gain of €19.3 million. A second forward sale of 200,000 Wynn Resorts shares, subscribed in July 2011, was settled at its maturity in October 2011 via the receipt of $33 million, or €23 million. The €20.5 million capital gain generated by this transaction was recorded in the second-half financial statements.

  Following the disposal of these shares, the Group still held 800,000 shares in Wynn Resorts, Limited at the close of the half-year, equivalent to around 0.6% of the share capital at the year-end.

  Lastly, Wynn Resorts, Limited made several dividend payments during the year, reflected in pre-tax financial income of €3 million.

- ***Investment in BetClic Everest Group (formerly Mangas Gaming)***

  The Group has held a 50% joint stake in BetClic Everest Group since May 2009, a company controlled by Mr. Stéphane Courbit through Financière Lov.

  BetClic Everest Group comprises the following entities:

  - the wholly owned companies of the Betclic and Expekt subgroups;
  - the 56% owned companies of the Bet-At-Home subgroup following the May 31, 2011 purchase of 5% of the minority interests from its founders;
  - the 60% owned companies of the Everest subgroup following the acquisition of control on April 7, 2010, the remaining share being held by GigaMedia, which is listed on the NASDAQ.

  To finance the purchase of 5% of the minority interests of Bet-At-Home from its founders and the settlement of a deferred payment relating to the acquisition of Expekt, BetClic Everest Group secured two loans from a financial institution on September 30, 2011; The two loans for €7.2 million and €15 million are repayable over seven years. In October 2011, the two associates - the S.B.M. Group and Financière Lov – acted as joint and several guarantors for the financial loans granted to BetClic Everest Group. Since each associate can be called on for the total amount of financial commitments, a demand counter-guarantee arrangement was set up between them in the amount of €13.5 million, backed by cross-pledges of 13,500 BetClic Everest Group shares held by each company.

  In addition to the measures described above, Mangas Lov and the SBM Group, the two shareholders of BetClic Everest Group, will undertake additional financing commitments. Accordingly, as part of its effective treasury management policy, BetClic Everest Group may receive surplus cash investments from certain subsidiaries. The repayment of investments received from Bet-At-Home, for €15 million as of March 31, 2012, is guaranteed on a joint partnership basis by the two shareholders of BetClic Everest Group. As of January 2012, the corresponding guarantee given by the S.B.M. Group covers an amount of €7.5 million. Similarly, current account advances were also granted during the year, representing a total of €32.5 million for each partner.

  Lastly, the two partners wished to anticipate the supplemental price valuation stipulated in their agreements with respect to the S.B.M. Group's investment in BetClic Everest Group.

  The 50% interest in the BetClic Everest Group was acquired on May 19, 2009 through a share capital increase subscribed by the S.B.M. Group, via its subsidiary Monte-Carlo SBM International, for €70 million.

  As part of these agreements, the S.B.M. Group pledged to subscribe to a new capital increase (the Subsequent Capital Increase) in 2012, the amount of which is based on the performances of the BetClic Group, to be assessed in terms of gross gaming revenue and EBITDA in 2011, and representing a price supplement. The Subsequent Capital Increase will be capped at €70 million so that the total investment made by the Group through the two subscriptions for the 50% interest in BetClic Everest Group amounts to between €70 and €140 million.

  While the aforementioned price supplement was to have been valued in mid 2012, the two shareholders preferred to anticipate the valuation approved at €63,850,000, given the expected performances and after taking into account the changes within the BetClic subgroup since the investment. The capital increase was effectively settled on December 16, 2011 by offset with a portion of the €70 million loan. The balance of €6,150,000, which bears no interest until June 30, 2012, may be reimbursed according to the various terms stipulated in the agreements.

- ***Resumption of the lease management of the Hotel Méridien Beach Plaza and the Monte-Carlo Sea Club***

The Group took over the operation of the Hôtel Méridien Beach Plaza in Monaco on June 28, 2012.

The Société Hôtelière du Larvotto, the wholly owned subsidiary of Société des Bains de Mer, will thus succeed a Starman group company for the remaining term of the lease management agreement now in effect with the owner, Société Nationale de Financement, which is to say until September 30, 2018. Up until this date, the Starwood group will continue to manage this hotel, under the Le Méridien brand and on behalf of the Monte-Carlo SBM group.

The Méridien Beach Plaza is a 4-star sea front hotel with more than 400 rooms and suites, a private beach, a business center and a fitness center, the Monte-Carlo Sea Club.

NOTE 3 - INTANGIBLE ASSETS

in thousands of euros	March 31, 2011	Increases	Decreases	March 31, 2012
GROSS VALUES				
Concessions and similar rights	22,197	2,415	(220)	24,392
Other	18			18
Assets under development	1,954	207		2,161
TOTAL GROSS VALUES	24,170	2,622	(220)	26,571
AMORTIZATION AND PROVISIONS	19,538	1,306	(220)	20,623
TOTAL NET VALUES	**4,632**	**1,316**		**5,948**

NOTE 4 - PROPERTY, PLANT & EQUIPMENT

in thousands of euros	March 31, 2011	Increases	Decreases	March 31, 2012
GROSS VALUES				
Land	120,074			120,074
Buildings	676,289	23,088	(2,079)	697,298
Industrial and technical plant	197,740	8,150	(6,279)	199,610
Other property, plant & equipment	59,989	3,621	(1,678)	61,931
Payments on account on PP&E under construction (1)	13,266	97		13,364
TOTAL GROSS VALUES	1,067,358	34,956	(10,037)	1,092,277
DEPRECIATION AND PROVISIONS				
Land	38,106			38,106
Constructions	369,513	23,717	(1,910)	391,320
Industrial and technical plant	136,324	15,642	(5,870)	146,095
Other property, plant & equipment	42,470	4,954	(1,703)	45,721
TOTAL DEPRECIATION AND PROVISIONS	586,414	44,313	(9,483)	621,243
TOTAL NET VALUES	**480,944**	**(9,356)**	**(554)**	**471,033**

(1) of which €3,203,000 for the restructuring of the Casino and €4,508,000 regarding the work at the Sporting d'hiver and €2,230,000 for the building of villas on the Larvotto peninsula.

Property, plant & equipment were subject to revaluations:

- during the 1978/1979 fiscal year, in the amount of €77,655,000 (statutory revaluation).

  The corresponding entry for this revaluation was recorded in equity under "revaluation reserves". Only the part of the revaluation in respect of land, which amounted to €23,945,000, was maintained in this account as of March 31, 2012.

- during the 1989/1990 fiscal year, in the amount of €167,694,000, which breaks down as follows:
  - land €36,588,000
  - buildings €131,106,000

The corresponding entry of this non-statutory revaluation is recorded in equity under the heading "revaluation reserves." The accumulated depreciation in respect of this revaluation amounted to €89,944,000 as of March 31, 2012 and the annual charge totaled €1,524,000.

NOTE 5 - LONG-TERM INVESTMENTS

in thousands of euros	Net value March 31, 2011	Gross value March 31, 2012	Write-down March 31, 2012	Net value March 31, 2012
LONG-TERM INVESTMENTS				
Participating interests & related receivables	229,102	278,481	39,485	238,997
Other equity investments	16,511	10,169	8	10,161
Loans	274	564	341	222
Other long-term investments	221	327	10	317
TOTAL	**246,109**	**289,541**	**39,844**	**249,697**

Detailed financial information on the subsidiaries and investments is provided in Note 21.

The "Participating interests & related receivables" heading primarily comprises convertible bonds for €119,000,000 subscribed from the subsidiary Monte-Carlo SBM International, and loans and advances granted to this same subsidiary for €82,000,000.

Monte-Carlo SBM International, a wholly owned subsidiary of Société des Bains de Mer, holds the shares of the BetClic Everest Group. As the latter recorded an impairment loss of €37.5 million on the goodwill recognized with respect to the interest acquired in Everest, Monte-Carlo SBM International decided to record this adjustment as a write-down of the BetClic Everest Group shares in the amount of the percentage held, for a provision of €18 million.

Because of this provision and the losses recorded from previous years, Société des Bains de Mer posted a negative net worth as of March 31, 2012. In accordance with Company accounting policies, Société des Bains de Mer recorded this position in its own financial statements, by recognizing a total provision of €26.5 million, resulting in a full write-down of the subsidiary's shares, for €1 million, and a partial write-down of the loans granted to the subsidiary for the balance of €25.5million.

The heading "Other equity investments" comprises the acquisition cost of the Wynn Resorts securities in the amount of €10,161,000 (counter-value as of March 31, 2012 of $12,000,000 for the 0.8 million shares at $15). The Wynn Resorts share is listed on the NASDAQ and its closing price as of March 31, 2012 was $124.88 (code: WYNN).

NOTE 6 - ACCRUED INCOME

Accrued income is included in the following balance sheet items:

In thousands of euros	March 31, 2011	March 31, 2012
LONG-TERM INVESTMENTS		
Loans to participating interests	3,266	3,990
RECEIVABLES		
Operating receivables	94	14
Sundry receivables		2,464
MARKETABLE SECURITIES & CASH AT BANK AND IN HAND		
Marketable securities		
Cash at bank and in hand		
TOTAL	**3,361**	**6,469**

NOTE 7 - CHANGES IN EQUITY

in thousands of euros	Common stock	Addt'l paid-in capital	Revaluation reserves	Reserves & retained earnings	Net Income	Investment grant	Equity
AS OF MARCH 31, 2011	**18,160**	**5,374**	**191,638**	**357,570**	**8,426**	**11,477**	**592,646**
Prior year appropriation				8,426	(8,426)		
Dividends & bonus percentage of profits				(429)			(429)
Share capital increase							
Net income for the period					(7,433)		(7,433)
Other changes						(988)	(988)
AS OF MARCH 31, 2012	**18,160**	**5,374**	**191,638**	**365,567**	**(7,433)**	**10,489**	**583,796**

The share capital of Société des Bains de Mer did not change over the year and comprised 18,160,490 shares with a par value of €1:

- 12,160,490 shares are listed on the Eurolist market of Euronext Paris, compartment B (Euroclear code MC0000031187 - BAIN);
- 6,000,000 Monegasque stated-owned shares may not be assigned or sold pursuant to Monegasque law no. 807 of June 23, 1966.

The Monegasque State owned 69% of the share capital as of March 31, 2012. By notification dated March 12, 2012, QD Europe S.à.r.l., subsidiary of Qatari Diar Real Estate Investment, indicated that it held 1,161,102 shares, representing 6.39% of the share capital.

Voting rights (article 30 of the bylaws):

Article 30 of the bylaws was amended by the Extraordinary General Meeting of September 22, 2006 and now reads as follows:

"The General Meeting, ordinary or extraordinary, shall be composed of all holders of a share that was transferred for their benefit at least ten days prior to the date of the meeting.

Only a holder possessing on his or her own behalf a share can take part in the deliberations of meetings.

Any stockholder may be represented by another stockholder at the General Meeting. The proxy shall be filed two days before the date of the meeting. Each stockholder attending the General Meeting is granted as many votes as he or she holds or represents in shares."

NOTE 8 - PROPOSED APPROPRIATION OF EARNINGS

in thousands of euros		2011/2012 Fiscal year
ORIGINAL APPROPRIATION		
Net income for the year		(7,433)
Retained earnings		204,328
TOTAL TO BE APPROPRIATED		**196,896**
PROPOSED APPROPRIATION		
Cumulative preferred dividend	€0.01 x 18,160,490 shares	182
Retained earnings		196,714
TOTAL PROPOSED APPROPRIATION		**196,896**

NOTE 9 - INVESTMENT GRANTS

in thousands of euros	Net value March 31, 2011	Grant received	Added back to profit or loss	Net value March 31, 2012
TOTAL	**11,477**		**(988)**	**10,489**

As part of the refurbishment of the Salle Garnier of the Monte-Carlo Opera, completed in September 2005 for €26,126,000, the Group received financing aid from the Principality Government in the form of an investment grant for a total of €17,535,000. Since the grant was added back to profit or loss at the same rate as the depreciation of the assets it was used to finance, an income of €988,000 was recognized in exceptional items for fiscal year 2011/2012.

NOTE 10 - PROVISIONS FOR CONTINGENCIES AND LOSSES

in thousands of euros	March 31, 2011	Increases	Write-back used	Write-back not used	March 31, 2012
PROVISIONS FOR CONTINGENCIES AND LOSSES					
Provisions for litigation	2,153	503	(129)	(981)	1,546
Other contingency provisions	8,158	1,235	(2,774)	(423)	6,196
Pension commitments and related commitments (1)	23,702	2,278		(2,348)	23,632
Other loss provisions					
TOTAL	**34,013**	**4,015**	**(2,903)**	**(3,752)**	**31,374**

(1) In accordance with CNC recommendation 2003-R01 and IAS 19 (projected unit credit method), the Company provides for all its termination, retirement and long-service commitments, which are calculated according to the applicable collective bargaining agreements.

The actuarial assumptions adopted as of March 31, 2012 are as follows:

- retirement age: 62;
- adjustment rate: salaries 3.0% to 3.50% according to the category – annuities 2.5%;
- probability of being present in the Company at retirement age: employee turnover rate by grade;
- discounting rate: yield to maturity of private bonds issued by an entity in the public sector with the same term as the average residual term of the commitments (3.54% at 15 years);
- life expectancy tables: TVTD 88/90 for retirement termination payments – TPRV 93 for pension commitments.

These obligations are valued at €26.3 million as of March 31, 2012. As the actuarial gains and losses recognized at each estimate are recorded in profit or loss on a straight-line basis over the average remaining life of obligations, a difference of €3 million arose between the valuation and the amount of the provision, representing the balance of actuarial gains and losses to be recognized over future periods. The inclusion of these actuarial gains and losses in profit or loss resulted in an expense of €217,000 for fiscal year 2011/2012.

NOTE 11 - BORROWINGS

in thousands of euros	March 31, 2011	March 31, 2012
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	1,737	13,159
Due date more than 1 year	3,515	4,012
TOTAL	**5,251**	**17,172**

The “Borrowings” line item includes current bank loans and draw-downs on the opening of the revolving credit facility set up in 2004. With a term of three years as of March 31, 2012, this credit facility calls for a maximum principal amount of €120 million to be used in the form of floating-rate draw-downs.
An interest rate risk management mechanism was set up in early April 2011 for a period of 5 years and is described in the second paragraph of Note 19 Financial instruments.
Other “Borrowings and financial liabilities” concern guarantees received from third parties.

NOTE 12 - OTHER LIABILITIES

in thousands of euros	March 31, 2011	March 31, 2012
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	119,257	120,233
Due date more than 1 year	60,751	61,971
TOTAL	**180,008**	**182,194**

NOTE 13 - ACCRUED EXPENSES

Accrued expenses are included in the following balance sheet items:

in thousands of euros	March 31, 2011	March 31, 2012
Trade payables and related accounts	8,123	4,879
Tax and employee-related liabilities	25,705	28,640
Other liabilities	3,023	2,407
Amounts payable on PP&E and related accounts	5,986	2,312
TOTAL	**42,838**	**38,238**

NOTE 14 - BALANCE SHEET ITEMS

Concerning related undertakings, i.e. any subsidiary company, consolidated as a whole.
Concerning companies other than those related, in which Société des Bains de Mer has an interest.

	Amount relating to	
in thousands of euros	Related undertakings	Companies in which SBM has an interest
Participating interests (net)	238,967	29
Various receivables	64,812	349
Other liabilities	9,996	

NOTE 15 - WRITE-BACKS OF PROVISIONS / OTHER OPERATING EXPENSES

Irrecoverable trade receivables were recognized in fiscal year 2011/2012 under “Other expenses” for €5.1 million, compared to €3.0 million in the previous year. The provisions previously set aside in the same amounts were written back.

NOTE 16 - NET INCOME FROM FINANCIAL ITEMS

The item primarily comprises the €3.0 million dividend distribution carried out by Wynn Resorts, Limited.

NOTE 17 - EXCEPTIONAL ITEMS

Exceptional items in 2011/2012 included the sale of 500,000 Wynn Resorts, Limited shares for $63.8 million or €46.0 million, generating a €39.7 million capital gain.

NOTE 18 - HUMAN RESOURCES

The average number of employees for the year breaks down as follows:

	March 31, 2011	March 31, 2012
Managers	508	516
Supervisors	137	133
Employees	2,468	2,494
TOTAL	**3,112**	**3,143**

NOTE 19 - FINANCIAL INSTRUMENTS

- ***Interest rate instruments***

Considering the expected change in its net indebtedness, the Group set up a structured interest rate derivative in December 2004 to minimize the cost of its future debt and the fluctuations arising from interest rate volatility.

This instrument covered a period of five years as from April 1, 2011 and capped the interest rate at 4.02%. The hedged notional amount increased to a maximum of €100 million, and was gradually amortized until maturity.

- ***Foreign exchange instruments***

As virtually all the Company's operations are conducted in euros, there is little foreign exchange risk. However, commercial activities originating from issuer markets in the dollar zone (United States and Canada) remain vulnerable to exchange rate fluctuations.

Balance sheet foreign exchange risk is primarily represented by the investment in Wynn Resorts, Limited, a US company listed on the NASDAQ. As of March 31, 2012, the Group held 0.8 million shares at a share price of $124.88. This financial asset is no longer hedged against foreign exchange risk as of this date.

- ***Fair value of financial instruments***

in thousands of euros	March 31, 2011	March 31, 2012
Interest rate instruments	1,314	
Foreign exchange instruments	(80)	(2,538)
Equity instruments	(5,082)	
TOTAL	**(3,848)**	**(2,538)**

NOTE 20 - OFF-BALANCE SHEET COMMITMENTS

in thousands of euros	March 31, 2011	March 31, 2012
COMMITMENTS GIVEN		
Deposits and guarantees (1)	89,233	69,700
COMMITMENTS RECEIVED		
Shares deposited by directors	6	5
Deposits and guarantees (2)	49,452	62,297
RECIPROCAL COMMITMENTS		
Firm capital expenditure orders (3)	20,613	22,702
Other firm orders (4)	9,016	8,611
Opening of credit facility and confirmed unused overdrafts	145,000	115,000

(1) Guarantees given mainly arise from the obligations relating to the BetClic Everest Group in respect of the Everest price supplement or the bank financing guarantee described below.

(2) Commitments received mainly comprise the counter-guarantees obtained with respect to the commitments mentioned in paragraph (1) above. These guarantees are also described below.

Breakdown of commitments and guarantees given and received with respect to BetClic Everest Group:

The new commitments subscribed for fiscal year 2011/2012 are described in Note 2 to the financial statements.

Commitments given and received in previous years comprise the following transactions.

At the time of the acquisition of the companies of the Everest subgroup companies in April 2010, Société des Bains de Mer and its subsidiary Monte-Carlo SBM International agreed to guarantee the payment of the price supplement to GigaMedia for a maximum amount of $60 million. This commitment was withdrawn on March 28. However, as of March 31, there remained instruments obtained from Mangas Lov, a subsidiary of Financière Lov, in the form of a counter-guarantee for a maximum amount of €20 million, which itself involved a demand guarantee backed by a Mangas Lov pledge of 20,000 Mangas Gaming shares, representing nearly 10% of the Mangas Gaming share capital. As these instruments no longer apply, they will be cancelled in the first half of the current year.

To complete the financing of these various transactions, BetClic Everest Group secured a €20 million loan from a financial institution in 2010, repayable over seven years, and a credit facility in the maximum amount of €20 million. The two associates - the S.B.M. Group and Financière Lov – act as joint and several guarantors for the financial loans granted to BetClic Everest Group. Since each associate can be called on for the total amount of financial commitments, a demand counter-guarantee arrangement was set up between them in the amount of €24 million, backed by cross-pledges of 24,000 Mangas Gaming securities held by each company.

(3) Firm capital expenditure orders mainly comprise commitments undertaken in connection with investment and renovation projects, including the Sporting d'hiver (€10,640,000) and the Casino building (€3,952,000).

(4) Orders for the purchase of goods for resale, raw materials, supplies and external services placed with suppliers.

The Company has maintained contractual relations with the Monegasque limited liability company Fairmont Monte-Carlo for the lease for the Sun Casino gaming room and the use of a number of rooms.

In addition, the following leases or long-term lease undertakings were granted:

Third parties concerned	start of lease	end of lease
- Société d'Investissements du Centre Cardio-Thoracique de Monaco after extension	01/31/1985	02/25/2043
- Société Civile Immobilière Belle Epoque	10/30/1995	10/29/2035
- Port View Limited with a unilateral undertaking to extend the lease until September 30, 2105	04/25/1996	09/30/2094

Pension and retirement termination payment commitments are recognized in the consolidated balance sheet and income statement.

Finally, Société des Bains de Mer was granted exclusive gaming rights subject to the reserves, terms and conditions and obligations of the terms of reference.

These obligations, in consideration of the monopoly conceded, are defined in the concession agreement and mainly focus on the following areas:

- annual licensing fee on gross gaming receipts;
- contribution to artistic, cultural and sporting events in Monaco;
- the Company's real estate with the provisions defined in Note 1.2. Accounting policies - paragraph b - Legal regime for certain real-estate assets;
- recruitment, training and promotion of its personnel.

This Note incorporates all the Company's significant off-balance sheet commitments, in accordance with the applicable accounting standards.

NOTE 21 - SUBSIDIARIES AND INVESTMENTS

Detailed financial information on subsidiaries and affiliates (in thousands of euros)	Common stock	Other share-holders' equity (before appropriation of earnings)	% of common stock held	Net income or loss from prior year	Gross value of investments	Net book value of investments	Loans & related receivables	Deposits & guarantees	Dividends paid
Société Anonyme Monégasque des Thermes Marins Monte-Carlo (S.T.M.) - Monaco	2,000	(3,762)	96.00	(30)	2,352				
Société Anonyme Monégasque d'Entreprise de Spectacles (S.A.M.E.S.) - Monaco	150	408	99.20	153	38	38			57
Société Anonyme Monégasque Générale d'Hôtellerie (SOGETEL) - Monaco	1,000	2,039	97.00	(796)	955	955			
Société Financière et d'Encaissement (S.F.E.) - Monaco	1,000	275	97.00	30	822	822			
S.B.M. Incorporated New York (Etats-Unis)	641	(756)	100.00		641				
Société Civile Particulière Soleil du Midi - Monaco	2		99.00		13,360	13,360	149		
Société Civile Immobilière de l'Hermitage - Monaco	150	(1)	1.00	(73)	138	138	35,785		
Monaco Sports Partenaires	150	(12,112)	40.00	(14,520)	60		9,940		
Monte-Carlo SBM International	1,000	(2,577)	100.00	(24,400)	1,000	1,000	213,203		
Monte-Carlo SBM Singapore Pte. Ltd	29		100.00	83	29	29			

CONTRACTUAL AUDITOR'S AND STATUTORY AUDITORS' REPORT

on the financial statements prepared in accordance with French accounting regulations
Year ended March 31, 2012

To the Stockholders,

We have audited the accompanying financial statements, prepared in accordance with French accounting regulations, of Société des Bains de Mer et du Cercle des Etrangers à Monaco, comprising the balance sheet as of March 31, 2012, as well as the statement of income and statement of cash flows for the year then ended, summary of the main accounting policies and other explanatory information.

Board of Directors' and Management's Responsibility for the Financial Statements

These financial statements have been approved by the Board of Directors in a context of heavy market volatility and economic and financial crisis, characterized by uncertain outlooks, as was the case at the 2011 year-end closing. Management is responsible for the preparation and fair presentation of these financial statements in accordance with French accounting regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Contractual Auditor's and Statutory Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements, based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of March 31, 2012 and the results of its operations for the year then ended, in accordance with French accounting regulations

Neuilly-sur-Seine and Monaco, July 27, 2012

The Contractual Auditor

Deloitte & Associés

François-Xavier AMEYE

The Statutory Auditors

Simone DUMOLLARD

André GARINO

This is a free translation into English of the statutory auditor's attestation issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

COMPANY RESULTS OVER THE LAST FIVE FISCAL YEARS

	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
Stockholders' equity					
Common stock (in thousands of euros)	18,160	18,160	18,128	18,062	18,062
Number of ordinary shares	18,160,490	18,160,490	18,128,220	18,062,140	1,806,214
Operations and income for the year (in thousands of euros)					
Revenues before income tax	354,433	338,176	356,325	380,539	435,690
Revenues before income tax, but before depreciation, amortization & provisions	57,046	55,119	61,005	72,114	129,262
Net income/(loss) after income tax, depreciation, amortization & provisions	(7,433)	8,426	13,877	38,962	90,528
Dividends paid to stockholders	182	182	10,877	10,877	19,868
Per share data (1) (in euros)					
Net income/(loss) after income tax, but before depreciation, amortization & provisions	3.14	3.04	3.37	3.99	71.57
Net income/(loss) after income tax, depreciation, amortization & provisions	(0.41)	0.46	0.77	2.16	50.12
Dividend per share (including cumulative preffered dividend)	0.01	0.01	0.60	0.60	11.00
Employees					
Number of employees as of March 31	2,920	2,986	2,990	2,878	2,982
Total payroll for the year (2) (in thousands of euros)	121,090	107,995	100,393	101,824	104,582
Employee benefits for the year (social security, social welfare, etc.) (3) (in thousands of euros)	53,819	49,210	46,146	47,829	48,752

(1) division of the share nominal value by ten as of March 12, 2009

(2) excluding funds and pools

(3) including retirement expenses

GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2012

IN THOUSANDS OF EUROS

ASSETS		2011/2012 FISCAL YEAR	2010/2011 FISCAL YEAR
Goodwill	Note 4		
Intangible assets	Note 4	**5,954**	**4,642**
Property, plant & equipment	Note 5	**543,701**	**536,099**
Equity investments		48,877	84,002
Available-for-sale financial assets		74,839	89,515
Other non-current financial assets		69,799	98,044
Non-current financial assets	Note 6	193,515	271,560
NON-CURRENT ASSETS		**743,170**	**812,301**
Inventory	Note 7	13,237	13,387
Trade receivables	Note 8	31,981	28,791
Other receivables	Note 9	20,683	13,847
Other financial assets	Note 10	54	1,417
Cash and cash equivalents	Note 11	24,366	41,744
CURRENT ASSETS		**90,321**	**99,187**
Assets held for sale	Note 6		26,852
TOTAL ASSETS		**833,491**	**938,339**

LIABILITIES & EQUITY		2011/2012 FISCAL YEAR	2010/2011 FISCAL YEAR
Common stock		18,160	18,160
Additional paid-in capital		5,374	5,374
Reserves		523,473	541,230
Reserves related to the change in fair value of financial assets registred in equity		58,603	75,024
Consolidated net income for the period		(33,227)	(17,329)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**572,384**	**622,460**
Minority interests		112	134
EQUITY		**572,496**	**622,594**
Financial liabilities and borrowings	Note 12	8,539	65,289
Employee benefits	Note 13	23,376	23,773
Provisions	Note 14	3,160	5,248
Other non-current liabilities	Note 15	71,525	71,242
TOTAL NON-CURRENT LIABILITIES		**679,096**	**788,147**
Trade payables	Note 16	19,510	24,203
Other payables	Note 17	120,045	111,905
Provisions	Note 14	4,108	3,770
Financial liabilities	Note 12	10,731	10,314
Bank	Notes 11 & 12		
TOTAL CURRENT LIABILITIES		**154,395**	**150,193**
TOTAL LIABILITIES & EQUITY		**833,491**	**938,339**

CONSOLIDATED STATEMENT OF INCOME

IN THOUSANDS OF EUROS

		2011/2012 FISCAL YEAR	2010/2011 FISCAL YEAR
Revenue	Note 18	**372,408**	**361,666**
Cost of goods sold, raw materials & other supplies		(43,259)	(40,752)
Other external charges		(95,802)	(98,077)
Taxes and similar payments		(24,342)	(23,693)
Wages and salaries	Note 19	(193,112)	(173,856)
Depreciation and amortization	Notes 4 & 5	(46,611)	(43,353)
Other operating income and expenses	Note 20	2,353	(3,620)
Operating income	Note 21	**(28,364)**	**(21,685)**
Income from cash and cash equivalents		2,641	131
Gross finance costs		(3,541)	(629)
Net finance costs	Note 22	**(900)**	**(498)**
Other financial income and expenses	Note 22	46,203	29,832
Income tax expense		(2)	(9)
Net profit/(loss) of associates	Note 6	(50,186)	(24,955)
CONSOLIDATED NET INCOME		**(33,249)**	**(17,315)**
Minority interest share		22	(13)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(33,227)**	**(17,329)**
Number of shares issued		18,160,490	18,160,490
Net earnings per share (in euros)		(1.83)	(0.95)
Net diluted earnings per share (in euros)		(1.83)	(0.95)

STATEMENT OF COMPREHENSIVE INCOME

	2011/2012 FISCAL YEAR	2010/2011 FISCAL YEAR
CONSOLIDATED NET INCOME ATTRIBUTABLE EQUITY HOLDERS OF THE PARENT	**(33,227)**	**(17,329)**
Other comprehensive income:		
- Gains and losses on the remeasurement of available for-sale financial assets (IAS 39)	(31,481)	17,719
- Share of profit/(loss) of associates	15,061	(22,554)
TOTAL COMPREHENSIVE INCOME	**(49,647)**	**(22,163)**

CONSOLIDATED STATEMENT OF CASH FLOWS

IN THOUSANDS OF EUROS

		2011/2012 FISCAL YEAR	2010/2011 FISCAL YEAR
OPERATING ACTIVITIES			
Consolidated net income attributable to equity holders of the parent		(33,227)	(17,329)
Minority interest share		(22)	13
Amortization		46,611	43,353
Net profit/(loss) of associates		50,186	24,955
Portion of investment grant recorded in profit or loss		(988)	(1,038)
Changes in provisions		(2,147)	1,409
Gains and losses on changes in fair value		2,426	(328)
Other income and expenses calculated		(18)	5,021
Capital gains and losses on disposal		(38,380)	(18,722)
Cash generated from operations		**24,440**	**37,336**
Net finance costs (excluding change in fair value) and income tax expense		(1,570)	870
Cash generated from operations before net finance costs and income tax expense		**22,870**	**38,207**
Tax paid			
Decrease / (increase) in WCR relating to operations		3,466	36,075
FASH FLOW FROM OPERATING ACTIVITIES		**26,336**	**74,282**
INVESTING ACTIVITIES			
Purchase of PP&E and intangible assets	Notes 4,5 & 6	(65,726)	(69,893)
Gains on disposal of PP&E and intangible assets	Notes 4,5 & 6	46,307	28,643
Impact of changes in scope of consolidation			
Change in loans and advances granted		(35,566)	(31,849)
CASH FLOW USED IN INVESTING ACTIVITIES		**(54,985)**	**(73,100)**
FINANCING ACTIVITIES			
Dividends paid		(429)	(617)
Minority contributions and changes in scope of consolidation			
Share capital increase			32
Changes in stable financing activities (including credit line)	Note 12	10,141	(28,332)
Net interest received (paid)	Note 22	1,570	(870)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**11,281**	**(29,787)**
CHANGE IN CASH AND CASH EQUIVALENTS		**(17,368)**	**(28,604)**
Cash and cash equivalents at beginning of period		**41,744**	**70,344**
Cash restated at fair value		(11)	4
Cash and cash equivalents at end of period		**24,366**	**41,744**
Cash and cash equivalents - Assets		24,366	41,744
Bank - Liabilities			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN THOUSANDS OF EUROS

	Common stock	Addt'l paid-in capital	Items recognised directly in equity	Reserves and retained earning	Equity attributable to equity holders of the parent	Minority interests	Equity
April 01, 2009	**18,062**	**5,374**	**4,149**	**552,789**	**580,374**	**209**	**580,582**
Dividend paid				(12,040)	(12,040)	(75)	(12,116)
Share capital increase	66				66		66
Change in fair value of financial assets			75,709		75,709		75,709
Net income for the period				1,074	1,074	13	1,087
March 31, 2010	**18,128**	**5,374**	**79,858**	**541,822**	**645,183**	**146**	**645,328**
Dividend paid				(592)	(592)	(24)	(617)
Share capital increase	32				32		32
Change in fair value of financial assets			(4,834)		(4,834)		(4,834)
Net income for the period				(17,329)	(17,329)	13	(17,315)
March 31, 2011	**18,160**	**5,374**	**75,024**	**523,901**	**622,460**	**135**	**622,594**
Dividend paid				(429)	(429)	(0)	(429)
Share capital increase							
Change in fair value of financial assets			(16,420)		(16,420)		(16,420)
Net income for the period				(33,227)	(33,227)	(22)	(33,249)
March 31, 2012	**18,160**	**5,374**	**58,603**	**490,245**	**572,384**	**113**	**572,496**

NOTE 1 - GENERAL INFORMATION

Société anonyme des Bains de Mer et du Cercle des Etrangers à Monaco is a limited liability company incorporated under Monegasque law. The head office is located at Place du Casino in Monte Carlo (Principality of Monaco).

Incorporated on April 1, 1863, the Company's main purpose is the management of a gaming rights concession granted by Sovereign Order on April 2, 1863. The original fifty-year concession was renewed several times and without interruption. The current concession will expire on April 1, 2027, the date on which the Company will be terminated unless there is an extension.

The share capital of Société des Bains de Mer did not change over the year and comprised 18,160,490 shares each with a par value of €1:

- 12,160,490 shares are listed on the Eurolist market of Euronext Paris, compartment B (Euroclear code MC0000031187 - BAIN);
- 6,000,000 Monegasque state-owned shares that may not be assigned or sold pursuant to Monegasque law no. 807 of June 23, 1966.

The State of Monaco holds 69% of the share capital as of March 31, 2012. By notification dated March 12, 2012, QD Europe S.à.r.l., subsidiary of Qatari Diar Real Estate Investment, indicated that it held 1,161,102 shares, representing 6.39% of the share capital.

Voting rights (article 30 of the bylaws):

Article 30 of the bylaws was amended by the Extraordinary General Meeting of September 22, 2006 and now reads as follows:

"The General Meeting, ordinary or extraordinary, shall be composed of all holders of a share that was transferred for their benefit at least ten days prior to the date of the meeting.

Only a holder possessing on his or her own behalf a share can take part in the deliberations of meetings.

Any stockholder may be represented by another stockholder at the General Meeting. The proxy shall be filed two days before the date of the meeting. Each stockholder attending the General Meeting is granted as many votes as he or she holds or represents in shares."

The financial statements presented for fiscal year 2011/2012 were approved by the Board of Directors at its meeting held on June 14, 2012 and will be submitted for approval to the Stockholders' General Meeting which is empowered to amend them.

NOTE 2 – ACCOUNTING RULES AND METHODS

2.1 - Accounting framework

Pursuant to European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of Société des Bains de Mer and its subsidiaries ("the Group") were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The application of interpretations and standards entering into force in Europe (including IAS 24 revised Related Party Disclosures applicable to fiscal periods beginning on or after January 1, 2011), had no impact on the presentation of the Group financial statements.

The Group did not opt for the early adoption of any standards as of March 31, 2012 and those standards not yet adopted by the European Union that could have an impact for the Group are currently being analyzed.

- ***Principles governing the preparation of financial statements***

The financial statements were drawn up using the historical cost method, with the exception of available-for-sale financial assets, derivative instruments, and certain financial assets measured at fair value.

2.2 - Method of consolidation

- ***2.2.1. Scope and method of consolidation***

The financial statements of the companies over which Société des Bains de Mer exercises exclusive control are fully consolidated.

The Group opted to consolidate the BetClic Everest Group through equity-accounting, as the two partners had joint control. This was the first year of consolidation, the investment being described in Notes 3 and 6.

The affiliates which respond to these criteria, but do not have a material impact if consolidated, are not consolidated. Such is the case for the subsidiary S.B.M. Inc. in the US and Monte-Carlo SBM Singapore Pte. Ltd., which simply serve as sale offices.

The 40%-owned Monaco Sports Partenaires was not consolidated as the Group does not exercise any significant influence over this entity.

• 2.2.2. Companies consolidated as of March 31, 2012

NAME	HEAD OFFICE	% INTEREST	METHOD
Société Anonyme Monégasque des Thermes Marins Monte-Carlo (S.T.M.)	2, avenue de Monte-Carlo MC 98000 – MONACO	96.00 %	Fully consolidated
Société Anonyme Monégasque d'Entreprise de Spectacles (S.A.M.E.S.)	Les Terrasses du Casino MC 98000 – MONACO	99.20 %	Fully consolidated
Société Anonyme Monégasque Générale d'Hôtellerie (SOGETEL)	38, avenue Princesse Grace MC 98000 – MONACO	97.00 %	Fully consolidated
Société Financière et d'Encaissement (S.F.E.)	Sporting d'Hiver – Place du Casino MC 98000 – MONACO	97.00 %	Fully consolidated
Société Civile Particulière Soleil du Midi	Sporting d'Hiver – Place du Casino MC 98000 – MONACO	100.00 %	Fully consolidated
Société Civile Immobilière de l'Hermitage	Sporting d'Hiver – Place du Casino MC 98000 – MONACO	100.00 %	Fully consolidated
Société à Responsabilité Limitée Café Grand Prix	1 quai Antoine 1er MC 98000 – MONACO	100.00 %	Fully consolidated
Monte-Carlo SBM International S.à.r.l. consolidated	1B Heienhaff L-1736 Senningerberg, Luxembourg	100.00 %	Fully consolidated
S.A.S. BetClic Everest Group	5 rue François 1er 75008 PARIS	50.00 %	Equity consolidated

• 2.2.3. Accounting period-end

All Group subsidiaries draw up their financial statements to March 31 for the year-end closing and to September 30 for the half-yearly closing, except BetClic Everest Group's companies, which draw up their financial statements to December 31. BetClic Everest Group drew up their financial statements to March 31 and September 30 for Group equity accounting purposes.

• 2.2.4. Management estimates

Pursuant to IFRS, the preparation of the consolidated financial statements require management to make a certain number of estimates and adopt certain assumptions that have an impact on the amounts carried in the balance sheet and income statement during the year. These estimates assume that the Company will continue as a going concern and are established based on the information available at the time of their preparation. Estimates may be modified subsequent to a change in underlying circumstances or following new information. Actual results could differ from these estimates.

The main estimates made by management on preparation of the financial statements cover the assumptions used for the calculation of depreciation, amortization and impairment, and the valuation of property, plant and equipment, intangible assets and long-term investments, employee benefits, provisions and certain financial instruments. The information provided with respect to contingent assets and liabilities existing at the balance sheet date is also subject to estimates.

• 2.2.5. Goodwill

Goodwill represents the difference between the acquisition cost of the shares of subsidiaries and the share in the fair value of net assets on the date of entry in the scope of consolidation. A negative difference is recognized directly in profit or loss.

With respect to the provisions of IFRS 3 Business combinations, goodwill is no longer amortized but instead tested for impairment when there is objective indication of such impairment and on an annual basis at minimum.

• 2.2.6. Internal transactions

Inter-company accounts and transactions are eliminated on consolidation.

The write-down provisions relating to participating interests in or debts held against the consolidated companies are eliminated.

• 2.2.7. Translation of financial statements denominated in foreign currencies

The presentation currency is the euro and balance sheet items denominated in foreign currencies are translated into euros using the exchange rate prevailing at the year-end.

The Group conducts virtually all its transactions in euros.

2.3 - Accounting policies

- ***2.3.1. Intangible assets***

Intangible assets are stated at their historical cost in the balance sheet.

Amortization is calculated on a straight-line basis for intangible assets with finite lives:

- software	amortized over 3 to 6 years
- concessions	operating term, covered by a write-down provision in the event of adverse developments compared to the initial profitability forecasts.

There are no intangible assets with indefinite lives.

- ***2.3.2. Property, plant & equipment***

a - Gross value

Property, plant and equipment are stated at their acquisition cost or their cost price excluding internal labor costs incurred in the ownership or prime contractorship of building projects, in accordance with IAS 16 Property, plant and equipment. However, in accordance with IFRS 1.17, revaluations performed prior to the IFRS transition date are considered as deemed cost at the date of the revaluation if the revaluation is broadly comparable to fair value.

Property, plant and equipment is recognized using the component approach, under which each component, whose cost in relation to the total cost is material and whose useful life differs from that of the other components, is depreciated separately.

Subsequent costs are not recognized as assets unless it is probable that the related future economic benefits will flow to the Group and they can be reliably measured. Current maintenance costs for property, plant and equipment are recognized in profit or loss in the period in which they are incurred.

Borrowing costs relating to the financing of property, plant and equipment are capitalized in the acquisition cost for the portion incurred during the construction period.

b - Leases

Leases are classified as finance leases when the terms transfer substantially all the risks and rewards incidental to ownership to the lessee. An operating lease is a lease other than a finance lease.

In accordance with IAS 17 Lease, assets held under finance leases are recognized in the balance sheet at fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability owed to the lessor is recorded on the balance sheet as an obligation arising from finance leases. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability.

c - Depreciation

Depreciation is calculated according to the straight-line method based on the following useful lives:

- buildings	17 to 50 years;
- industrial and technical plant	3 to 15 years;
- other fixed assets	3 to 10 years.

The assets designated in paragraph a "Legal regime for certain real-estate assets" under Note 5 "Property, plant and equipment" are normally depreciated over their economic life and not over the term of the concession.

- ***2.3.3. Impairment of assets***

In accordance with IAS 36, when circumstances or events indicate that an asset has become impaired, and at least once yearly, the Group shall examine the recoverable amount of said asset or the asset group to which it belongs. The recoverable amount is the higher of the fair value less costs to sell and value in use.

Value in use is determined by discounting the value of future cash flows expected to be derived from the asset or the group of assets to which it belongs.

Fair value less costs to sell is the amount obtainable by the Group in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognized for property, plant and equipment and intangible assets when the recoverable amount of the asset is permanently lower than the net carrying amount.

- ***2.3.4. Available-for-sale financial assets***

Loans and long-term investments are considered as assets issued by the Company and recognized at amortized cost using the effective interest rate method. They are subject to a write-down, recognized in profit or loss, if there is an objective indication of impairment.

- ***2.3.5. Other financial assets***

Loans and long-term investments are considered as assets issued by the Company and recognized at amortized cost using the effective interest rate method. They are subject to a write-down, recognized in profit or loss, if there is an objective indication of impairment.

- ***2.3.6. Assets and liabilities held for sale***

In accordance with IFRS 5, assets and liabilities available for immediate sale, and for which the sale is highly probable, are classified in assets and liabilities held for sale. Assets held for sale are measured at the lower of the net carrying amount and fair value less disposal costs.

- ***2.3.7. Inventory***

Raw material inventory for restaurants and supplies is valued at the lower of cost and net realizable value. Cost corresponds to the purchase cost, calculated using the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

- ***2.3.8. Trade receivables***

Trade receivables are valued at fair value on initial recognition. A write-down is recognized in the income statement when there is an objective indication of impairment, under “Other operating income and expenses.”

- ***2.3.9. Cash and cash equivalents***

These assets comprise highly liquid investments that are readily convertible to cash, subject to a negligible risk of a change in value, with an initial maturity of three months or less. These investments are valued at market value and changes in value are recorded in the income statement under “Income from cash and cash equivalents.”

- ***2.3.10. Provisions***

Provisions are recognized when the Group has a present obligation, arising from a past event, which will probably result in an outflow of resources embodying economic benefits that can be reliably estimated.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provision is discounted where the impact is material.

- ***2.3.11. Employee benefits***

Benefits offered by the Group to its employees and retirees are recognized in accordance with IAS 19 “Employee benefits.”

Payments to defined contribution pension plans are expensed as they fall due.

The Group’s obligations in terms of retirement and similar benefits for defined benefit pension plans are recognized on the basis of an actuarial valuation of the potential rights vested by employees and pensioners, using the projected unit credit method, and decreased, where necessary, by the valuation of available plan assets.

The estimates, carried out at each balance sheet date, take into account assumptions covering life expectancy, employee turnover, wage increases and the discounting of amounts payable.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized at each estimate. They are recorded in profit or loss on a straight-line basis over the average remaining life of obligations, under “Wages and salaries.”

The cost of services rendered and the interest expense for the period are also recognized under this income statement heading.

- ***2.3.12. Investment grants***

The grants allocated to the Group in order to finance capital expenditure are classified in balance sheet liabilities under the heading “Other non-current liabilities.” They are added back to income at the same rate as the provisions for the write-down of the financed assets.

- ***2.3.13. Financial instruments***

The Group may make use of financial instruments in order to manage and reduce its exposure to exchange rate fluctuations and interest rate risk.

Derivatives are measured at fair value with changes in fair value recognized in profit or loss for the period in which they occur, and presented in the balance sheet under "Other current financial assets" or "Current financial liabilities."

Derivatives deemed as hedging instruments in accounting terms are measured in accordance with the hedge accounting criteria set forth in IAS 39. Changes in the value of the hedged items, associated with the fair value hedge, are also recognized in profit or loss for the period.

Note 24 sets out the financial instruments used by the Group to manage its financial risk within the meaning of IAS 39.

- ***2.3.14. Revenue***

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates. Revenue is recognized as follows:

- sales of assets are recognized upon delivery and transfer of risks and rewards;
- transactions involving the rendering of services are recognized over the period in which the services are rendered.

In regard to the Gaming segment, revenue comprises the gross amount of table game and automatic game receipts, in addition to the entrance fees for the gaming rooms and foreign exchange commissions. Licensing fees on gross game receipts are recorded under "Taxes and similar payments".

Hotel segment revenue corresponds to receipts excluding tax and employee distribution.

- ***2.3.15. Deferred taxes and tax regime***

As Société des Bains de Mer achieves less than 25% of its revenue outside Monaco, current tax on net income is not recorded, except for the tax relating to activities performed on French soil. Accordingly, no deferred tax is recorded for all the timing differences between tax and accounting values of assets and liabilities in the consolidated balance sheet.

NOTE 3 - HIGHLIGHTS OF THE YEAR AND SUBSEQUENT EVENTS

- ***Investment in Wynn Resorts, Limited***

The forward sale of 300,000 shares set up in December 2010 was settled at maturity in April 2011, for 31 million dollars, or €23.1 million, generating a capital gain of €19.3 million. A second forward sale of 200,000 Wynn Resorts shares, subscribed in July 2011, was settled at its maturity in October 2011 via the receipt of $33 million, or €23 million. The €20.5 million capital gain generated by this transaction was recorded in the second-half financial statements.

Following the disposal of these shares, the Group still held 800,000 shares in Wynn Resorts, Limited at the close of the half-year, equivalent to around 0.6% of the share capital at the year-end.

Lastly, Wynn Resorts, Limited made several dividend payments during the year, reflected in pre-tax financial income of €3 million.

- ***Investment in BetClic Everest Group (formerly Mangas Gaming)***

The Group has held a 50% joint stake in BetClic Everest Group since May 2009, a company controlled by Mr. Stéphane Courbit through Financière Lov.

BetClic Everest Group comprises the following entities:

- the wholly owned companies of the Betclic and Expekt subgroups;
- the 56% owned companies of the Bet-At-Home subgroup following the May 31, 2011 purchase of 5% of the minority interests from its founders;
- the 60% owned companies of the Everest subgroup following the acquisition of control on April 7, 2010, the remaining share being held by GigaMedia, which is listed on the NASDAQ.

To finance the purchase of 5% of the minority interests of Bet-At-Home from its founders and the settlement of a deferred payment relating to the acquisition of Expekt, BetClic Everest Group secured two loans from a financial institution on September 30, 2011; The two loans for €7.2 million and €15 million are repayable over seven years. In October 2011, the two associates - the S.B.M. Group and Financière Lov – acted as joint and several guarantors for the financial loans granted to BetClic Everest Group. Since each associate can be called on for the total amount of financial commitments, a demand counter-guarantee arrangement was set up between them in the amount of €13.5 million, backed by cross-pledges of 13,500 BetClic Everest Group shares held by each company.

In addition to the measures described above, Mangas Lov and the SBM Group, the two shareholders of BetClic Everest Group, will undertake additional financing commitments. Accordingly, as part of its effective treasury management policy, BetClic Everest Group may receive surplus cash investments from certain subsidiaries. The repayment of investments received from Bet-At-Home, for €15 million as of March 31, 2012, is guaranteed on a joint partnership basis by the two shareholders of BetClic Everest Group. As of January 2012, the corresponding guarantee given by the S.B.M. Group covers an amount of €7.5 million. Similarly, current account advances were also granted during the year, representing a total of €32.5 million for each partner.

Lastly, the two partners wished to anticipate the supplemental price valuation stipulated in their agreements with respect to the S.B.M. Group's investment in BetClic Everest Group.

The 50% interest in the BetClic Everest Group was acquired on May 19, 2009 through a share capital increase subscribed by the S.B.M. Group, via its subsidiary Monte-Carlo SBM International, for €70 million.

As part of these agreements, the S.B.M. Group pledged to subscribe to a new capital increase (the Subsequent Capital Increase) in 2012, the amount of which is based on the performances of the BetClic Group, to be assessed in terms of gross gaming revenue and EBITDA in 2011, and representing a price supplement. The Subsequent Capital Increase will be capped at €70 million so that the total investment made by the Group through the two subscriptions for the 50% interest in BetClic Everest Group amounts to between €70 and €140 million.

While the aforementioned price supplement was to have been valued in mid 2012, the two shareholders preferred to anticipate the valuation approved at €63,850,000, given the expected performances and after taking into account the changes within the BetClic subgroup since the investment. The capital increase was effectively settled on December 16, 2011 by offset with a portion of the €70 million loan. The balance of €6,150,000, which bears no interest until June 30, 2012, may be reimbursed according to the various terms stipulated in the agreements.

- ***Resumption of the lease management of the Hotel Méridien Beach Plaza and the Monte-Carlo Sea Club***

The Group took over the operation of the Hôtel Méridien Beach Plaza in Monaco on June 28, 2012.

The Société Hôtelière du Larvotto, the wholly owned subsidiary of Société des Bains de Mer, will thus succeed a Starman group company for the remaining term of the lease management agreement now in effect with the owner, Société Nationale de Financement, which is to say until September 30, 2018. Up until this date, the Starwood group will continue to manage this hotel, under the Le Méridien brand and on behalf of the Monte-Carlo SBM group.

The Méridien Beach Plaza is a 4-star sea front hotel with more than 400 rooms and suites, a private beach, a business center and a fitness center, the Monte-Carlo Sea Club.

NOTE 4 - GOODWILL AND INTANGIBLE ASSETS

in thousands of euros	Goodwill	Concessions and similar rights	Other	Assets in progress	Total intangible assets
Gross values as of April 1, 2010	110	24,417	718	1,664	26,799
Entry into the consolidation scope					
Acquisitions		2,634		290	2,923
Asset disposals / removals		(13)			(13)
Gross values as of March 31, 2011	110	27,037	718	1,954	29,709
Amortization / impairment as of April 1, 2010	110	23,685	627		24,313
Entry into the consolidation scope					
Amortization / impairment		768			768
Asset disposals / removals		(13)			(13)
Amortization as of March 31, 2011	110	24,440	627		25,067
NET VALUES AS OF MARCH 31, 2011		**2,597**	**90**	**1,954**	**4,642**
Gross values as of April 1, 2011	110	27,037	718	1,954	29,709
Entry into the consolidation scope					
Acquisitions		2,415		207	2,622
Asset disposals / removals		(220)			(220)
Gross values as of March 31, 2012	110	29,232	718	2,161	32,110
Amortization / impairment as of April 1, 2011	110	24,440	627		25,067
Entry into the consolidation scope					
Amortization / impairment		1,310			1,310
Asset disposals / removals		(220)			(220)
Amortization / impairment as of March 31, 2012	110	25,530	627		26,157
NET VALUES AS OF MARCH 31, 2012		**3,702**	**90**	**2,161**	**5,953**

Goodwill represents the difference between the acquisition price of shares in subsidiaries and the share of the fair value of the net assets of such subsidiaries at the acquisition date.

“Intangible assets” primarily comprises:

- Compensation for the acquisition of rights to profits paid to S.A.M. Loews Hotels Monaco for €10,671,000 following transfer of the full management of Sun Casino to Société des Bains de Mer in July 1995. This compensation, recognized under “Concessions and similar rights”, was fully amortized over the period to March 31, 2007;
- Software and IT development.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

in thousands of euros	Land	Buildings	Industrial and technical plant	Other property plant & equipment	Payments on account PP&E under construction	Total
Gross values as of April 1, 2010	158,469	634,663	185,389	57,504	51,016	1,087,040
Entry into the consolidation scope						
Acquisitions	104	55,383	25,557	8,547	(20,931)	68,661
Asset disposals / removals	(0)	(13,250)	(9,840)	(2,999)	(1,682)	(27,772)
Gross values as of March 31, 2011	158,574	676,796	201,106	63,052	28,403	1,127,929
Amortization / impairment as of April 1, 2010	38,106	359,783	132,876	42,682		573,447
Entry into the consolidation scope						
Amortization charges		21,550	15,856	5,179		42,585
Asset disposals / removals		(11,602)	(9,729)	(2,870)		(24,201)
Amortization as of March 31, 2011	38,106	369,731	139,002	44,991		591,830
NET VALUES AS OF MARCH 31, 2011	**120,467**	**307,064**	**62,103**	**18,061**	**28,403**	**536,099**
Gross values as of April 1, 2011	158,574	676,796	201,106	63,052	28,403	1,127,929
Entry into the consolidation scope						
Acquisitions		26,509	8,510	4,670	14,791	54,480
Asset disposals / removals		(2,079)	(6,324)	(2,716)	(1,022)	(12,142)
Gross values as of March 31, 2012	158,574	701,225	203,291	65,006	42,172	1,170,267
Amortization as of April 1, 2011	38,106	369,731	139,002	44,991		591,830
Entry into the consolidation scope						
Amortization charges		24,046	15,859	5,396		45,301
Asset disposals / removals		(1,912)	(5,915)	(2,739)		(10,566)
Amortization as of March 31, 2012	38,106	391,865	148,947	47,647		626,566
NET VALUES AS OF MARCH 31, 2012	**120,467**	**309,360**	**54,344**	**17,358**	**42,172**	**543,701**

a - Legal regime for certain real-estate assets

Société des Bains de Mer was granted exclusive gaming rights subject to the reserves, terms and conditions and obligations of the terms of reference. These rights, originally granted for a period of fifty years as from April 2, 1863, have been renewed several times. Certain provisions with regard to the legal regime for certain real-estate assets were laid down during the penultimate renewal on March 17, 1987.

A new Concession Agreement signed on March 21, 2003 with the Principality Government, renewing gaming rights until March 31, 2027, upon approval by the Extraordinary General Meeting of January 17, 2003 and the concession granting authority on March 13, 2003, incorporated similar provisions, as defined below.

In these terms of reference, it is stated that at the end of the current gaming rights concession, or in the event of further renewals at the end of the last extension, Société des Bains de Mer will hand over free of charge to the concession granting authority the Monte-Carlo Casino including its terraces and Square. Based on capitalized assets as of March 31, 2012, the estimated residual value of these properties upon expiry of the current concession would be around €13.6 million.

It is also specified that at the end of the current gaming rights concession or in the event of further renewals, at the end of the last extension, Société des Bains de Mer undertakes to sell to the Principality Government the following properties, for which the governmental concession granting authority will have requested the return:

- Café de Paris
- Hôtel de Paris et jardins
- Sporting Monte-Carlo
- Hôtel Hermitage.

If the Principality Government requested such a return, these assets would be sold at their market value calculated on the day of this request, the sale price being determined according to expert opinion in the event of a disagreement between the parties.

b - Assets held under finance leases

The information relating to assets held under finance leases is presented in Note 30 – Lease commitments.

NOTE 6 - EQUITY / NON-CURRENT FINANCIAL ASSETS/ ASSETS HELD FOR SALE

In thousands of euros	Equity investments (1)	Available or sale financial assets (2)	Long-term loans	Other financial assets (3)	Total non current financial assets	Assets held for sale
Gross values as of March 31, 2010	131,511	101,982	419	76,012	178,413	
Acquisitions			2	30,000	30,002	
Disposals		(28,290)	(1)	(4)	(28,295)	
Reclassifications		(26,911)		60	(26,852)	26,852
Changes in value	(47,509)	43,382		1,835	45,217	
Gross values as of March 31, 2011	84,002	90,163	420	107,902	198,485	26,852
Impairment as of March 31, 2010		649	247	5,031	5,927	
Impairment/reversal of impairment				5,000	5,000	
Impairment as of March 31, 2011		649	247	10,031	10,927	
NET VALUES AS OF MARCH 31, 2011	**84,002**	**89,515**	**173**	**97,871**	**187,559**	**26,852**
Gross values as of March 31, 2011	84,002	90,163	420	107,902	198,485	26,852
Acquisitions			24	32,612	32,636	
Disposals		(20,432)	(24)	(61,978)	(82,434)	(19,263)
Reclassifications			90		90	
Changes in value	(35,125)	5,757		1,103	6,860	(7,589)
Gross values as of March 31, 2012	48,877	75,488	510	79,639	155,637	
Impairment as of March 31, 2011		649	247	10,031	10,927	
Impairment/reversal of impairment			94	(21)	73	
Impairment as of March 31, 2012		649	341	10,010	11,000	
NET VALUES AS OF MARCH 31, 2012	**48,877**	**74,839**	**169**	**69,629**	**144,638**	

(1) The “Equity investments” column represents the 50% interest in BetClic Everest Group.

The 50% interest in the BetClic Everest Group was acquired on May 19, 2009 through a share capital increase subscribed by the S.B.M. Group, via its subsidiary Monte-Carlo SBM International, for €70 million. This increase could be completed in 2012 by a new capital increase (the Subsequent Capital Increase), the amount of which is based on the performances of the Betclic Group, to be assessed in terms of gross gaming revenue and EBITDA in 2011, and representing a price supplement. Under the agreements, the Subsequent Capital Increase will be capped at €70 million so that the total investment made by the Group through the two subscriptions for the 50% interest in BetClic Everest Group amounts to between 70 and 140 million of euros.

As provided in the agreements, the S.B.M. Group also agreed to a loan to BetClic Everest Group for a maximum amount of €70 million, in the form of current account advances which do not bear interest until June 30, 2012. The agreements stipulate various repayment terms for this advance and specifically repayment by offset at the time of the Subsequent Capital Increase.

While the aforementioned price supplement was to have been valued in mid 2012, the two shareholders preferred to anticipate the valuation approved at €63,850,000, given the expected performances and after taking into account the changes within the Betclic subgroup since the investment. The capital increase was effectively settled on December 16, 2011 by offset with a portion of the €70 million loan. The balance of €6,150,000, which bears no interest until June 30, 2012, may be reimbursed according to the various terms stipulated in the agreements.

• **Changes in the equity-accounted BetClic Everest Group securities**

in thousands of euros	2010/2011 Fiscal year	2011/2012 Fiscal year
Value of securities at the beginning of the period	**131,511**	**84,002**
Share of net income of the period	(24,955)	(50,186)
Transactions recognized directly in equity		
- valuation differences on transactions with minority interests (Bet-At-Home, Everest)	(21,285)	18,518
- exchange differences	(1,269)	(3,457)
Change in the period	(47,509)	(35,125)
Value of securities at the end of the period	**84,002**	**48,877**

The implicit goodwill recognized on the acquisition amounts to €76,176,000.

• **Condensed financial statements of BetClic Everest Group**

The financial statements approved by the S.B.M. group as of March 31, 2012 can be summarized as follows:

in thousands of euros	Assets	Liabilities	Equity attributable to equity holders of the parent	Net gaming income (*)	Net income attributable to equity holders (*)
Aggregates prepared in accordance with IFRS	293,729	335,726	(54,587)	196,514	(100,371)

* These amounts correspond to the period from May 1, 2011 to March 31, 2012.
The net income of the BetClic Everest Group continues to be impacted by a €42.9 million charge relating to the amortization of intangible assets. Also a factor is the partial write-down of goodwill recognized on the acquisition of an interest in Everest, for an impact of -€35.7 million on net income. Over this period, the net income from operations, before the net change in depreciation, amortization and provisions and before the recognition of expenses incurred for restructurings and related party agreements, totaled -€16.3 million.

(2) The “Available-for-sale financial assets” column essentially comprises:

- the recognition of the equity and debt of the subsidiary, S.B.M. U.S.A. Incorporated, for a gross value of €641,000, fully written down as of March 31, 2012;
- the recording of 800,000 Wynn Resorts shares at their fair value, i.e. €74,800,000. The Wynn Resorts share price, as listed on the NASDAQ, stood at $124.88 as of March 31, 2012, whereas the unit acquisition price was $15 in June 2003. The 800,000 shares represent approximately 0.6% of the Wynn Resorts, Limited share capital.

  Furthermore, changes in fair value with respect to the investment in Wynn Resorts over the period resulted in the recognition of a loss in equity for €31,481,000 the amount comprising changes in value of the securities presented as “Assets held for sale.”

(3) The “Other financial assets” column essentially comprises:

- the recognition of current account advances granted to Monaco Sports Partenaires for a gross value of €9,940,000, of which €9,940,000 was written down in fiscal year 2011/2012;
- the 30,000,000 loan granted to BetClic Everest Group as part of the acquisition of Everest Gaming and an advance of €32,535,000 granted during the year;
- the balance of the initial loan for €5,670,000 corresponds to the anticipated settlement of the Subsequent Capital Increase. The amount is recorded at its discounted value and had an initial value of €6,150,000.

NOTE 7 - INVENTORY

in thousands of euros	Inventory
Gross value as of March 31, 2011	13,489
Write-down as of March 31, 2011	102
NET VALUE AS OF MARCH 31, 2011	**13,387**
Gross value as of March 31, 2012	13,308
Write-down as of March 31, 2012	71
NET VALUE AS OF MARCH 31, 2012	**13,237**

Inventory mainly comprises beverages - wines, alcohols, etc. - stored in the cellars of establisments.

NOTE 8 - TRADE RECEIVABLES

in thousands of euros	Trade receivables
Gross value as of March 31, 2011	63,498
Write-down as of March 31, 2011	34,707
NET VALUE AS OF MARCH 31, 2011	**28,791**
Gross value as of March 31, 2012	63,101
Write-down as of March 31, 2012	31,119
NET VALUE AS OF MARCH 31, 2012	**31,981**

Trade receivables primarily involve the Gaming Sector.

NOTE 9 - OTHER RECEIVABLES

in thousands of euros	Payments on account	Other operating receivables (1)	Sundry receivables	Prepaid expenses	Total
Gross value as of March 31, 2011	982	4,318	2,109	7,699	15,109
Write-down as of March 31, 2011			1,261		1,261
NET VALUE AS OF MARCH 31, 2011	**982**	**4,318**	**848**	**7,699**	**13,847**
Gross value as of March 31, 2012	1,360	5,475	3,322	10,642	20,798
Write-down as of March 31, 2012			115		115
NET VALUE AS OF MARCH 31, 2012	**1,360**	**5,475**	**3,207**	**10,642**	**20,683**

(1) primarily comprises employee-related receivables and advances, as well as VAT receivables.

(2) primarily comprises the invoicing of partners (cultural associations, administration) over calendar years.

NOTE 10 - OTHER FINANCIAL ASSETS

in thousands of euros	Loans	Other financial assets	Fair value of derivative (1)	Total
Gross value as of March 31, 2011	174		1,314	1,488
Write-down as of March 31, 2011	70			70
NET VALUE AS OF MARCH 31, 2011	**104**		**1,314**	**1,418**
Gross value as of March 31, 2012	54			54
Write-down as of March 31, 2012				
NET VALUE AS OF MARCH 31, 2012	**54**			**54**

(1) corresponds to the differences in fair value of derivative instrument assets (see Note 24 Financial instruments).

NOTE 11 - CASH AND CASH EQUIVALENTS

in thousands of euros	March 31, 2011	March 31, 2012
MARKETABLE SECURITIES, CASH AT BANK AND IN HAND AND NET CASH POSITION		
Marketable securities (1)	15,029	
Term and sight deposits	26,715	24,366
TOTAL CASH ASSETS	**41,744**	**24,366**
Creditor banks		
CASH POSITION	**41,744**	**24,366**
(1) including gain (loss) in fair value	11	

NOTE 12 - BORROWINGS, FINANCIAL LIABILITIES AND CREDITOR BANKS

in thousands of euros	March 31, 2011	March 31, 2012
ANALYSIS BY CATEGORY		
Borrowings with credit institutions	283	11,648
Borrowings relating to finance leases	80	429
Amounts owed to participating interests (1)	66,728	
Other liabilities and deposits	3,351	4,655
Fair value of derivative instruments (2)	5,162	2,538
Bank accounts showing a credit balance		
TOTAL	**75,603**	**19,271**
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	10,314	10,731
Due date of between 1 and 5 years	65,289	8,539
Due date more than 5 years		
TOTAL	**75,603**	**19,271**

(1) corresponds to a price supplement initially paid in 2012 with respect to the investment in the BetClic Everest Group, the operation having been settled in December 2011 for €63,850,000. The transaction generated financial income of €3,802,000.

(2) See Note 24 Financial instruments.

To ensure its financing, the Group set up a credit facility with a pool of financial institutions. With a term of 10 years and four months as of December 1, 2004, this credit facility calls for a maximum principal amount of €120 million to be used in the form of floating-rate draw-downs.

A mechanism for managing interest rate risk was subscribed for a term of 5 years beginning April 1, 2011. This mechanism is described in the second paragraph of Note 24 Financial instruments.

Confirmed credit lines and overdrafts as of March 31, 2012 break down as follows:

in thousands of euros	Available	Used	Not used
Floating-rate revolving credit facility	120,000	10,000	110,000
Confirmed overdrafts	5,000		5,000
TOTAL	**125,000**	**10,000**	**115,000**
ANALYSIS BY REPAYMENT DUE DATES			
Due date less than 1 year	45,000	10,000	35,000
Due date of between 1 and 5 years	80,000		80,000
Due date more than 5 years			

NOTE 13 - EMPLOYEE BENEFITS

in thousands of euros	March 31, 2011	Expense for the year	Payments	Other changes	March 31, 2012
Termination benefits	9,363	1,380	(1,194)		9,549
Retirement benefits	14,273	560	(1,135)		13,698
Long-service benefits	137	21	(28)		129
TOTAL	**23,773**	**1,961**	**(2,357)**		**23,376**

In accordance with IAS 19 ("unit credit method"), the Group provides for all its termination, retirement and long-service medal commitments, which are calculated according to the applicable collective bargaining agreements. These commitments are not funded by plan assets.

The actuarial assumptions adopted as of March 31, 2012 are as follows:

- retirement age: 62;
- adjustment rate: salaries 3.0% to 3.50% according to the category – annuities 2.5%;
- probability of being present in the Company at retirement age: employee turnover rate by grade;
- discounting rate: yield to maturity of private bonds issued by an entity in the public sector with the same term as the average residual term of the commitments (3.54% at 15 years);
- life expectancy tables: TVTD 88/90 for retirement termination payments – TPRV 93 for pension commitments.

The actuarial obligation breaks down as follows:

in thousands of euros	Fiscal year 2011/2012
ACTUARIAL OBLIGATION OPENING BALANCE	23,983
Cost of services rendered	589
Interest expense	1,153
Actuarial (gains)/losses	3,051
Benefits paid	(2,357)
ACTUARIAL OBLIGATION CLOSING BALANCE	26,419
Actuarial obligation closing balance	26,419
Unrecognized actuarial gains/(losses)	(3,043)
PROVISION PRESENTED ON THE BALANCE SHEET	23,376

The expense for the year breaks down as follows:

in thousands of euros	Fiscal year 2011/2012
Cost of services rendered	589
Interest expense	1,153
Amortization of actuarial (gains)/losses	219
EXPENSE FOR THE YEAR	1,961

NOTE 14 - PROVISIONS

The change in non-current provisions for contingencies and losses for the period from March 31, 2011 to March 31, 2012 breaks down as follows:

in thousands of euros	March 31, 2011	Entry into the consolidation scope	Write-back used	Write-back not used	March 31, 2012
NON-CURRENT PROVISIONS					
Litigations	450				450
Other contingencies	4,798	577		(2,666)	2,710
Losses					
TOTAL	**5,248**	**577**		**(2,666)**	**3,160**

The change in current provisions for contingencies and losses for the period from March 31, 2011 to March 31, 2012 breaks down as follows:

in thousands of euros	March 31, 2011	Entry into the consolidation scope	Write-back used	Write-back not used	March 31, 2012
CURRENT PROVISIONS					
Litigations	1,703	503	(129)	(981)	1,096
Other contingencies	2,067	1,146	(2,774)	2,242	2,682
Losses	0	330			330
TOTAL	**3,770**	**1,979**	**(2,903)**	**1,262**	**4,108**

NOTE 15 - OTHER NON-CURRENT LIABILITIES

In thousands of euros	March 31, 2011	March 31, 2012
Deferred income due in more than one year	60,803	62,023
Investment grant	10,440	9,502
TOTAL	**71,242**	**71,525**

"Deferred income due in more than one year" comprises the portion of rents due in more than one year, compensation under leasehold rights and other Group revenue received in advance.

In addition, as part of the refurbishment of the Salle Garnier of the Monte-Carlo Opera, completed in September 2005 for €26,126,000, the Group received financing aid from the Principality Government in the form of an investment grant for a total of €17,535,000. Since the grant was added back to profit or loss at the same rate as the depreciation of the assets it was used to finance, an income of €988,000 was recognized in profit or loss for fiscal year 2011/2012.

The grant balance to be recognized in future fiscal years, i.e. €10,490,000 breaks down as follows:

- €987,000 to be recognized in fiscal year 2012/2013, presented under "Other liabilities – Accruals and deferred income";
- €9,502,000 to be recognized in 2013/2014 and subsequent fiscal years ("Other non-current liabilities").

NOTE 16 - TRADE PAYABLES

In thousands of euros	March 31, 2011	March 31, 2012
Trade payables	14,893	11,675
Purchase invoice accruals	9,310	7,835
TOTAL	**24,203**	**19,510**

NOTE 17 - OTHER PAYABLES

In thousands of euros	March 31, 2011	March 31, 2012
Payments on account	22,101	24,765
Tax and employee-related liabilities	56,439	68,193
Other operating liabilities (1)	4,373	5,782
Amounts payable on PP&E	14,404	5,780
Other liabilities	7,828	7,283
Accruals and deferred income (2)	6,760	8,242
TOTAL	**111,905**	**120,045**

(1) Primarily comprises progessive jackpots now being set up and trade payables
(2) Primarily comprises deferred income due in less than one year.

NOTE 18 - REVENUE

In thousands of euros	March 31, 2011	March 31, 2012
ANALYSIS BY BUSINESS SEGMENT		
Games	171,980	172,670
Hotels	170,683	180,997
Other	31,517	32,109
Internal transfers	(12,514)	(13,368)
TOTAL	**361,666**	**372,408**

NOTE 19 - WAGES AND SALARIES

In thousands of euros	March 31, 2011	March 31, 2012
WAGES AND SALARIES		
Wages and salaries	119,440	133,325
Social security contributions and other related charges	52,455	57,825
Employee benefits (1)	1,961	1,961
TOTAL	**173,856**	**193,112**

(1) Termination benefits, retirement obligations, long-service awards.

NOTE 20 - OTHER OPERATING INCOME AND EXPENSES

In thousands of euros	March 31, 2011	March 31, 2012
COST NET OF IMPAIRMENT OF CURRENT ASSETS		
Losses on uncollectible receivables	(3,001)	(6,288)
Write-back of previously recognized provisions	6,987	13,602
Provisions for impairment for the year	(5,566)	(5,448)
TOTAL COST NET OF IMPAIRMENT OF CURRENT ASSETS	(1,580)	1,866
GAIN (LOSS) ON DISPOSALS AND RETIREMENTS OF PP&E AND INTANGIBLE ASSETS		
Gains on disposal	354	528
Net values of asset disposals and retirements	(1,933)	(1,576)
GAIN (LOSS) ON DISPOSALS AND RETIREMENTS OF PP&E AND INTANGIBLE ASSETS	(1,579)	(1,049)
PORTION OF INVESTMENT GRANT RECORDED IN PROFIT OR LOSS	1,038	988
OTHER INCOME	3,109	6,050
OTHER EXPENSES	(4,608)	(5,503)
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(3,620)**	**2,353**

NOTE 21 - OPERATING INCOME

In thousands of euros	March 31, 2011	March 31, 2012
ANALYSIS BY BUSINESS SEGMENT		
Games	(2,133)	(7,292)
Hotels	(6,492)	(8,929)
Other (including central costs not allocated to operational sectors)	(13,059)	(12,145)
TOTAL	**(21,685)**	**(28,365)**

Operating income by business segment is calculated on the basis of the segment's revenue minus directly chargeable expenses, depreciation and amortization. Common costs are not broken down.

NOTE 22 - FINANCIAL INCOME AND EXPENSES

In thousands of euros	March 31, 2011	March 31, 2012
Income received	126	2,652
Change in fair value of marketable securities	4	(11)
TOTAL INCOME FROM CASH AND CASH EQUIVALENTS	**131**	**2,641**
Expenses and interest paid	(997)	(1,082)
Change in fair value of interest rate derivative instruments	368	(2,459)
TOTAL GROSS FINANCE COSTS	**(629)**	**(3,541)**
Exchange differences	(245)	143
Gain or loss on foreign exchange derivatives		
Change in fair value of foreign exchange derivatives	1,314	(1,314)
Capital gains on disposal of available-for-sale financial assets (1)	28,290	39,695
Dividends collected (2)	5,890	3,013
Changes in fair value of financial assets and equity derivatives	(6,358)	1,358
Other	942	3,308
TOTAL OTHER FINANCIAL INCOME/EXPENSES	**29,832**	**46,203**

(1) corresponds to the capital gains realized on the forward sales of 300,000 and 200,000 Wynn Resorts, Limited shares, respectively settled in April and October 2011 (see Note 3 – Highlights).

(2) corresponds to the dividends received several times during the year for the Wynn Resorts, Limited shares that were still in the portfolio at the time of payment.

ADDITIONAL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 - HUMAN RESOURCES

The average number of employees of the consolidated companies as of March 31, 2012 breaks down as follows:

	March 31, 2011	March 31, 2012
Managers	549	558
Supervisor	185	181
Employees	2,903	2,940
TOTAL	**3,636**	**3,679**

NOTE 24 - FINANCIAL INSTRUMENTS

Financial instruments are recognized in “Other current financial assets” and “Other current financial liabilities.” The accounting policies governing such instruments are described in Note 2.3.13.

- ***Interest rate instruments***

  Considering the expected change in its net indebtedness, the Group renewed its structured interest rate derivative in April 2011 to minimize the cost of its future debt and the fluctuations arising from interest rate volatility. This instrument covered a period of five years as from April 1, 2011 and capped the interest rate at 4.02%. The hedged notional amount is €100 million until maturity of the instrument.

- ***Foreign exchange instruments***

  As virtually all the Group’s operations are conducted in euros, there is little foreign exchange risk. However, commercial activities originating from issuer markets in the dollar zone (United States, Canada) remain vulnerable to exchange rate fluctuations. Balance sheet foreign exchange risk is primarily represented by the investment in Wynn Resorts, Limited, a US company listed on the NASDAQ. As of March 31, 2012, the Group held 0.8 million shares at a share price of $124.88. This financial asset is no longer hedged for foreign exchange risk.

- ***Equity instruments***

The Group had previously subscribed equity derivative instruments with respect to forward sales of Wynn Resorts, Ltd shares. These instruments were settled during the year.

- ***Fair value of financial instruments***

The fair value of the financial instruments contracted by the Company as of March 31, 2012 breaks down as follows:

In thousands of euros	March 31, 2011	March 31, 2012
Interest rate instruments	1,314	
Foreign exchange instruments	(80)	(2,538)
Equity instruments	(5,082)	
TOTAL	**(3,848)**	**(2,538)**

NOTE 25 - SEGMENT REPORTING

Segment reporting is by segment of activity, with no geographical segmenting as the Group operates solely in the Principality of Monaco and districts bordering French territory.

The Group has identified three activity segments:

- the Gaming segment combines the Group’s gaming table (European and US games) and automatic machine operations at the Monte-Carlo Casino, the Café de Paris Casino, the Rascasse, the Sun Casino, the Sporting d'Été on the Larvotto peninsula and, since October 2005, the Bay Casino. All of these establishments are located in the Principality of Monaco;
- the Hotel segment, which includes all the accommodation and catering activities, the thalasso therapy and spa-center and all the related hotel services provided in the following establishments: Hôtel de Paris, Hôtel Hermitage, Monte-Carlo Bay Hotel & Resort, Café de Paris, Buddha Bar, Sporting Monte-Carlo, Sporting d'Hiver, Thermes Marins de Monte-Carlo, Monte-Carlo Casino and Monte-Carlo Beach, all of which are located in the Principality of Monaco except for the Monte-Carlo Beach, located in French territory;
- the Other activities segment, which includes all the leasing activities (boutiques, office space, Bay hotel complex) and the Café de Paris drugstore.

- ***Revenue by segment***

in thousands of euros		Games	Hotels	Other	Total
REVENUE					
2010/2011 fiscal year	Income before intragroup eliminations	171,980	170,683	31,517	374,180
	Intragroup transactions		(12,474)	(39)	(12,514)
	Revenue	171,980	158,209	31,477	361,666
2011/2012 fiscal year	Income before intragroup eliminations	172,670	180,997	32,109	385,776
	Intragroup transactions		(13,321)	(47)	(13,368)
	Revenue	172,670	167,676	32,062	372,408
y/y-1 change	amount	690	9,467	585	10,742
y/y-1 change	%	0.4 %	6 %	1.9 %	3 %

- ***Operating income by segment***

Operating income by segment is determined on the basis of segment revenue less directly attributable current operating expenditures. Costs that are common or not directly attributable are presented in “Undistributed earnings”.

in thousands of euros	Games	Hotels	Other	Undistributed earning	Total
OPERATING INCOME/(LOSS) BEFORE AMORTIZATION AND DEPRECIATION					
2010/2011 fiscal year	5,164	23,054	22,916	(29,466)	21,668
2011/2012 fiscal year	248	23,354	22,094	(27,450)	18,246
y/y-1 change amount	(4,916)	300	(822)	2,016	(3,422)
AMORTIZATION AND DEPRECIATION					
2010/2011 fiscal year	(7,297)	(29,547)	(4,202)	(2,307)	(43,353)
2011/2012 fiscal year	(7,540)	(32,283)	(4,256)	(2,532)	(46,611)
y/y-1 change amount	242	(2,736)	55	(225)	(3,258)
OPERATING INCOME/(LOSS)					
2010/2011 fiscal year	(2,133)	(6,492)	18,714	(31,773)	(21,685)
2011/2012 fiscal year	(7,292)	(8,929)	17,837	(29,982)	(28,365)
y/y-1 change amount	(5,159)	(2,436)	(876)	1,791	(6,680)

• *PP&E and intangible assets by segment*

in thousands of euros	Games	Hotels	Other	Common services	Total
NET PP&E AND INTANGIBLE ASSETS					
As of March 31, 2011	44,825	366,139	106,312	23,464	540,740
As of March 31, 2012	58,084	343,006	119,980	28,586	549,655
y/y-1 change amount	13,259	(23,133)	13,667	5,122	8,915
INVESTMENTS					
2010/2011 fiscal year	6,054	47,793	9,800	7,937	71,584
2011/2012 fiscal year	21,298	8,547	18,602	8,654	57,102

NOTE 26 - PER SHARE EARNINGS AND DIVIDENDS

	March 31, 2011	March 31, 2012
Number of shares issued at the year-end	18,160,490	18,160,490
Net earnings per share (in €)	(0.95)	(1.83)
Diluted net earnings per share (in €)	(0.95)	(1.83)
Dividend paid during the year, including any interim dividends (in €)	0.01	0.01
Dividend proposed for the year (in €)	0.01	0.01

NOTE 27 - RELATED PARTIES

The information with respect to related parties concerns relations with the State of Monaco, which holds 69% of the share capital of Société des Bains de Mer as of March 31, 2012 and affiliates whose executive officers are directors of Société des Bains de Mer, the remuneration of company officers and management bodies of this company and relations with BetClic Everest Group, of which the S.B.M. Group holds 50% of capital.

• *Relations with the State of Monaco*

As indicated in Note 1, General information, Société des Bains de Mer was granted exclusive gaming rights subject to the reserves, terms and conditions and obligations of the terms of reference.

These obligations, in consideration of the monopoly conceded, are defined in the concession agreement and mainly focus on the following areas:

- annual licensing fee on gross gaming receipts, i.e. €18,198,000 for fiscal year 2011/2012;
- contribution to artistic, cultural and sporting events in Monaco and particularly financial support for the expenses generated by the opera and ballet season and the Printemps des Arts, in the amount of €8,472 ,000 for fiscal year 2011/2012;
- contribution to sporting events in the Principality of Monaco, with allocation of budgets to various sporting associations, including the football section of the Association Sportive de Monaco and the Automobile Club de Monaco, totaling €6,469,000 for 2011/2012;

- the Company's real estate with the provisions defined in Note 5 Property, plant & equipment - paragraph a - Legal regime for certain real-estate assets;
- recruitment, training and promotion of personnel.

- ***Relations with affiliates***

  Business relationships are maintained with affiliates whose officers are directors of Société des Bains de Mer, particularly Société Monégasque pour l'Exploitation du Tournoi de Tennis, A.S. MONACO FC SA, Banque J.Safra (Monaco) S.A, Société des Vins de Fontfroide and Société Anonyme Monégasque Dotta Immobilier.

  Transactions between the parent company, Société des Bains de Mer, and its affiliated subsidiaries, are eliminated on consolidation.

- ***Relations with BetClic Everest Group***

  As part of the takeover, a service agreement and a brand and domain name licensing contract were set up, enabling BetClic Everest Group to benefit from S.B.M. Group's expertise and know-how in numerous fields, mainly relating to the organization and implementation of promotional actions or events, and from the reputation and prestige of its brands and domain names in on-line gaming.

  As outlined in Notes 3 and 6, the Group also granted BetClic Everest Group a €30 million interest-bearing loan and an advance of €32.5 million during the year.

- ***Remuneration of company executive officers and management bodies***

  The overall remuneration and benefits of any nature paid to parent company executive officers and management bodies, by the parent company and all group companies, amounted to €1,299,000 during fiscal 2011/2012, compared to €1,455,000 in the previous period.

In thousands of euros	March 31, 2011	March 31, 2012
Remuneration, benefits and special allowances	853	853
Share of profits	411	247
Directors' fees	191	199
TOTAL	**1,455**	**1,299**

Employer contributions on remuneration paid is estimated at €166,000 with respect to fiscal year 2011/2012.

NOTE 28 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The information below does not include the lease commitments, which are clearly outlined in Note 30.

In thousands of euros	March 31, 2011	March 31, 2012
COMMITMENTS GIVEN		
Deposits and guarantees (1)	113,233	107,200
COMMITMENTS RECEIVED		
Shares deposited by directors	147	146
Deposits and guarantees (2)	50,034	63,994
RECIPROCAL COMMITMENTS		
Firm capital expenditure orders (3)	38,169	27,339
Other firm orders (4)	12,326	14,186
Opening of credit facility and authorized unused overdrafts	145,000	115,000

(1) Guarantees given mainly arise from the obligations relating to the BetClic Everest Group in respect of the Everest price supplement or the bank financing guarantee described below.

(2) Commitments received mainly comprise the counter-guarantees obtained with respect to the commitments mentioned in paragraph (1) above. These guarantees are also described below.

Breakdown of commitments and guarantees given and received:

The new commitments subscribed for fiscal year 2011/2012 are described in Note 2 to the financial statements.

Commitments given and received in previous years comprise the following transactions.

At the time of the acquisition of the companies of the Everest subgroup companies in April 2010, Société des Bains de Mer and its subsidiary Monte-Carlo SBM International agreed to guarantee the payment of the price supplement to GigaMedia for a maximum amount of $60 million. This commitment was withdrawn on March 28. However, as of March 31, there remained instruments obtained from Mangas Lov, a subsidiary of Financière Lov, in the form of a counter-guarantee for a maximum amount of €20 million, which itself involved a first demand guarantee backed by a Mangas Lov pledge of 20,000 Mangas Gaming shares, representing nearly 10% of the Mangas Gaming share capital. As these instruments no longer apply, they will be cancelled in the first half of the current year.

To complete the financing of these various transactions, BetClic Everest Group secured a €20 million loan from a financial institution in 2010, repayable over seven years, and a credit facility in the maximum amount of €20 million. The two associates - the S.B.M. Group and Financière Lov – act as joint and several guarantors for the financial loans granted to BetClic Everest Group. Since each associate can be called on for the total amount of financial commitments, a first demand counter-guarantee arrangement was set up between them in the amount of €24 million, backed by cross-pledges of 24,000 Mangas Gaming securities held by each company.

The new commitments given and received are described in Note 3.

These commitments received also include the completion bonds issued by banks with respect to development operations.

(3) Comprises commitments contracted as part of investment projects.

(4) Orders for the purchase of goods for resale, raw materials, supplies and external services placed with suppliers.

The Group has maintained long-term contractual relations with the Monaco limited liability company Fairmont Monte-Carlo for the lease of the Sun Casino gaming room and the use of a number of rooms.

In addition, the following leases or long-term lease undertakings were granted:

Third parties concerned	start of lease	end of lease
- Société d'Investissements du Centre Cardio-Thoracique de Monaco after extension	01/31/1985	02/25/2043
- Société Civile Immobilière Belle Epoque	10/30/1995	10/29/2035
- Port View Limited with a unilateral undertaking to extend the lease until September 30, 2105	04/25/1996	09/30/2094

NOTE 29 - MATURITY SCHEDULE OF OBLIGATIONS AND COMMITMENTS

The nature of the main commitments below is presented in Note 28.

a - Contractual obligations

in thousands of euros	Total	Less than 1 year	From 1 to 5 years	Over 5 years
PAYMENTS DUE BY PERIOD				
Irrevocable purchase obligations	41,525	29,424	10,524	1,577
TOTAL	**41,525**	**29,424**	**10,524**	**1,577**

b - Other commitmentss

in thousands of euros	Total	Less than 1 year	From 1 to 5 years	Over 5 years
COMMITMENTS GIVEN				
Guarantees given	107,199	19,005	53,018	35,176
TOTAL COMMITMENTS GIVEN	**107,199**	**19,005**	**53,018**	**35,176**
COMMITMENTS RECEIVED				
Guarantees received	64,141	26,398	12,000	25,742
TOTAL COMMITMENTS RECEIVED	**64,141**	**26,398**	**12,000**	**25,742**
INTERCOMPANY COMMITMENTS				
Opening of credit facility and confirmed unused overdrafts	115,000	35,000	80,000	
TOTAL INTERCOMPANY COMMITMENTS	**115,000**	**35,000**	**80,000**	

NOTE 30 - LEASE COMMITMENTS

• *Assets held under finance leases*

As of March 31, 2012, assets held under finance leases and restated in the balance sheet totaled €421,000 in net value, compared to €504,000 in the previous year. These are mainly finance leases for office and IT equipment.

The discounted payment schedule relating to finance leases breaks down as follows as of March 31, 2012:

- due in less than 1 year	€150,000
- due between 1 and 5 years	€317,000
- due in more than 5 years	none
- total discounted payments	€467,000 .

• *Operating leases*

As of March 31, 2012, the discounted minimum future payments of operating leases are as follows:

- due in less than 1 year	€12,174,000
- due between 1 and 5 years	€29,127,000
- due in more than 5 years	€29,585,000
- total discounted payments	€70,886,000 .

These leases primarily concern operating equipment, employee housing and, and long-term commitments with the Monaco limited liability company Fairmont Monte-Carlo for the lease of the Sun Casino gaming room and the use of a number of rooms at the Hôtel Fairmont.

CONTRACTUAL AUDITOR'S AND STATUTORY AUDITORS' REPORT

on the consolidated financial statements
Year ended March 31, 2012

To the Stockholders,

We have audited the accompanying consolidated financial statements of Société des Bains de Mer et du Cercle des Etrangers à Monaco, comprising the balance sheet as of March 31, 2012, as well as the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended as well as a summary of the main accounting policies and other explanatory information.

Board of Directors' and Management's Responsibility for the Financial Statements

These financial statements have been approved by the Board of Directors in a context of heavy market volatility and economic and financial crisis, characterized by uncertain outlooks, as was the case at the 2011 year-end closing. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Contractual Auditor's and Statutory Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements, based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as of March 31, 2012 and the results of its operations and cash flows for the year then ended, in accordance with IFRSs as adopted by the European Union.

Specific verification

We have also verified the information on the Group given in the management report, in accordance with professional practice standards in France. We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and Monaco, July 27, 2012

The Contractual Auditor	The Statutory Auditors	
Deloitte & Associés		
François-Xavier AMEYE	Simone DUMOLLARD	André GARINO

This is a free translation into English of the statutory auditor's attestation issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

on the terms and conditions governing the preparation and organization of the Board's work and the internal control and risk management procedures

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

on the terms and conditions governing the preparation and organization of the Board's work and the internal control and risk management procedures

Pursuant to the recommendations of the Autorité des Marchés Financiers – AMF (French securities regulator) of January 23, 2004 ("Corporate governance and internal control – Disclosure and publication requirements for securities issuers"), adopted in accordance with Article 122 of the French Financial Security Act of August 1, 2003, the following report focuses on the terms and conditions governing the preparation and organization of the Board's work and the internal control procedures implemented by the Company, it being understood that these procedures apply to the Company and all its subsidiaries.

This report was reviewed by the Board of Directors during its meeting on July 20, 2012.

The second part, covering the internal control and risk management procedures, was prepared using the reference framework of the Autorité des Marchés Financiers (1) and its application guide for risk management and internal control with respect to accounting and financial information. These procedures apply to the Company and all subsidiaries concerned.

TERMS AND CONDITIONS GOVERNING THE PREPARATION AND ORGANIZATION OF THE BOARD'S WORK

Functions of the Board

The Board of Directors defines and approves Company policy and determines its implementation.

Subject to the powers officially attributed to Stockholders' General Meetings and within the limit of the corporate purpose, it has wider powers in order to manage, control and oversee the Company's business.

The Board of Directors performs the controls that it deems necessary for the best interests of the Company.

Organization and activities of the Board of Directors

Under the Bylaws, the Board of Directors has a minimum of seven members and a maximum of eleven members, and comprises two Director categories:

- a maximum of six members are appointed by the Stockholders' General Meeting for a renewable term of six years;
- a maximum of five members are appointed by the Government of HSH the Prince of Monaco for a renewable term of six years (government Directors) and can only be dismissed by the Government of HSH the Prince of Monaco.

As of March 31, 2012, the Board of Directors comprised six Directors appointed by the Stockholders' General Meeting and four government Directors.

Under the Bylaws, the Board meets every two months and when required in the interests of the Company.

The Board's responsibilities are defined by legal and statutory provisions and cover the following areas:

- appointment, supervision and dismissal of the Managing Director or the Chief Executive Officer;
- approval of the annual and half-yearly financial statements;
- assessment of the consistency and appropriateness of management;
- general supervision of the management of employee-related issues;
- respect of the equality and rights of Stockholders under the Bylaws, etc.

The Chairman appointed by the Board of Directors chairs the Stockholders' General Meetings.

(1) Internal control and management procedures : July 22, 2010 reference framework.

Government Commissioner

The Company is monitored and supervised by the concession granting authority through a Government Commissioner, responsible for ensuring compliance with the Company's terms of reference and Bylaws and the application of gaming regulations.

The Government Commissioner attends the Board of Directors' meetings that he convenes, but does not take part in voting.

Gaming control

The Company's principal activity is monitored by the public authorities through two bodies:

- the Gaming Commission, responsible for assessing gaming activity and the application of gaming regulations;
- the Gaming Control Board, responsible for ensuring the observance of legal provisions and the measures adopted for their application.

The employees allocated to the principal activity and the gaming equipment and machines are subject to a preliminary authorization from the concession granting authority.

Review of the Board of Directors' activity during the fiscal year ended March 31, 2012

The Board of Directors met fifteen times during the fiscal year ended March 31, 2012. A detailed analysis of the results of the Company and its subsidiaries was submitted to the Board at each meeting, together with presentations by Operational Directors on topics essential to the understanding of the Group's strategy, activities and outlook.

Activities of the Director Committees

To ensure more effective control, the Board of Directors has set up four committees: a Finance and Audit Committee, a Human Resources Committee, an Environment and Quality Committee and a Gaming Committee.

• **The Finance and Audit Committee** is responsible for providing insight to the Board of Directors' meetings, especially with respect to the following:

  - audit of the annual and half-yearly financial statements, the financing plans and the capital expenditure programs;
  - analysis and assessment of internal control and the accounting methods adopted for the preparation of the parent Company and consolidated financial statements;
  - analysis of financial and cash flow risks, in addition to miscellaneous risks (off-balance sheet commitments, litigation, etc.) and appraisal of risk coverage, etc.

  This committee, comprising three Board members, met seven times during the fiscal year ended March 31, 2012 and had discussions, in particular, with the Chief Executive Officer, the Chief Financial Officer, the Internal Audit Manager and the Group's auditor and statutory auditors during its meetings.

• **The Human Resources Committee**, comprising three Directors, is responsible for assisting the Board of Directors and General Management with employee-related and remuneration issues. It met eight times during the fiscal year ended March 31, 2012 and heard reports from the Chief Executive Officer and the Human Resources Manager during its meetings.

• **The Environment and Quality Committee**, comprising three Directors, is responsible for dealing with environmental issues, and proposing to the Board of Directors the actions to be undertaken in order to actively contribute to the environmental protection policy initiated by the Principality of Monaco. Created in January 2006, the committee met four times during the 2011/2012 fiscal year.

- **The Gaming Committee**, in liaison with General Management, is responsible for all gaming issues and will be informed of:
  - the gaming activity;
  - development in negotiations relating to the status of gaming staff;
  - the progress of objectives assigned to gaming management.

  Created in May 2010, it is comprised of three Directors and met six times during the 2011/2012 fiscal year.

INTERNAL CONTROL AND RISK MANAGEMENT GENERAL PRINCIPLES

Procedures underlying the preparation of the report

The Finance and Audit Directors' Committee has been consulted for the preparation of this report, with a view to compiling the descriptive items below.

In the context of these regular meetings and as provided for in the section of this report entitled "Organization and activities of the Board of Directors", the Finance and Audit Committee has had the opportunity to hear the major internal control players during the course of its work.

These hearings resulted in the validation of the descriptions presented in this report.

Objectives of the Company in respect of risk management

The early listing and appropriate management of identified risks are essential to the success of the Company's activities. Risk management concerns the various types of risk (strategic, operational, financial and regulatory), regardless of whether or not they are quantifiable. The Company defines risk as an uncertain future event that could negatively impact value creation for the Company (including opportunity losses).

Risk management is a procedure that:

- creates and preserves the Company's value, assets and reputation;
- secures the Company's decision-making procedures and its processes to facilitate the accomplishment of objectives;
- facilitates the consistency of actions with the Company's values;
- mobilizes the Company's employees based on a common vision of the main risks.

Risk management components

Under the authority of General Management, the activity sector Directors and Managers supervise the Company's operations and ensure their consistency with the objectives defined by the Board of Directors. They contribute more specifically to the continual development of strategic plans, in order to identify potential risks that could affect their operations and implement appropriate corrective measures. In addition, any investments or significant development projects are subject to a specific risk analysis.

In addition, a global risk mapping approach encompassing all internal and external risk factors is in progress and will be pursued during the 2012/2013 fiscal year.

This approach, carried out through a consultation between all operational Managers and supporting departments, is intended to identify the Group's level of exposure on the basis of a Group-wide tool and prepare the required action plans.

Interaction between risk management and internal control

The purpose of the internal control system implemented by the Company and its subsidiaries is to provide reasonable assurance as to the achievement of the following objectives:

- performance and efficient management of operations;
- reliability of financial information;
- compliance with prevailing laws and regulations.

This system is based on a set of organizational rules, policies, procedures and practices, designed to anticipate and control risks resulting from the Company's activity and risks of error or fraud, particularly with respect to finance and accounting.

However, it cannot provide absolute assurance that these have been totally removed, the level of assurance being related to the limits inherent to any internal control system, e.g. the cost/benefit ratio regarding the implementation of new controls or the risk of collusion that could impede controls.

Internal control components

Internal control is based on an environment that encourages honest and ethical behavior and an organizational framework dedicated to the realization of objectives. This organizational structure relies on an appropriate segregation of duties and responsibilities among the various players, the appropriate management of resources and competencies and the set-up of adapted information systems and operating processes.

1 – OVERALL CONTROL ORGANIZATION

RULES OF CONDUCT AND INTEGRITY

Among the internal control documents distributed to the various managers and their teams are the following documents:

- **The code of ethics**

  This document focuses on the rules of ethics and professional conduct that all the Company's managerial staff is provided with and must apply. It is an integral part of the employment contracts of the relevant personnel.

- **Company internal regulations**

  As is the case for any Monegasque firm, the Company is required to have internal regulations that define the working conditions and the principles of order and discipline applicable to staff members.

  Moreover, under the law of June 12, 1987 on games of chance, the internal regulations are subject to administrative approval and must mention:

  - the regulations relating to discipline, particularly dress and conduct while on service, and the attitude to adopt towards clients;
  - the regulations governing the hierarchical organization of personnel and the definition of the functions.

  In view of the diversity of its sites and services, the Company applies specific internal regulations where necessary.

- **User guide to new information and communication technologies**

  This guide defines the best practices for data processing resources (IT, electronic and digital equipment used in data processing). It has been distributed to all users of such resources and has been individually approved by each relevant employee. The guide is an integral part of the employment contracts of new employees.

- **Procedures and operating rules**

  The purpose of the procedures and operating rules prevailing within the Company is to:

  - ensure that acts of management, the conduct of operations and personnel behavior are in line with the directions given to the Company's business by its corporate bodies;
  - verify that the accounting, financial and management information disclosed to the Company's corporate bodies is a true and fair translation of the Company's business and position.

  To achieve these objectives, the Company has set up general and operational databases that provide employees with the information necessary to properly discharge their assigned duties.

  Some of these databases are accessible via the Group's Intranet and include operational information, user manuals and data pertaining to the preparation of the accounting and financial information.

  In addition, an action plan is in progress to improve the documentation of procedures via the creation of a common framework making available consistent and standardized procedures whose communication to users and update will be optimized.

OPERATIONAL PLAYERS AND RESPONSIBILITIES

- **Delegation and General Management**

To ensure that its decisions are carried out, the Board of Directors may expressly delegate the powers and authorizations it deems necessary to one or more of its members. The appointed Director is known as the Managing Director. The Board can also appoint a foreign representative to the Board as a Chief Executive Officer.

This delegation was granted to a Chief Executive Officer until early November 2011. Since November 2, 2011, these powers and authorizations have been delegated to a Managing Director.

To improve its efficiency, General Management also has a Senior Vice-President, Senior Vice-President – Finance and a General Secretary.

The Company is also organized into activity sectors and transversal departments serving as a support for operations.

The division of operations into activity sectors (gaming and hotel sectors) under the responsibility of the Operational Directors ensures an improved understanding of their related issues and risks.

In addition, General Management ensures that the strategy applied to each sector complies with that defined at Company level. Regular meetings are organized to assess the positions and performances of the various Company and Group sectors, in order to verify that they meet the objectives set by the Board in terms of allocated resources and results.

The transversal departments serve as a support for the operational sectors and their centralized activities ensure the cohesion of management principles and rules, and facilitate the optimized use of the Company's resources. These departments are as follows:

- Legal Department;
- Administrative and Financial Departments;
- Construction and Property Department;
- Information Systems Department;
- Human Resources Department;
- Sales and Marketing Department;
- Arts Department;
- Purchasing Department;
- Security Department.

- **Finance Department**

The Finance Department is responsible for managing financial risks (foreign exchange rate, interest rate exposure, etc.) and the risk control mechanism.

More particularly, it is responsible for implementing procedures to ensure the fair representation and reasonableness of the financial statements, in accordance with prevailing accounting and regulatory legislation.

The Finance Department also ensures management control at various levels. Each activity sector undergoes management analyses, which are consolidated and used at Group level.

- **Internal Audit**

The Internal Audit Department's main competencies are as follows:

- identification of risks that could affect the Company and the internal control system;
- coordination of audit procedures with the auditor and the statutory auditors;
- completion of selected tasks initiated by the Chief Executive Officer or the Finance Department;
- preparation of the annual audit plan.

The Internal Audit Department, reporting directly to the Chief Executive Officer, is able to carry out its duties in total independence.

CONTROL ENVIRONMENT

The internal control culture developed by General Management throughout the organization is based on a clear allocation of responsibilities and authorizations, appropriate segregation of duties, commitment limits and compliance with internal and external standards.

In addition, the accounting and financial information system rolled out within the Group is intended to meet data requirements in terms of security, reliability, availability and traceability.

Functional user-friendly manuals have been documented and distributed to ensure the proper use of these tools, and hence the relevance of the information.

2 – COMMUNICATION OF INFORMATION WITHIN THE GROUP

The Group has processes that provide for the communication of relevant and reliable information to the players concerned so they may discharge their responsibilities.

These processes specifically include a reporting procedure that analyzes business and earnings mix data.

This procedure offers a detailed view of earnings trends so as to support management and measure organizational efficiency.

3 – CONTROL ACTIVITIES

Le Controls are present at all levels of the organization, whether they are prevention or detection controls, manual or computer controls or hierarchical controls.

They are backed up by various internal audit assignments.

These control activities include the following procedures among others.

- **Budgetary monitoring**

  The Company has implemented a budgetary monitoring process broken down by activity sector, which results in a monthly analysis of performances and the identification of shortcomings compared to the defined objectives. This monitoring process is constantly reviewed by General Management and the Finance Department, in direct cooperation with the operational departments. This budgetary process is one of the key mechanisms of the Company's internal control system.

  The control environment also relies on a very strict management of capital expenditure, with a detailed and centralized analysis of capital expenditure requests and the related contractual commitments, and a verification of capital expenditure incurred based on a system for monitoring granted authorizations.

- **Preparation of financial information**

  The preparation of financial information is based on a standardized process of collecting data from the operational systems. By way of example, information relating to inventories, purchases, revenues etc. is extracted from accounting management systems using automated interface procedures.

  Financial information is consolidated at Group level according to defined rules, formats and production time limits.

  The integration of the operational and accounting information systems within each subsidiary, and the standardization of the account production process are factors contributing to the quality of the consolidated financial statements.

  The financial statements are drawn up in accordance with the following principles:

  - completeness and accuracy of accounting entries;
  - cut-off;
  - more generally, compliance with prevailing laws and regulations.

- **Other controls performed by the operational department and transversal department Managers**

  In addition to guaranteeing the reliability of the information produced, the transversal and operational sector Managers ensure the following internal control processes:

  - safeguarding of the Group's assets (inventories, fixed assets, receivables, cash) within each activity sector;

- compliance with the basic principles of the segregation of duties, and the strict application of an appropriate policy regarding the control of profiles for access to the Group's various management software packages;
- compliance with authorization rules, which have been specifically defined according to the individuals, and understanding of the limits surrounding third-party commitments. This principle is reinforced by the substantial centralization of expense commitments and the existence of approval and control procedures at the various stages of the purchasing process.

4 – INTERNAL CONTROL SYSTEM COORDINATION

The various operational activity sector or transversal department Managers are responsible for developing and promoting this internal control culture by implementing specific and formalized procedures, based, in particular, on the use of integrated information systems, in order to quickly identify any performance variances compared to the defined objectives.

In order to verify that the internal control system operates satisfactorily, the Company regularly monitors the control mechanisms implemented and their appropriateness.

Internal control is specifically monitored through procedures conducted by Internal Audit, and the Group's auditor and statutory auditors. The possible weaknesses identified during these procedures are then communicated to General Management and corrective action plans are implemented.

CONTRACTUAL AUDITOR'S AND STATUTORY AUDITORS' REPORT

on the report prepared by the Chairman of the Board of Directors of Société des Bains de Mer et du Cercle des Etrangers à Monaco with respect to the internal control procedures and risk management for the preparation and treatment of financial and accounting information

Year ended March 31, 2012

To the Stockholders,

As Contractual Auditor and Statutory Auditors of Société des Bains de Mer et du Cercle des Etrangers Monaco, and at your request, we hereby present you with our report on the report prepared by the Chairman of your Company for the year ended March 31, 2012 on the terms and conditions governing the preparation and organization of the Board's work and the internal control and risk management procedures.

It is the responsibility of the Chairman to prepare and submit to the approval of the Board of Directors a report on the internal control and risk management procedures implemented in the Company.

It is our responsibility to report to you our observations on the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and treatment of financial and accounting information.

We conducted our procedures in accordance with the professional practice standards applicable in France. In order to assess the fairness of the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and treatment of financial and accounting information and, in particular:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and treatment of financial and accounting information, as set out in the Chairman's report and in the existing documentation;
- obtaining an understanding of the underlying work performed to support the information given in the report and the existing documentation;
- determining whether major internal control deficiencies relating to the preparation and treatment of financial and accounting information that we may have identified as part of our audit are appropriately disclosed in the Chairman's report.

On the basis of our procedures, we have no comment to make on the information given in respect of the internal control procedures relating to the preparation and treatment of financial and accounting information set forth in the report of the Chairman of the Board of Directors.

Neuilly-sur-Seine and Monaco, July 27, 2012

The Contractual Auditor

Deloitte & Associés

François-Xavier AMEYE

The Statutory Auditors

Simone DUMOLLARD

André GARINO

DECLARATION BY THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT

“I certify, to my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the Company and all the undertakings included in the consolidation.

The management report presents a fair review of the development and performance of the business and financial position of the Company and all the undertakings included in the consolidation, as well as a description of the main risks and uncertainties to which they are exposed.”

Monaco, July 20, 2012

Jean-Luc Biamonti
Chairman of the Board of Directors

FIRST RESOLUTION

The Stockholders, having heard the reports of the Board of Directors and the Contractual and Statutory Auditors, approve the financial statements of Société des Bains de Mer:

- the balance sheet as of March 31, 2011, and the statement of income for the year then ended, which show a net loss of €7,432,796.97;
- the transactions reflected in the balance sheet or summarized in the reports of the Board of Directors or the Statutory Auditors.

SECOND RESOLUTION

The Stockholders, having heard the reports of the Board of Directors and the Contractual and Statutory Auditors, approve the consolidated financial statements for the year ended March 31, 2012, and the transactions reflected in the financial statements or summarized in these reports.

THIRD RESOLUTION

Stockholders discharge all directors from any liabilities with respect to the performance of their mandate for the period ended as of this date and grant final discharge to Mr. Patrick Leclercq.

FOURTH RESOLUTION

The Stockholders, having heard the reports of the Board of Directors and the Statutory Auditors:

• note that the net loss for 2011/2012 amounts to	- €7,432,796.97
• note that retained earnings amount to	€204,328,474.32
hence, net income available for appropriation amounts to	€196,895,677.35
• decide to appropriate the total to:	
◆ the cumulative preferred dividend of €0.01 x 18,160,490 shares	€181,604.90
◆ retained earnings	€196,714,072.45

The rights to the cumulative preferred dividend will be paid by the Company's Securities Department starting from October 1, 2012, with the last trading day for dividends being set at September 20, 2012.

FIFTH RESOLUTION

The Stockholders approve the transactions performed during fiscal year 2011/2012 that are governed by Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws.

The Stockholders renew the authorization for members of the Board of Directors to deal with the Company in a private capacity or ex officio, in accordance with the terms and conditions of the aforementioned articles.

SIXTH RESOLUTION

The Stockholders approve the amendment to the long-term lease of June 19, 1986, granted by the Company on April 24, 2012 to the S.A.M. d'Investissements du Centre Cardio-Thoracique, with a view to extending the surface areas of the medical-surgical centre.

SEVENTH RESOLUTION

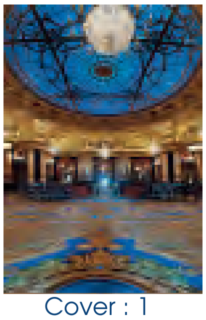
Pursuant to Article 41 of the Bylaws, the Stockholders authorize the Board of Directors to purchase Company shares, under the terms defined below and for up to 5% of the share capital as of the date of this meeting:

- the maximum purchase price shall not exceed €60 per share, bearing in mind that in the event of share capital transactions, particularly through the capitalization of reserves and allotment of bonus shares, and/or share splits or reverse splits, this price shall be adjusted accordingly;
- the maximum amount of funds intended for the buyback program may not exceed €35 million;
- the authorization is valid for a period of 18 months as from September 14, 2012;
- these shares may be purchased or transferred, by any means, particularly on the stock exchange or in a private transaction, including through purchase or sale of blocks, use of derivative financial instruments traded on a regulated market or in a private transaction, in accordance with regulations prevailing on the date of the transactions considered, and at times that the Board of Directors or the person acting on behalf of the Board shall see fit.

The Stockholders decide that the objectives of this share buyback program are as follows:

- retention and subsequent tender of shares within the scope of an exchange offer or for payment in external growth transactions (including new investments or additional investments);
- maintaining an active and liquid market in the Company's shares through an independent investment services provider, pursuant to a liquidity agreement in accordance with an ethics charter recognized by the French Financial Markets Authority (Autorité des Marches Financiers);
- possession of shares enabling the Company to fulfil obligations relating to debt securities exchangeable for shares or other marketable securities granting entitlement to existing shares;
- possession of shares that may be allotted to the Company's personnel and that of subsidiaries under share purchase option or bonus share allotment plans;
- adoption of any other practice accepted or recognized by French law or the French Financial Markets Authority in the future, or any other objective that would comply with prevailing regulations.

The Stockholders grant full powers to the Board of Directors, with the possibility of delegating such powers, to deliberate and implement this authorization, clarify, if need be, the terms and conditions and approve them, place orders for trades, enter into all agreements, prepare all disclosure documents, allocate, and where appropriate reallocate, the purchased shares to the various objectives, perform all formalities and make all declarations with regard to all authorities and, generally, do all that is necessary.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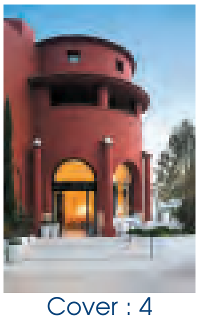
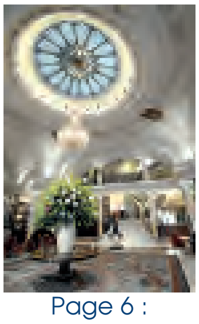
Salle Europe
Casino de Monte-Carlo

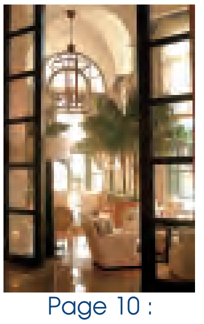

Cover : 4
Monte-Carlo Beach

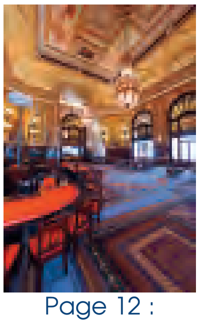

Page 2 :
Salle Blanche
Casino de Monte-Carlo

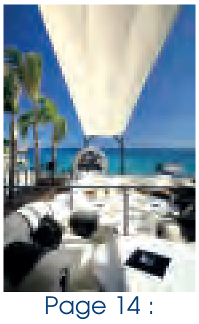

Page 4 :
Salon privé
Casino de Monte-Carlo

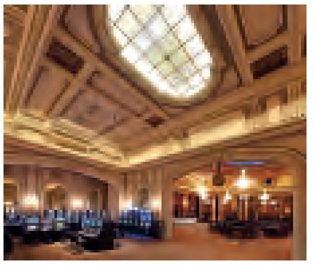

Page 6 :
Hall d'entrée
Hôtel de Paris

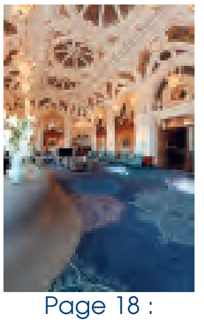

Page 8 :
Casino Machines à sous
Café de Paris

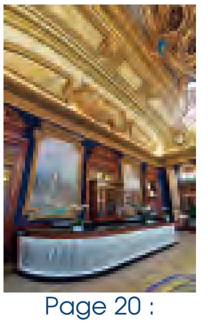

Page 10 :
Orange Verte
Monte-Carlo Bay Hotel & Resort

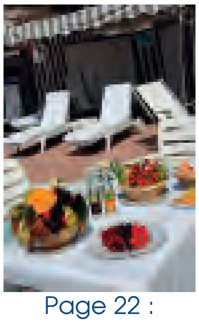

Page 12 :
Salle Médecin
Casino de Monte-Carlo

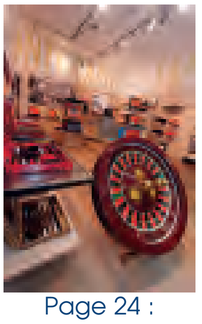

Page 14 :
Sea Lounge
Monte-Carlo Beach


Page 16 :
Salle Renaissance
Casino de Monte-Carlo

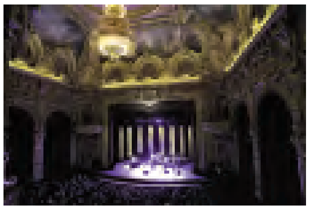

Page 18 :
Salle Blanche
Casino de Monte-Carlo

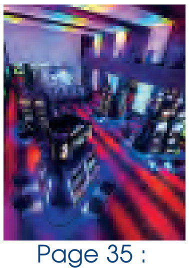

Page 20 :
Bar Salle Europe
Casino de Monte-Carlo


Page 22 :
Cabanas
Monte-Carlo Beach

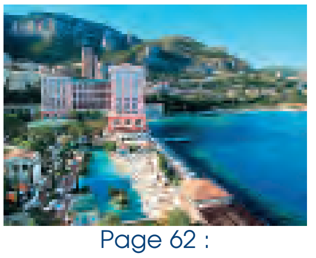

Page 24 :
Monte-Carlo boutique
Sporting d'Hiver

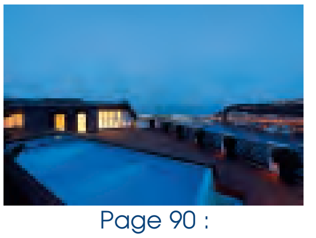

Page 26 :
Salle Eiffel
Hôtel Hermitage


Page 29 :
Concert
Salle Garnier


Page 35 :
Casino Machines à sous
Café de Paris


Page 36 :
Terrasse
Casino de Monte-Carlo


Page 62 :
Lagon
Monte-Carlo Bay
Hotel & Resort


Page 90 :
Résidence privée
Balmoral

CASINOS

Casino de Monte-Carlo

Casino Café de Paris

Sun Casino

Bay Casino

Casino La Rascasse

HOTELS & RESTAURANTS

Hôtel de Paris Monte-Carlo

Hôtel Hermitage Monte-Carlo

Monte-Carlo Beach

Monte-Carlo Bay Hotel & Resort

Brasserie Café de Paris

Buddha Bar Monte-Carlo

LEISURE & ENTERTAIMENT

Salle Garnier – Opéra de Monte-Carlo

La Rascasse

Sea Lounge Monte-Carlo

Monte-Carlo Beach Club

Thermes Marins Monte-Carlo

Salle des Etoiles

Jimmy'z Monte-Carlo

Monte-Carlo Country Club

Monte-Carlo Golf Club

Société Anonyme des Bains de Mer
et du Cercle des Etrangers à Monaco
Place du Casino
Monte-Carlo - MC 98000 Principauté de Monaco
Tel (377) 98 06 20 00 - Fax (377) 98 06 58 00
www.montecarloresort.com

Design - Production : CAP•CREA - Cannes - tel + 33 (0)4 93 68 34 50. www.capcrea.fr
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MONTE·CARLO S·B·M HOTELS · CASINOS