Société des Bains de Mer
et du Cercle des Etrangers à Monaco

ANNUAL REPORT
2008 / 2009

MONTE·CARLO
S·B·M
HOTELS · CASINOS

SOCIETE ANONYME DES BAINS DE MER

ET DU CERCLE DES ETRANGERS A MONACO

ANNUAL GENERAL MEETING

SEPTEMBER 25, 2009

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

2008 - 2009

BOARD OF DIRECTORS

Chairman	Mr.	Jean-Luc BIAMONTI
Directors	Messrs.	Alexandre KEUSSEOGLOU
		Thierry LACOSTE
		Patrick LECLERCQ
		Jean-Louis MASUREL
		Yves PIAGET
		Marco PICCININI
		Jean-François PRAT
		Michel REY
		Pierre SVARA (beginning of term 09/01/2009)

GENERAL MANAGEMENT

Chief Executive Officer	Mr.	Bernard LAMBERT

STATUTORY AUDITORS

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

CONTRACTUAL AUDITOR

DELOITTE & ASSOCIES

CONTENTS

MESSAGE FROM THE CHAIRMAN

Ladies,
Gentlemen,
Shareholders,

The fiscal year 2008/2009 marks a pause in the steady improvement of your Company's results over the past four years. It can be divided into two periods: the first half, up to September 2008, was in line with the Company's recent best performances and the second, during which the worsening global economic climate and the introduction of the smoking ban had a significant impact on the Company's activities.

Faced with this decline, your Board of Directors and General Management immediately adopted necessary cost-saving measures. We have kept monitoring our costs, since the initial signs of economic recovery have yet to impact your Company's operations. It is difficult to reduce personnel costs, a significant operating expense, given the position of Société des Bains de Mer as the Principality's leading private employer and its shareholding structure.

Your Company boasts a very sound financial structure with no bank or financial debts. It also has a confirmed credit line of €160 million, which can be drawn down, if necessary, to seize investment opportunities that may arise in our areas of expertise.

Despite this adverse economic situation and to fully benefit from the recovery when it occurs, your Board of Directors has decided to pursue an ambitious investment policy in order to maintain the Company's operations at the highest levels sought by our clients, often targeted by our competitors, and to innovate in line with their expectations.

Hence, during the year, we fully refurbished the Monte-Carlo Beach Hotel, which was decorated by the renowned designer India Mahdavi. This establishment, which reopened in May 2009, has since been highly successful. We also expanded the Café de Paris, providing our clients with a new smoking area in which to gamble. Given the success of this extension, we are considering other outdoor areas where our smoking players can indulge in their favorite recreation.

We have also undertaken several projects in order to extend the range of products offered to our clients:

- construction, on the site of the former Hôtel Balmoral, of seven luxurious apartments right in the heart of the Principality that will benefit from all the services of the adjoining Hôtel Hermitage;
- creation of a conference room in the basement of the Hôtel Hermitage, thus improving service for its business clients;
- overhaul of the Cabaret area which will be divided up into two outlets: an Asian restaurant and a lounge which will both open for the Formula 1 Grand Prix in 2010.

As you are already aware, thanks to our regular updates, your Board of Directors has been convinced for a long time that on-line gaming is the way of the future. It therefore decided to participate in this sector's expansion by setting up a joint partnership with Financière Lov, controlled by Mr. Stéphane Courbit, who already owned Betclic via Mangas Gaming. Thanks to the share capital increase subscribed by your Company, Mangas Gaming was able to acquire two companies to extend its coverage in Europe: Bet-At-Home (Germany, Austria and Poland) and Expekt (Scandinavia). As a result of these acquisitions, Mangas Gaming is now one of the five leading operators in Europe. We believe that the consolidation initiated in the online gaming sector will continue and will require us to make important strategic decisions in the forthcoming months.

It is also my duty to keep you informed of changes in the composition of your Board of Directors.

Mr. Marco Piccinini, one of the directors appointed by shareholders, who has held that office since 1998 and whose second term of office expires at this year's meeting, did not seek reappointement. On behalf of all of us, I would like to thank him for his constant availability, wide ranging expertise and the enormous amount of time he has devoted to successfully solve many complex questions regarding to the Group's development.

On July 24, 2009, your Board of Directors co-opted Mr. Pierre Svara as Director appointed by the shareholders, whose term of office is subject to your approval. We are delighted to welcome him.

I would also like to take the opportunity today to pay tribute to two former members of the Board of Directors who made their mark on your Company in past years and who unfortunately passed away in 2009, Edmond Lecourt and His Excellency Raoul Biancheri.

Edmond Lecourt joined your Company as a Director in 1983 and remained in this capacity until 1999, when he was forced to give up his position due to the age limit. I personally had the good fortune to sit alongside him on the Board and can testify of his professional qualities and his knowledge of the business world.

His Excellency Raoul Biancheri died on June 28 this year. He joined your Company as Executive Chairman in November 1988 and held that position until September 1995, when he too had to relinquish his Chairmanship due to the age limit under the bylaws. He agreed to remain in the service of the Company for a further two years as Chief Executive Officer until February 1997.

His Excellency Raoul Biancheri will be remembered by Société des Bains de Mer for his strong personality, excellent skills and extensive knowledge of the Principality of Monaco. On a more personal note, I learned a lot by working alongside him and was able to appreciate his human qualities. He will forever be remembered as an outstanding and loyal servant of the Principality.

My message would not be complete without mentioning the Company's employees, who have contributed to the results presented to you. In recognition of their significant involvement in this year's achievements, your Board of Directors has decided to grant ten new shares to each employee, including those of our subsidiaries who also contributed to the growth of our activities.

Jean-Luc Biamonti

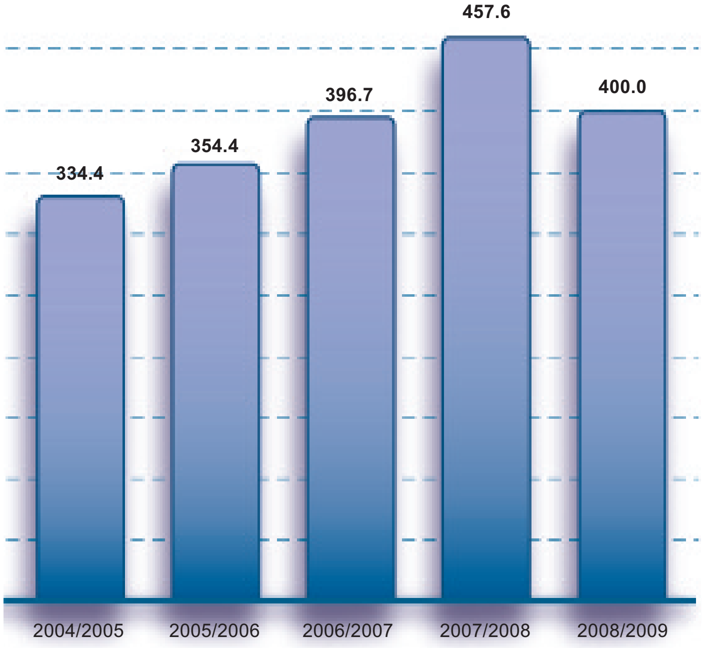
Chairman of the Board of Directors

KEY FIGURES

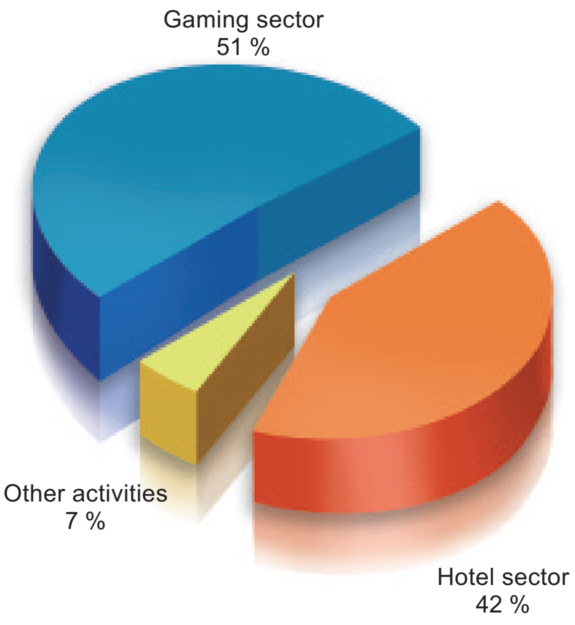
The following information relates to the group comprising the Société des Bains de Mer and its subsidiaries.

CONSOLIDATED REVENUES

in millions of euros

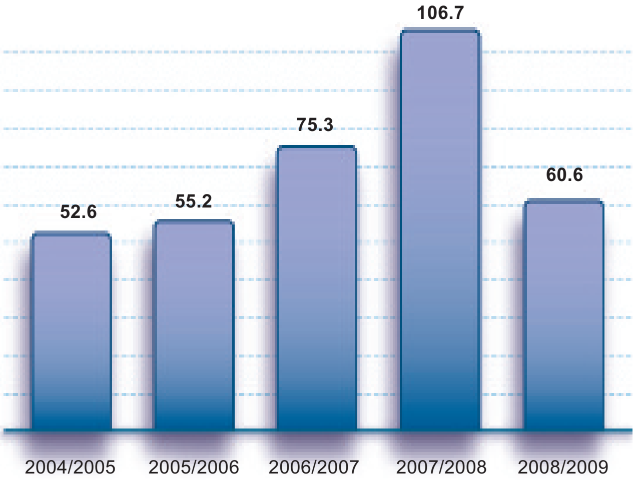


BREAKDOWN OF ACTIVITIES



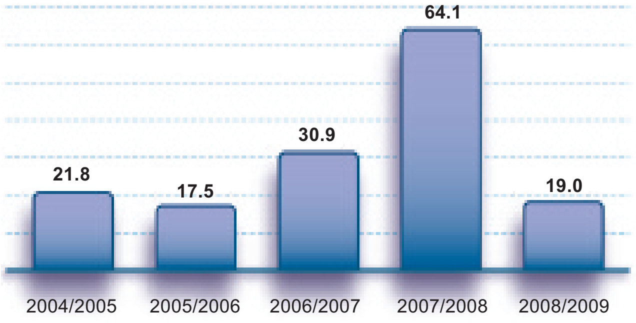
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

in millions of euros



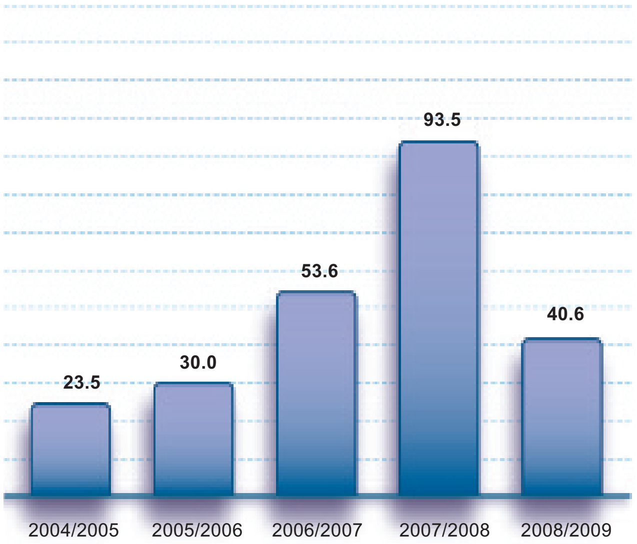
OPERATING INCOME

in millions of euros



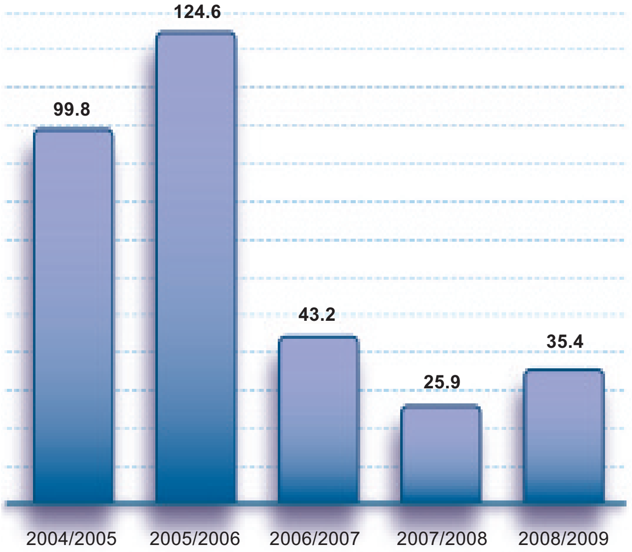
INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

in millions of euros



CAPITAL EXPENDITURE

in millions of euros



MARKET SHARE PRICE OF THE SOCIETE DES BAINS DE MER

Eurolist - compartment B - (ISIN MC0000031187 - BAIN) - In euros

The results of Société des Bains de Mer and its subsidiaries for the year ended March 31, 2009 were down compared to the solid growth of previous years.

Accordingly, revenue for the entire Group stood at €400.0 million, compared to €457.6 million in 2007/2008.

This decrease is mainly attributable to the impact of the international economic crisis and the introduction of the smoking ban in the Principality's establishments on November 1, 2008.

This decline in revenue was accompanied by a decrease in the Group's operating income, which stood at €19.0 million, compared to €64.1 million in the previous year.

Taking into account the financial income of €21.6 million, compared to €29.5 million last year, generated by the sale of 200,000 Wynn Resorts, Limited shares and the Company's investment gains, consolidated net income attributable to equity holders of the parent totaled €40.6 million, compared to €93.5 million for 2007/2008.

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

Compared to the record-breaking level of €259.6 million recorded during an exceptional 2007/2008 fiscal year, gaming sector revenue totaled €210.7 million for fiscal 2008/2009, down 19%.

The impact of this decrease was most strongly felt in the second half of the year due to the worsening international economic crisis and the introduction of the smoking ban in Monegasque establishments on November 1, 2008.

With a 30% decrease in receipts to €89.0 million, compared to €127.8 million in 2007/2008, **table games** revenue fell far short of the record performances of the previous year, despite the marketing, advertising and promotional programs maintained during the period.

Less customers throughout the year, particularly in the last six months, substantial gains by certain players and uncertain cyclical factors that proved less favorable than expected explain this trend, which was observed in all table games.

While a 56% increase in receipts was posted for European games in 2007/2008, activity in this segment declined by 33% in 2008/2009. It nevertheless remains the most significant component of table games, representing nearly 55% of receipts, compared to 60% in the previous year. European Roulette remains one of the games most appreciated by customers, despite less revenue this year. The receipts generated by other European games such as 30 et 40, Roulette Anglaise, Punto Banco and, particularly, Chemin de Fer also declined over the period.

The American games segment was also marked by a negative trend in contrast to the excellent performances in the previous two fiscal years. Although its 2007/2008 performance could not be repeated due to adverse gaming factors, Black Jack remained the most profitable game in terms of revenue. With the exception of Poker, the receipts generated by the other games decreased over the period.

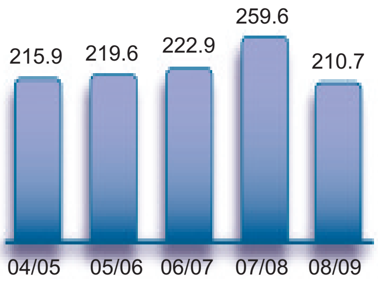
In the wake of a record-setting 2007/2008 fiscal year with revenue of €131.7 million, the performance of **automatic machines** in 2008/2009 is comparable to that observed two years ago, with receipts totaling €121.7 million. Whereas the enforcement of the anti-smoking law had a negative impact on all establishments, resulting in a decline in revenue at the Casino, Café de Paris and Sun Casino, business at the Bay Casino gaming room made satisfactory progress. In this context, the Group intends to pursue the vigorous policy initiated for the ongoing renewal of its pool of automatic machines, with the acquisition of state-of-the-art machines combining comfort and modernism. The innovation and promotional efforts undertaken by the Company contribute to maintaining a high level of activity in terms of communication and promotion and installing an increasing number of progressive machines with jackpots that can exceed one million euros.

For the entire gaming sector, fiscal year 2008/2009 operating income before depreciation and amortization stood at €38.8 million, compared to €73.1 million for the previous year. This decline is mainly attributable to table games, for which major initiatives in terms of invitations and marketing and promotional campaigns were maintained in order to boost activity. The decrease in revenue also had an impact on income generated by the automatic machines sector.

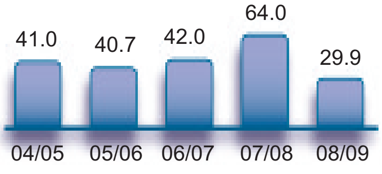
After taking into account a depreciation and amortization charge that declined by €0.3 million, operating income for the gaming sector amounted to €29.9 million in 2008/2009, compared to €64.0 million in the previous year.

REVENUE (in M€)		07/08	08/09	%
42 %	Table games	127.8	89.0	- 30
58 %	Automatic games	131.7	121.8	- 8
100 %	**Total gaming sector**	**259.6**	**210.7**	**- 19**

GAMING REVENUE (in M€)



OPERATING INCOME FROM GAMES (in M€)



An unfavorable trend was observed in the hotel sector, with revenue down by 6% to €174.9 million, compared to €185.1 million in 2007/2008 and similarly at both local and international levels for all the activities relating to tourism and business travel. The Group's hotel operations recorded their first ever decline in activity after several consecutive years of growth and the various segments – accommodation, catering, and seaside and thermal activities – all suffered.

All the hotels felt the brunt of the poor economic situation in the prestige hotel business. The Monte-Carlo Bay Hotel & Resort was badly affected by the switchover to a mass payroll system for certain employees, while the capacity of the Hôtel Hermitage was reduced due to the substantial building work schedule undertaken.

The **accommodation activity** decreased by 5%, with revenue of €66.5 million for fiscal year 2008/2009, compared to €70.1 million in the previous year.

This decrease in receipts stems from dwindling occupancy in the various establishments, with the exception of Monte-Carlo Beach Hotel, where the decline was greater in the second half of the year. The occupancy rate dropped to 57.2% for a total of four hotels – Hôtel de Paris, Hôtel Hermitage, Monte-Carlo Beach Hotel, and Monte-Carlo Bay Hotel & Resort – compared to 63.8% in the previous period.

The impact of the lower occupancy rate was partially offset by the growth in average receipts as a result of sound pricing policy management and the measures taken by the Group to maintain the highest quality standards in its establishments. The average receipts also benefit from the change in the customer mix, with an increase in the percentage of private individuals. The breakdown between "private individuals" and "business clients" is approaching a 63%/37% ratio, compared to 61%/39% in the previous year.

In terms of segmentation by geographical origin, the situation was once again stable this year. The Italian clientele is still the top nationality present in our establishments with an occupancy rate of around 17%, of which more than a third had casino invitations. Next in line were French customers, up 16%, followed by British, US and Russian customers each accounting for 12%.

The **catering activity** posted revenue of €84.7 million, down 7% on the previous year. A total of 876,000 meals were served during the year, representing an 11% decline for all restaurants. Among those establishments which weathered the crisis were Louis XV and the Monte-Carlo Beach complex. With over 330,000 meals served, the Café de Paris remains the most popular establishment.

With regard to average catering prices, it was impossible to determine a general trend. Price increases were recorded at certain establishments like the Hôtel de Paris, Hôtel Hermitage, Café de Paris, Sporting Monte-Carlo, whereas prices dropped at the BB & Co, Casino and Monte-Carlo Beach Hotel.

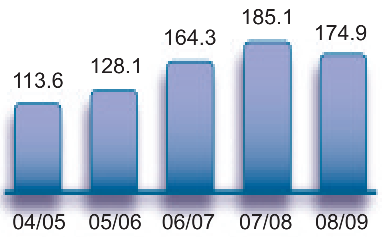
Revenue from the Group's **other activities** in the hotel sector declined by 2%, amounting to €23.7 million for the 2008/2009 fiscal year, compared to €24.3 million in 2007/2008. This adverse trend mainly stems from the decrease in receipts associated with accommodation, even though the activities of the Beach complex and the Thermes Marins de Monte-Carlo showed considerable resistance.

Operating income before depreciation and amortization for the entire hotel sector totaled €34.3 million for fiscal year 2008/2009, compared to €40.4 million the previous year.

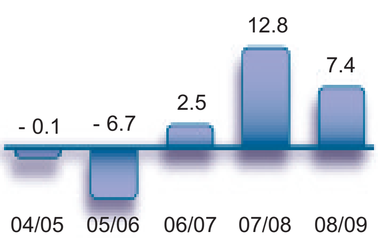
After taking into account a €0.7 million decrease in depreciation and amortization charges over the period, operating income for the hotel sector stood at €7.4 million in 2008/2009, compared to €12.8 million in the previous year.

REVENUE (in M€)		07/08	08/09	%
38 %	Accomodation	70.1	66.5	- 5
48 %	Catering	90.6	84.7	- 7
14 %	Other	24.3	23.7	- 2
100 %	**Total hotel sector**	**185.1**	**174.9**	**- 6**

HOTEL REVENUE (in M€)



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




JIMMY'Z

After three years of robust growth during which revenue climbed from €334.4 million in 2004/2005 to €457.6 million last year, the Group was faced with particularly difficult operating conditions due to the worsening of the international economic crisis and the introduction of the smoking ban in Monegasque establishments on November 1, 2008. These factors had a negative impact on business and the Group's results for 2008/2009 are in sharp decline compared to the previous year.

Revenue

The Group reported consolidated revenue of €400.0 million for fiscal year 2008/2009, down by 13% compared to the previous year.

Operating income and depreciation and amortization

Operating income before depreciation and amortization decreased by 43% to €60.6 million, compared to €106.7 million in 2007/2008.

In addition, the depreciation and amortization charge decreased to €41.6 million for 2008/2009, compared to €42.6 million the preceding year.

Group operating income amounted to €19.0 million, compared to €64.1 million the previous year, for a decrease of 70%. The gaming sector contributed significantly to this decline, with a €34.0 million decrease in profitability. Earnings also dropped for the hotel sector, for a decrease of €5.4 million.

Financial income

Despite a €14.8 million capital gain from the disposal of 200,000 Wynn Resorts, Limited shares and financial income of more than €6 million from investments, financial income decreased by 27% to €21.6 million. The Group still maintains an interest of 1,800,000 shares, equivalent to nearly 1.5% of the Wynn Resorts, Limited share capital.

Consolidated net income

Consolidated net income attributable to the equity holders of Société des Bains de Mer and its subsidiaries declined to €40.6 million for 2008/2009, compared to €93.5 million the previous year.

Cash from operations and cash flows

Cash from operations dropped sharply, standing at €67.4 million, compared to €117.9 million the previous year. Due to the negative trend in the working capital requirement, net cash flows from operations amounted to €49.5 million, compared to €137.5 million in 2007/2008.

Financial resources allocated to capital expenditure totaled €35.4 million, compared to €25.9 million for 2007/2008, demonstrating the Group's sustained vigor in its asset maintenance and renovation policy.

Taking into account the proceeds from the disposal of property, plant and equipment and financial assets for €18.8 million, net cash used in investing activities totaled €20.8 million, compared to €4.4 million for fiscal year 2007/2008.

On the whole, there was therefore an increase in net cash available, amounting to €196.0 million as of March 31, 2009, compared to €183.4 million at the previous year end.

Parent company financial statements and dividends

For the period ended March 31, 2009, the financial statements of Société des Bains de Mer, the parent company, reported revenue of €380.5 million and net income of €39.0 million, compared to €90.5 million in 2007/2008.

Given these results, the Board of Directors wishes to propose the payment of a dividend of €0.60 per share, including the cumulative preferred dividend, compared to €1.10 the previous year (€11 prior to the division of the nominal share value by ten).

Capital expenditure

While some significant projects were completed during fiscal year 2008/2009, with an increase in capital expenditure resources to €35.4 million, compared to €25.9 million for the previous year, it was mostly a period during which the major projects of the capital expenditure program for the coming years were defined. Some of these projects are already underway.

The greatest achievement of the period is undeniably the complete refurbishment of the Monte-Carlo Beach Hotel. Calling on the internationally renowned architect, India Madhavi, the Group wished to restore the Monte-Carlo Beach to its former elegance, while adding those touches of modernity necessary to contemporary comfort. From design to public opening, the Group was committed to an environmental refurbishment, a philosophy that was rewarded with the Chantier Bleu quality label. Infusing a spirit of modernity, the project was respectful of the tradition inherent to this emblematic Côte d'Azur address, where luxury and conviviality have renewed with the splendor and glamour of the 1920s. Both chic and timeless, the Monte-Carlo Beach carries on the Riviera tradition of elegance and the art of reception that has become a Group hallmark. The hotel now has forty rooms and suites and exudes eternal youth, even as it celebrates a ninetieth anniversary since the 1929 inauguration. A sum of €7.5 million was spent during fiscal year 2008/2009 for a total budget of €14 million.

Other hotel sector projects that are now operational, following 2008/2009 financing, include Moods, a new bar-lounge concept opened in March 2008, the renovation of the Alice wing rooms of the Hôtel de Paris, and the refurbishment of the Café de Paris terrace.

In the gaming sector, the renewal policy for the automatic machine pool was pursued with the introduction of increasingly innovative machines, for a €1.9 million investment over the fiscal year. The most striking initiative was the opening of an open-air space at the Café de Paris Casino. Far more than an outdoor gaming room, this is a truly an open casino that operates all year round. Players who so wish may smoke as they try their luck with some one hundred automatic machines, while at the same time complying with the Principality's anti-smoking legislation.

Ambitious projects across all sectors were also initiated during fiscal year 2008/2009, whose completion is scheduled over several years. These include the construction of the Balmoral residence, the Costa wing renovation program, the creation of a conference room at the Hôtel Hermitage, the refurbishment of the Monte-Carlo Casino and the reorganization of the Cabaret space.

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 set up an 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 order to confront increasingly fierce international competition, Société des Bains de Mer and its subsidiaries must implement three complementary strategies: continuation of an active investment policy, international development and diversification of activities with on-line gaming.

It is in this context that the major investment projects for 2009/2010 will be pursued.

In the heart of Monte-Carlo, one of the most representative of these projects is the completion of an upscale residential complex with hotel services to replace the former Hôtel Balmoral. Comprising eight high-end apartments, including five duplexes, the residence is intended to foster a loyal and prestigious international clientele that will benefit the other Group establishments and the gaming sector in particular. The two-floor penthouse will have a surface area of 800 m^2, a 200 m^2 terrace and a private pool. The assets represented by the Hôtel Hermitage service offering, along with the views of Port Hercules and the Rock, will contribute to the success of this exceptional project, which could be delivered in early 2011.

Likewise, major work will continue at the Hôtel Hermitage with the Eiffel hall and Costa wing refurbishments and the construction of a large conference room with a capacity of over 400 persons. Started in September 2008, the work should be completed by May 2010, with a December 2010 delivery date for the conference room. The elevation of the Midi wing, however, has been postponed.

In the gaming sector, other initiatives are underway to deal with the Principality's anti-smoking legislation. In the same sprit as the open-air space for automatic machines created at the Café de Paris Casino, the Sporting Monte-Carlo Summer Casino is breaking new ground with the installation of outdoor gaming tables facing the sea on the Terrasse des Palmiers. These facilities will be open throughout the summer. The creation of similar spaces is also being studied for the Bay Casino and particularly for the Monte-Carlo Casino, where the creation of two gaming terraces is being planned. The first will be recreated in its original form in the building's East wing, while the second, with a surface area of approximately 100 m^2 enabling the installation of several tables, will face the sea with a southern exposure.

Likewise, in the Casino, the Cabaret space is being reorganized to create an Asian restaurant under the Buddha Bar banner and an event-driven private lounge. The opening of these new establishments from May 2010 will provide the Group with additional arguments for the development of its clientele.

Moreover, in its wish to develop beyond the Principality and neighboring districts, the Company has examined various development opportunities in several major European cities and destinations in the Mediterranean Basin. An initial project has been initiated and a management contract signed with Ménatlas for a luxury hotel complex to be built in Marrakesh, a destination that is already highly prized by its traditional clientele. The future complex is located in a zone with strong growth potential due to its proximity to the Menara gardens and its situation midway between the airport and the Medina of Marrakesh.

The resort will comprise a 5-star hotel with 93 suites and rooms, a pool with three basins of varying temperatures, a 3,500 m^2 spa, villas and a business centre. The site is exceptional, covering eight hectares of landscaped gardens, with a view of the Atlas Mountains, and the vast olive groves of the Menara, whose history goes back some one hundred years. With the opening of this complex, scheduled for the first half of 2011, the Group aims to provide a service offering that matches its reputation, combining luxury with exclusivity. The complex will be entirely financed by Ménatlas, while the management will be entrusted to Société des Bains de Mer for a renewable term of twenty years.

The signature of this first management contract for an international site symbolizes the Group's wish to assert itself as a unique operator, with the ambition of exercising more widely its savoir faire in the luxury hotel and entertainment sectors. Other hotel management projects are being or will be examined, with the possibility of investment, and the Group is on the lookout for potential growth opportunities in certain major cities with well-defined characteristics.

Finally, with the prospect of regulatory change and the opening of the French and European on-line gaming markets, Société des Bains de Mer decided to associate itself with Financière Lov in November 2008. The purpose of the 50/50 partnership is to promote the development of Mangas Gaming in a sector with strong growth potential. Mangas Gaming was created in 2008 by Financière Lov, the asset holding company of Stéphane Courbit, in order to control 75% of Betclic, a European online gaming and betting operator.

Under the terms of this partnership, SBM subscribes to a share capital increase providing it with a 50% stake in Mangas Gaming and the latter with the funds necessary to finance the acquisition of other companies active in this sector. This investment will enable SBM to capitalize on the reputation and prestige of the Monte-Carlo SBM brand in the on-line gaming sector.

This operation was performed on May 19 in accordance with the terms and conditions described in the notes to this annual report and the SBM Group now holds 50% of this company.

On the same date, Mangas Gaming acquired an interest in Bet-At-Home from its founders. Listed on the Frankfurt exchange, Bet-At-Home is an online gaming and betting operator active in the Central and East European markets. The agreement was accompanied by an offering to the Bet-At-Home minority share holders, and Mangas Gaming now holds nearly 50% of this company.

Finally, on March 5, 2009, Mangas Gaming announced the full acquisition of Expekt, one of the main online betting operators in the Scandinavian and North European markets. Expekt is also a major player in the online poker market. This transaction should be finalized by the end of July 2009, provided it is approved by the regulatory authorities.

Backed by these acquisitions and with over 4 million clients and nearly 500 employees, Mangas Gaming has entered the top 5 in the European gaming sector. Present in more than 25 countries, and with sites available in 24 different languages, the new group's business is spread evenly throughout continental Europe. Mangas also enjoys a strong local presence and has set a 2009 revenue objective approaching €200 million.

In the context of a market downturn, Société des Bains de Mer and its subsidiaries posted a sharp decline in the opening months of the fiscal year compared to 2008/2009. The ongoing global financial crisis and the absence of any prospects for improvement for several months translate into a particularly difficult outlook for 2009/2010. There can be no doubt that the aforementioned actions undertaken with respect to international development and online gaming must be accompanied by the pursuit of an active asset renewal policy and customer loyalty programs, the optimal use of refurbished accommodation capacities and ongoing efforts to better control costs.

Environment

Launched in April 2007 and with twenty-three measures initiated to date, the Société des Bains de Mer Environmental Charter, accessible at www.montecarloresort.com, represents all the five-year commitments undertaken by the Group, at the initiative of the "Environment and Quality Committee", comprising three members of the Company's Board of Directors, and with the support of an internal multidisciplinary working group.

The results obtained to date are significant and confirm the Group's strong commitment and the genuine mobilization of its employees in all areas. Since March 2009, the Monte-Carlo Be Green logo affirms the priority nature of this initiative in many internal and external Group communication tools.

Employee awareness

An internal blog was set up in 2007 to publish weekly articles for employees equipped with computers. It is consulted regularly by more than 300 visitors, with 600 to 800 visits per month and 5 to 6 pages consulted each time. Visitors are invited to make comments and exchange views so as to promote initiatives. Eco-advice on how to save energy is also provided.

In addition to the Group's IT network, seven Intranet terminals were set up in passageways and next to rest areas in various establishments, so that employees not equipped with computers can consult all the Group's news updates.

Water saving

In fiscal 2007/2008, the Group had already significantly reduced its water consumption by 14.8%, corresponding to a volume of 87,600 m^3. A test trial involving the recovery of wastewater from nine rooms at the Hôtel Hermitage led to the recycling of 180 m^3 of water for garden irrigation.

This responsible policy was reinforced in fiscal 2008/2009 and water consumption declined by 17.4% (87,800 m^3) at the end of March 2009, equivalent to two and a half months' consumption by the Resort, or 1.2 times the annual consumption of Monte-Carlo Bay. The consumption of certain establishments, such as Café de Paris and Hôtel de Paris, has been reduced by half over the last four to five years.

These performances are the result of opportune technical initiatives, such as cooling systems or wastewater recovery mechanisms. Monte-Carlo Bay has installed water-saving devices on taps and an efficient system to manage water for the lagoon and garden irrigation. These processes are currently being set up across the entire Resort.

Energies

In the energies sector, priority was given in 2007/2008 to the systematic installation of service meters and the set-up of instrument panels, essential for precise consumption monitoring.

At the end of the first half of 2008/2009, a significant decrease was observed. A 2.4% decrease in electrical consumption and a 35% decline in hot and cold production consumption were observed over the fiscal year as a whole, i.e. a decrease of more than 20% in the Group's energy consumption (around 22,000 MWh saved).

Furthermore, gas consumption dropped by 14% and no fuel oil was consumed, as the Group did not need to rely on any emergency current.

Finally, several tests with low energy bulbs were conducted to anticipate the mandatory relamping operations scheduled in 2009/2010.

Collection, selective sorting, recycling

All the Group's establishments and departments are involved in ten waste processing sectors, with increasing effectiveness over the past year.

The recovery level of **used cooking oils** was 44% for the year.

Food fats were treated by a local authorized service provider.

A total of 576 metric tons of **glass** was recovered at seven collection points, compared to 124 metric tons previously, thus preventing the emission of 288 metric tons of CO2 equivalent through the use of recycled glass.

All printer **ink cartridges** were recovered and **empty photocopier cartridges** were collected by the relevant supplier during his equipment maintenance visits. Over the year, a total of 1,527 kg of batteries was recovered at fifteen collection points, as a result of consumption by Group customers, departments and employees. This recycling enables the recovery of heavy metals that can be used in industry, i.e. 585 kg of ferromanganese, 300 kg of zinc, 30 kg of slag and 2.25 kg of mercury. More than seven boxes, each containing 600 neon lights, and 1 box of lamps were collected at **bulb** and **fluorescent tube** collection points.

With regard to **paper collection**, newspapers and magazines are now recovered in addition to office paper. In fiscal 2008/2009, 65 metric tons were recovered, which is equivalent to 994 trees felled for paper fiber. The collection of magazines and newspapers in rooms was set up in early 2009, thus allowing it to develop over the current year.

Waste Electrical and Electronic Equipment (WEEE) representing more than 11 m^3 was collected during the year.

Finally, the centralized collection of **toxic products** continued at the Group's Printing Works site in Ténao and, for the second year running, the Group was awarded the "Imprim'vert" label by the Marseilles Regional Chamber of Commerce for its waste recycling and recovery.

Waste collection monitoring systems have all been installed and the Group has obtained the necessary certificates from collectors.

Purchases

The Group favors environmentally-friendly purchases in most specifications and this requirement is reflected in its analysis of supplier offers.

The Group has also given priority to acquiring environmentally-friendly vehicles, focusing its sights on electrical energy, without excluding hybrid vehicles which run on diester or bioethanol, provided these specific fuels can be supplied.

In the past two years, the use of **herbicides, insecticides and pesticides** to maintain green areas has been reduced by as much as possible to a strict minimum.

During the period under review, the Group used 96% of recycled paper, compared to 95% last year, and heavily cut down its paper consumption. Related costs were reduced by 8%.

Invoices were converted to digital format for the first time this year, enabling almost half the invoices received by the Group to be processed.

Finally, red tuna, a species in danger of extinction in the near future, has been removed from all catering menus since the end of 2007 at the request of the Prince Albert II Foundation.

Work and application of H.E.Q. standards

Projects for the renovation and construction of new buildings have incorporated HEQ standards in their specifications and the Group has adopted Carbon Footprint initiatives in its ongoing construction work at the new Balmoral and the creation of conference rooms at the Hôtel Hermitage. At the same time, the Research Department has adopted methods associated with the collection of data and analysis of the carbon footprint in order to extend them to future projects.

Involvement and promotion of awareness of suppliers

An ethics charter has been drafted for all suppliers to inform them of the environmental strategies and measures adopted by the Group. The best practices of our suppliers were also identified in order to highlight those measures and initiatives taken by the latter that could be effectively implemented within the Group.

A message for customers

An environmental message has been prepared for customers. Various types of information media present all the Group's environmental measures and achievements and provide answers to certain recurring specific questions. In the rooms, there is a leaflet describing the main initiatives concerning accommodation. In the kitchens, measures have been adopted to promote energy and water savings. More regular use of local and seasonal products that correspond to customer expectations has also been considered. Finally, and more generally, the deployment of the "Be Green Monte-Carlo SBM" logo at the end of the year under review has demonstrated to customers how deeply committed the Group is to these issues.

The significant results obtained during the year confirm the strong mobilization of all Group employees and set the stage for the increased development of this policy in forthcoming years.

This voluntary approach responds to the concerns expressed by H.R.H Prince Albert II. Its aim is to make sure that each employee is aware of the importance and focus of these measures so that the Group can ensure its development while pursuing an active environmental protection policy.

The workplace

The Company endeavors to provide a stimulating activity that respects employee aspirations and maintain an atmosphere of understanding and dialogue for all staff.

Aside from direct relations within the various departments, the Group's internal communication is officially structured as follows:

- Information and cooperation committee with personnel;
- Joint personnel committees;
- Half-yearly management information meetings;
- Annual personnel meetings;
- Monthly meals with Management enabling managers and employees to express their viewpoints;
- Quarterly distribution of a company newsletter.
- Development of the Intranet with the installation of information terminals on all operating sites.

The organization of annual appraisal meetings is also vital to ensuring that executives play a larger role in the Company's management and to enhancing their career potential.

Through a dynamic and voluntary internal training policy in both the hotel and gaming sectors, the Group

hopes to enhance employee skills, so as to foster personnel development and maintain customer relations at a level of excellence consistent with the Société des Bains de Mer image.

Conscious of the fact that for a company offering high quality service, the customer must always be the number one priority, the Group has initiated a long-term program in order to satisfy this requirement. As employees are a vital component in this approach, a specific two-year training course has been organized. All employees who come into contact with customers are therefore trained so as to better understand and respond to customers' expectations. During the year, a total of 600 employees received instruction with the help of training organizations specializing in the luxury goods market. In particular, the first session included around 300 managers who were trained in how to organize their teams to deal with all aspects of customer service.

Finally, the association of staff with the Company's operations was strengthened over the last three years through the employee share ownership program.

You are requested to discharge all Directors from any liabilities with respect to the performance of their mandate for the 2008/2009 fiscal year.

We would also bring to your attention the expiration, on this date, of the term of office as Director of Mr. Marco Piccinini, who did not seek its renewal. The Board of Directors wishes to thank him for his particularly significant contribution to the Company's business and the sound advice he has given over the past eleven years.

Finally, you are requested to approve the appointment of Mr. Pierre Svara as Director appointed by General Stockholders' Meeting, effective as from September 1, 2009. Mr. Pierre Svara was coopted under the terms and conditions of Article 12 of the Bylaws at the Board of Directors' meeting of July 24, 2009.

In accordance with Article 12 of the Bylaws, the term of office of Mr. Pierre Svara will end at the Annual General Meeting held to approve the financial statements for the 2014/2015 fiscal year.

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:
    - la Société Anonyme Monégasque d'Entreprise de Spectacles (S.A.M.E.S.)
    - la Société Anonyme Monégasque des Thermes Marins Monte-Carlo (S.T.M.)
    - la Société Anonyme Monégasque Générale d'Hôtellerie (SOGETEL)
    - la Société Financière et d'Encaissement (S.F.E.)
    - la Société Civile Particulière Soleil du Midi
    - la Société Civile Immobilière de l'Hermitage
    - la Société S.B.M./U.S.A. Inc.

- and:
    - bank transactions conducted with the following establishments:
      - la Compagnie Monégasque de Banque
      - la Banque J. Safra (Monaco) S.A.
    - business relations with Société Monégasque pour l'Exploitation du Tournoi de Tennis (S.M.E.T.T.), A.S. MONACO FC SA and Bredin Prat.

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

Transfer of undivided property rights (50%) for a former irrigation basin registered as plot AI 77 in the village of Eze

S.B.M. has remained joint owner with a family in Eze of a former irrigation basin registered as plot AI 77 in the village.

These residents in Eze have sold their land and the new owner, who holds the remaining 50% of the undivided property rights, wishes to purchase S.B.M's half.

The plot of land covers 45m² with a FAR of 0.05, giving a total of 1.13m² on which to build.

The parties have agreed on a price of €10,000, which your Company's Board of Director approved in its meeting of July 24, 2009.

You are asked to approve this transfer, bearing in mind that these undivided property rights are in no way related to your Company's business.

Belle Epoque building

In a private document dated October 23, 1991, reworked into notarial form on April 25, 1996 in the office of Mr. Jean-Charles Rey, notary, S.B.M. granted under a long-term lease to SCI Belle Epoque land located at 15b and 17, Avenue d'Ostende in Monte-Carlo, covering an area of approximately 1,485 m², for the construction of a prestigious commercial building, houses and offices after demolition of the existing buildings.

Under the long-term lease, the building was constructed and fitted out, mostly for office use, with the residential section comprising two apartments with balconies that were initially rented to private individuals by SCI Belle Epoque, the lessee, until expiry of the long-term lease on October 29, 2035.

Port View Limited, the current tenant of SCI Belle Epoque since October 1, 2006 for the residential section, covering an area of 1,529 m^2, including balconies and loggias, wished to benefit from a long-term lease granted directly by S.B.M.

After S.B.M., SCI Belle Epoque and Port View Limited reached an agreement, S.B.M. granted Port View Limited, on June 12, 2009, an amendment to the long-term lease dated April 25, 1996. The lease was extended to September 30, 2094, with a unilateral undertaking to extend it for a further eleven years to September 30, 2105, thus enabling Port View Limited to potentially benefit from a long-term lease of 99 years as from October 1, 2006.

The financial terms and conditions of this amendment are as follows:

- Port View Limited shall pay Société des Bains de Mer a lump sum of €42,500 per m^2 payable in four installments:
  - 30% upon signature of the document, on June 12, 2009
  - 30% before March 31, 2014
  - 23% before March 31, 2019
  - 17% before March 31, 2024

  with the last two payments being indexed;
- Port View Limited shall pay an annual indexed lease of €821 per m^2

Pursuant to the agreements entered into by the three parties, the leases payments are transferred by S.B.M. to SCI Belle Epoque, which made the transaction possible by allowing Port View Limited to have a direct and exclusive legal relationship with S.B.M.

Should Port View Limited fail to meet its obligations, the long-term lease shall be terminated at the sole initiative of S.B.M.

This transaction is favorable for your Company, considering the amounts received or receivable and helps attracts residents to Monte-Carlo whose prestige matches the quality of S.B.M.'s establishments.

You are therefore asked to approve this amendment of June 12, 2009 to the long-term lease of April 25, 1996.

AUTHORIZATION FOR THE COMPANY TO BUY BACK SHARES

At the end of the Extraordinary General Meeting of September 25, 2009, amending Article 41 of the Bylaws and subject to the approval of the Principality Government, the Company would be able to buy back its own shares up to an amount of 5% of its share capital, should you adopt this amendment.

The Board proposes to exercise this new option and, hence, you are asked to authorize the Board of Directors to purchase Company shares within the limit of 5% of share capital.

The objectives would be as follows:

- retention and subsequent tender of the shares within the scope of an exchange offer or for payment in external growth transactions (including new investments and 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 (Autorite 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.

You are therefore asked to adopt, subject to the approval of the Principality Government, 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 €90 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 €50 million;
- the authorization shall be valid for a period of 18 months as from September 25, 2009
- 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.

You are hereby asked to authorize the share buyback program that we have proposed under the above conditions.

STATUTORY AUDITORS AND CONTRACTUAL AUDITORS

The fees paid to the statutory auditors and the auditors in respect of fiscal year 2008/2009 break down as follows:

	Deloitte & Associés				Statutory auditors			
	Amount excluding taxes €		%		Amount excluding taxes €		%	
	2008/2009	2007/2008	**08/09**	07/08	**2008/2009**	2007/2008	**08/09**	07/08
Audit								
• Statutory audit, certification, review of company and consolidated financial statements								
- Issuer	275,000	300,000	25	97	66,400	64,300	100	100
- Fully consolidated subsidiaries								
• Other procedures and services directly related to the statutory audit								
- Issuer	8,000	8,000	1	3				
- Fully consolidated subsidiaries								
Sub-total	**283,000**	**308,000**	**26**	**100**	**66,400**	**64,300**	**100**	**100**
Other services rendered by the networks for the fully consolidated subsidiaries								
• Legal, tax, emplyee-related	6,500		1					
• Acquisition audits	812,815		73					
Sous-total	**819,315**		**74**					
TOTAL FEES PAID	**1,102,315**	**308,000**	**100**	**100**	**66,400**	**64,300**	**100**	**100**

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 €160 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, 2011: €20 million
- March 31, 2012: €20 million
- 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.

Lastly, the Group has a significant amount of readily available short-term investments with a maximum term of three months, totaling €174 million as of March 31, 2009, and confirmed overdraft authorizations for €5 million.

With total liquidity of €339 million for the 2008/2009 fiscal year, the Group has no liquidity risk exposure.

- ***Interest rate risk***

As the aforementioned credit facility can be drawn down at floating rates, an interest rate management mechanism was subscribed for a term of six years beginning April 1, 2005. This instrument caps the interest rate at a maximum of 4.19% and the hedged notional amount, which has increased over the first year to a maximum of €117 million, is gradually amortized until April 1, 2011, the contract's final maturity date. As of March 31, 2009, the notional amount hedged stands at €77 million.

Cash assets bear interest at short-term market rates.

- ***Foreign exchange risk***

There are two types of risk:

- Transaction foreign exchange risk relating to 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 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, 2009, the Group held 1.8 million

shares at a share price of $19.97. This financial asset is no longer subject to foreign exchange hedging.

- ***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 the company's share price.

The Group wished to continue its hedging policy regarding share price fluctuations for a portion of its stake, and in August 2007 subscribed to zero cost collar derivatives for a total lot of 200,000 shares. Upon maturity of the contract, scheduled for February 2009, these derivatives guaranteed a minimum share price of $110 and a maximum price varying between $133.99 and $135.23. These instruments were settled upon their maturity through transfer of the corresponding shares. The transaction resulted in proceeds of $22.0 million, i.e. €17.3 million, and generated a capital gain of €14.8 million in the 2008/2009 financial statements.

- ***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***

The Group has not pledged any security for its commitments for the 2008/2009 period-end.

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

Following the division of the nominal share value by ten on March 12, 2009 decided by the Extraordinary General Meeting of September 19, 2008, with multiplication by ten of the number of outstanding shares, the share capital of Société des Bains de Mer as of March 31, 2009 comprised 18,062,140 shares each with a nominal value of €1.

The Extraordinary General Meeting of September 19, 2008 also authorized the Board of Directors to increase the share capital to a maximum of €18,142,140. After subscription and payment acknowledged by notarial deed on June 18, 2009, this share capital increase resulted in the issue of 66,080 new shares, and the share capital of Société des Bains de Mer now comprises 18,128,220 shares each with a nominal value of €1:

- 12,128,220 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.

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

The Monegasque state, which owned 69.5% of share capital as of March 31, 2009, is the sole stockholder of record with a participating interest exceeding the 5% cap.

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 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 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 General Meeting comes to an end at the 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 a hundred 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 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

"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 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.

Table summarizing the powers having continuing effect conferred on the Board of Directors in terms of capital increases

The table below summarizes the powers having continuing effect conferred by the General Meeting to the Board of Directors and the powers exercised.

Subject matter	Date of the EGM	Maximun nominal amount in euros	Powers exercised	Residual amount in euros
Share capital increase (with waiver of preferential subscription right) reserved for employees of the Company and those of the Group companies included in the same consolidation scope	09/19/2008	80,000	06/18/2009: share capital increase of €66,080 via the insuance of 66,080 new shares with nominal value of €1 each (1)	13,920

(1) The 66,080 new shares were listed on the Eurolist market of Euronext Paris (Compartment B) as of July 9, 2009.

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, 2009 IN ACCORDANCE WITH

IN THOUSANDS

ASSETS	2008/2009 FISCAL YEAR			2007/2008 FISCAL YEAR NET
	GROSS	Depreciation amortization provisions	NET	
CURRENT ASSETS OR ASSETS RECOVERABLE IN LESS THAN 1 YEAR	**244,611**	**39,701**	**204,910**	**194,028**
Cash in hand	14,899		14,899	16,396
Banks: deposit on demand	3,048		3,048	19,375
Other assets on demand				23
Banks: time deposits	118,000		118,000	70,000
Marketable securities	47,835		47,835	68,770
Operating receivables	8,321	2,827	5,494	7,123
Various receivables	7,686	1,502	6,184	3,686
Investment accounts				
Affiliate accounts	44,499	35,372	9,127	6,995
Assets withheld	325		325	1,659
INVENTORY	**12,791**	**117**	**12,673**	**12,865**
ADVANCE PAYMENTS OR GUARANTEES	**1,420**		**1,420**	**2,228**
Payments on account on orders	1,420		1,420	2,228
ASSETS TO MATURE IN OVER 1 YEAR	**10**		**10**	**11**
Loans	10		10	11
NON-CURRENT ASSETS	**146**		**146**	**129**
Deposits and guarantees paid	146		146	129
PARTICIPATING INTERESTS	**69,275**	**3,027**	**66,248**	**65,757**
Affiliates	46,309	2,993	43,316	40,320
Other participating interests	22,966	34	22,932	25,437
FIXED ASSETS	**1,004,903**	**557,175**	**447,728**	**454,273**
Intangible assets:				
- Concessions, patents & similar	19,299	18,165	1,134	1,260
- Leasehold rights	18	18		
- Assets in process	1,107		1,107	95
Property, plant & equipment:				
- Land	81,855		81,855	80,378
- Revaluation reserves as of 03/31/1979	35,616	35,616		
- Land development	2,491	2,491		
- Buildings	616,439	342,565	273,874	283,472
- Industrial and technical plant	171,662	119,791	51,871	63,096
- Other PP&E	53,087	38,529	14,558	16,814
- PP&E under construction	23,329		23,329	9,158
TOTAL ASSETS	**1,333,157**	**600,021**	**733,136**	**729,291**
DEPRECIATION & AMORTIZATION CHARGES				
ACCRUED INCOME & DEFERRED CHARGES	**5,379**		**5,379**	**5,398**
Prepaid expenses	4,957		4,957	4,693
Other suspense accounts	421		421	678
Foreign exchange differences	0		0	27
GRAND TOTAL	**1,338,536**	**600,021**	**738,515**	**734,689**
CLEARING ACCOUNTS				
Directors' shares held as management guarantees			5	5
Deposits received			7,211	2,425
Accounts payable			36,558	21,619
Third-party receivables for bank guarantees			97	97
Forward currencies				
Opening of credit facility and confirmed unused overdrafts			165,000	165,000
Variable-rate hedge			77,000	93,000
			285,871	**282,146**

LIABILITIES & STOCKHOLDERS' EQUITY	2008/2009 FISCAL YEAR	2007/2008 FISCAL YEAR
LIABILITIES PAYABLE IN LESS THAN 1 YEAR	**99,314**	**111,674**
Bills payable	2,350	2,709
Operating liabilities	49,133	53,002
Affiliate accounts	761	594
Employee accounts	28,595	35,022
Borrowings	198	204
Other liabilities	3,836	4,697
Liabilities withheld	14,442	15,445
ADVANCE COLLECTIONS OR GUARANTEES	**17,439**	**17,358**
Advances received	12,506	13,123
Deposits and guarantees received	4,933	4,235
LIABILITIES TO MATURE IN OVER 1 YEAR	**22,476**	**23,253**
Operating liabilities		
Liabilities withheld	22,476	23,253
PROVISIONS FOR CONTINGENCIES	**3,687**	**4,068**
ACCRUED LIABILITIES & DEFERRED INCOME	**24,198**	**23,316**
Revenues to be recorded in future fiscal years	9,117	6,563
Other accrued liabilities and deferred income	1,437	2,016
Foreign exchange differences	26	
Investment grant:		
- gross	17,535	17,535
- amortization	(3,918)	(2,799)
STOCKHOLDERS' EQUITY		
Common stock, additional paid-in capital and reserves	**215,075**	**215,075**
Common stock: 18,062,140 shares of EUR 1	18,062	18,062
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	23,945	23,945
Reserves:	**160,003**	**98,186**
- Statutory reserve	1,806	1,800
- Optional reserve	148,799	88,799
- Contingency reserve	9,398	7,587
- Long-term capital gains		
Results:	**196,323**	**241,760**
- Retained earnings	157,361	151,232
- Net income for the period	38,962	90,528
TOTAL STOCKHOLDERS' EQUITY	**571,401**	**555,021**
GRAND TOTAL	**738,515**	**734,689**
CLEARING ACCOUNTS		
Director payables for deposited shares	5	5
Third-party payables for bank guarantees	7,211	2,425
Trade payables	36,558	21,619
Bank guarantees given	97	97
Forward currencies		
Opening of credit facility and confirmed unused overdrafts	165,000	165,000
Variable-rate hedge	77,000	93,000
	285,871	**282,146**

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

in thousands of euros	2008/2009 FISCAL YEAR	2007/2008 FISCAL YEAR
MAIN ACTIVITY		
Gaming receipts	220,233	270,302
Services rendered	165,061	171,575
Sales of bought-in goods	5,778	6,187
Other receipts	1,395	1,973
Less: intra-group transfers	(10,655)	(12,337)
Total income from main activity	**381,812**	**437,699**
To be deducted:		
- Cost of purchase of bought-in goods	(3,674)	(4,104)
- Purchases of raw materials and supplies	(126,608)	(131,764)
- License fees, duties and taxes other than income tax	(29,094)	(35,400)
- Wages and salaries	(149,660)	(153,367)
- Other operating expenses	(24,873)	(14,954)
- Depreciation and amortization charges	(40,649)	(41,259)
Provisions:		
- Charges	(14,086)	(14,600)
- Write-backs	21,032	13,353
Total expenses from main activity	**(367,612)**	**(382,094)**
Share in proceeds from joint ventures		
NET INCOME/(LOSS) FROM MAIN ACTIVITY	**14,200**	**55,605**
RELATED ACTIVITIES		
Financial net income/(loss)	6,486	3,328
Revenues from participating interests	1,875	8,529
Provisions :		
- Charges	(19)	(37)
- Write-backs	62	0
NET INCOME/(LOSS) FROM RELATED ACTIVITIES	**8,404**	**11,820**
EXCEPTIONAL INCOME/(EXPENSES)		
Various exceptional expenses	15,865	18,932
Provisions:		
- Charges	(282)	(295)
- Write-backs	790	4,103
NET EXCEPTIONAL ITEMS	**16,372**	**22,741**
LOSSES FROM PRIOR YEARS	**(15)**	**362**
NET INCOME/(LOSS) FOR THE PERIOD	**38,962**	**90,528**

STATUTORY AUDITORS' GENERAL REPORT

YEAR ENDED MARCH, 31 2009

(This is a free translation of the original French text for information purposes only.)

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 2008-2009, 2009-2010 and 2010-2011, at the Annual General Meeting of September 19, 2008, pursuant to Article 8 of the same Law, we hereby submit our report on the financial statements for the year ended March 31, 2009.

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, 2009 and the statement of income for the year 2008-2009.

Total assets amounted to €738,515 thousand. The statement of income shows a net income for the year of €38,962 thousand. Stockholders' equity amounted to €571,401 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, 2009 and income statement for the year 2008-2009 presented for your approval give a true and fair view of the financial position of the Company as of March 31, 2009 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, 2009

THE STATUTORY AUDITORS

André GARINO

Louis VIALE

STATUTORY AUDITORS' SPECIAL REPORT

YEAR ENDED MARCH, 31 2009

(This is a free translation of the original French text for information purposes only.)

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 2008-2009 and on the General Stockholders' 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 2008-2009 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.

GENERAL STOCKHOLDERS' MEETINGS HELD DURING THE FINANCIAL YEAR

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

- on September 19, 2008, the Annual General Meeting to approve the financial statements for the year ended March 31, 2008, renew the terms of office of two Directors and appoint the Statutory Auditors.
- on September 19, 2008, the Extraordinary General Meeting to:
  - verify and recognize the fairness of the notarized declaration of subscription and payment relating to the share capital increase performed pursuant to the resolutions adopted by the Extraordinary General Meeting of September 21, 2007. Subsequent amendment of Article 5 of the Bylaws.
  - approve amendment no. 2 to the terms of reference and subsequent amendment of Article 2 of the Bylaws.
  - divide the nominal share value by ten. Subsequent amendments of Articles 5, 7 and 12 of the Bylaws.
  - approve the new share capital increase.

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.

Nous n'avons constaté aucune irrégularité.

Monaco, July 27, 2009

THE STATUTORY AUDITORS

André GARINO

Louis VIALE

BALANCE SHEET AS OF MARCH 31, 2009 IN ACCORDANCE WITH

IN THOUSANDS

ASSETS		2008/2009 FISCAL YEAR GROSS	Depreciation amortization provisions	NET	2007/2008 FISCAL YEAR NET
NON-CURRENT ASSETS					
Intangible assets	Note 3	**20,425**	**18,184**	**2,241**	**1,355**
Concessions, patents & similar		19,299	18,165	1,134	1,260
Leasehold rights		18	18	0	0
Intangible assets in progress		1,107		1,107	95
Property, plant & equipment	Note 4	**984,478**	**538,992**	**445,487**	**452,918**
Land		119,961	38,106	81,855	80,378
Buildings		616,439	342,565	273,874	283,472
Industrial and technical plant		171,662	119,791	51,871	63,096
Other PP&E		53,087	38,529	14,558	16,814
PP&E under construction		17,846		17,846	8,477
Payments on account		5,483		5,483	681
Long-term investments	Note 5	**69,931**	**3,334**	**66,597**	**66,091**
Participating interests		46,309	2,993	43,316	40,320
Other equity investments		22,870	8	22,862	25,402
Loans		510	307	203	205
Other long-term investments		242	26	216	164
TOTAL NON-CURRENT ASSETS		**1,074,834**	**560,509**	**514,325**	**520,364**
CURRENT ASSETS					
Inventory		12,791	117	12,673	12,865
Payments on account - advances paid		1,420		1,420	2,228
Operating receivables		8,431	2,827	5,604	8,487
Other operating receivables		3,552		3,552	2,891
Other receivables		48,554	36,567	11,987	8,274
Cash at bank & in hand and marketable securities		183,996		183,996	174,860
Prepaid expenses		4,957		4,957	4,693
TOTAL CURRENT ASSETS		**263,701**	**39,512**	**224,190**	**214,297**
DEFERRED CHARGES & UNREALIZED FOREIGN EXCHANGE LOSSES		**0**		**0**	**27**
TOTAL ASSETS		**1,338,536**	**600,021**	**738,515**	**734,689**

LIABILITIES & STOCKHOLDERS' EQUITY		2008/2009 FISCAL YEAR	2007/2008 FISCAL YEAR
STOCKHOLDERS' EQUITY			
Common stock		18,062	18,062
Additional paid-in capital		5,374	5,374
Revaluation reserves		191,638	191,638
Statutory reserve		1,806	1,800
Long-term net capital gains reserve			
Contingency reserve		9,398	7,587
Optional reserve		148,799	88,799
Retained earnings		157,361	151,232
Net income /(loss)	Note 8	38,962	90,528
Investment grants	Note 9	13,617	14,736
TOTAL STOCKHOLDERS' EQUITY	Note 7	**585,018**	**569,757**
PROVISIONS FOR CONTINGENCIES & LOSSES			
Provisions for contingencies		3,687	4,068
Provisions for losses		24,928	25,576
TOTAL PROVISIONS FOR CONTINGENCIES & LOSSES	Note 10	**28,615**	**29,644**
LIABILITIES			
Bank borrowings		198	204
Other borrowings		4,933	4,235
Payments on account - advances received		12,506	13,123
Trade payables and related accounts		24,755	25,476
Tax and employee-related liabilities		57,597	70,419
Other operating liabilities		3,661	3,907
Amounts payable on PP&E		6,055	4,053
Other liabilities		6,034	7,308
Prepaid income		9,117	6,563
TOTAL LIABILITIES	Notes 11 & 12	**124,855**	**135,288**
UNREALIZED FOREIGN EXCHANGE GAINS		**26**	
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		**738,515**	**734,689**

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

in thousands of euros		2008/2009 FISCAL YEAR	2007/2008 FISCAL YEAR
OPERATING INCOME			
Net revenues		380,539	435,690
Write-back of depreciation, amortization and provisions	Note 15	21,032	13,353
Expense reclassifications		261	132
Other income		1,427	1,988
TOTAL OPERATING INCOME		**403,259**	**451,163**
OPERATING EXPENSES			
Purchases of bought-in goods		(3,641)	(4,184)
Changes in inventory of bought-in goods		(33)	80
Purchases of raw materials and other supplies		(20,235)	(22,496)
Changes in inventory of raw materials and other supplies		(196)	499
Other purchases and external charges		(106,574)	(109,515)
Share in proceeds from joint ventures			
Duties and taxes other than income tax		(29,106)	(35,411)
Wages and salaries		(101,824)	(104,582)
Employee welfare contributions and similar charges		(47,829)	(48,752)
Depreciation and amortization on fixed assets		(40,649)	(41,259)
Charges to provisions on current assets		(11,615)	(11,913)
Charges to provisions for contingencies and losses		(2,471)	(2,687)
Other charges	Note 15	(24,900)	(14,976)
TOTAL OPERATING EXPENSES		**(389,073)**	**(395,196)**
INCOME/(LOSS) FROM OPERATIONS		**14,186**	**55,967**
FINANCIAL INCOME			
From participating interests and marketable securities		3,096	9,043
Other interest and similar income		4,159	1,885
Foreign exchange gains		129	60
Net proceeds from sale of short-term investment securities		1,779	1,435
Write-back of provisions		62	0
TOTAL FINANCIAL INCOME		**9,224**	**12,424**
FINANCIAL EXPENSES			
Interest and similar charges		(607)	(542)
Foreign exchange losses		(195)	(25)
Net charges on sales of short-term investment securities			
Charges to provisions		(19)	(37)
TOTAL FINANCIAL EXPENSES		**(821)**	**(604)**
NET INCOME/(LOSS) FROM FINANCIAL ITEMS	Note 16	**8,404**	**11,820**
EXCEPTIONAL INCOME			
From non-capital transactions		23	2,635
From capital transactions		20,701	22,677
Write-back of provisions		790	4,103
TOTAL EXCEPTIONAL INCOME		**21,514**	**29,416**
EXCEPTIONAL EXPENSES			
On non-capital transactions			(1)
On capital transactions		(4,859)	(6,380)
Charges to provisions		(282)	(295)
TOTAL EXCEPTIONAL EXPENSES		**(5,142)**	**(6,675)**
NET EXCEPTIONAL ITEMS	Note 17	**16,372**	**22,741**
CORPORATE INCOME TAX			
NET INCOME FOR THE PERIOD		**38,962**	**90,528**

STATEMENT OF CASH FLOWS

in thousands of euros	2008/2009 FISCAL YEAR	2007/2008 FISCAL YEAR
OPERATING ACTIVITIES		
Cash flow before disposal of fixed assets	62,984	109,707
Changes in working capital requirements	(14,112)	26,459
CASH FLOW FROM OPERATING ACTIVITIES	**48,872**	**136,166**
INVESTING ACTIVITIES		
Purchases of PP&E and intangible assets	(35,240)	(22,203)
Investment grants		
Changes in long-term investments and deferred charges	(4,190)	(55)
Proceeds from disposal of assets	19,583	21,557
Changes in amounts payable on PP&E	2,002	(2,788)
CASH FLOW USED IN INVESTING ACTIVITIES	**(17,846)**	**(3,488)**
FINANCING ACTIVITIES		
Draw-downs on credit facility		
Credit line repayments	(6)	(127)
Dividends paid	(22,581)	(14,163)
Share capital increase		33
Changes in stable financing activities	698	34
CASH FLOW (USED IN) FINANCING ACTIVITIES	**(21,890)**	**(14,224)**
CHANGE IN CASH AND CASH EQUIVALENTS	**9,136**	**118,454**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**174,860**	**56,406**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**183,996**	**174,860**

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, 2009, which totaled €738,515,000 and the statement of income for the period ended March 31, 2009 which recorded a profit of €38,962,000.

The 12-month fiscal year covers the period from April 1, 2008 to March 31, 2009.

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

- ***IIntangible 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, 2009, the estimated residual value of these properties upon expiry of the current concession would be around €4.6 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

After the disposal of 1,000,000 shares in previous fiscal years, covering the initial investment of €38.1 million and generating a capital gain of €47.1 million, the Group carried out further disposals in the 2008/2009 fiscal year, including the settlement in February 2009 of "zero cost collar" derivative instruments set up in August 2007 involving 200,000 shares. With a guaranteed minimum price of $110 per share, these instruments were settled following the allocation of the corresponding shares. The transaction resulted in proceeds of $22.0 million, i.e. €17.3 million, and generated a capital gain of €14.8 million in the 2008/2009 financial statements.

These disposals do not call into question the strategic partnership in place, mainly involving an exchange of competencies in all areas common to both groups and the development of targeted initiatives from both a business and marketing perspective.

Société des Bains de Mer still holds 1,800,000 shares of Wynn Resorts, Limited, equivalent to around 1.5% of share capital.

In addition, the Group obtained the partial reimbursement from the US tax authorities of the withholding tax applied to the one-off dividend distribution performed by Wynn Resorts, Limited in December 2007. This reimbursement generated a €1.8 million gain in the 2008/2009 financial statements

• Investment in Mangas Gaming

Mangas Gaming was set up in 2008 by Stéphane Courbit's asset holding company, Financière Lov, in order to acquire a 75% controlling interest in Betclic, the European sports betting and on-line gaming operator.

In response to changes in regulations and the opening of French and European on-line gaming markets, in November 2008, Société des Bains de Mer and Financière Lov decided to set up a joint partnership in order to further the development of Mangas Gaming in a rapidly growing sector. Under the terms of this partnership, the subscription by S.B.M. to a share capital increase for a 50% joint stake with Financière Lov in Mangas Gaming provided the latter with the necessary funds to finance the acquisition of other active European companies in this sector, while enabling S.B.M. to enhance the reputation and prestige of the Monte-Carlo S.B.M. brand in the on-line gaming sector.

Formalized by the signing on February 10, 2009 of a set of agreements organizing the working relationship and the S.B.M. Group's investment in Mangas Gaming, this transaction remained subject to certain conditions precedent, including the standard provisions regarding the approval of the regulatory authorities.

These conditions precedent were satisfied as from March 31, 2009 and the transaction was completed on May 19. The S.B.M. Group thus subscribed to the Mangas Gaming share capital increase in the amount of €70 million and now holds 50% of the company.

Pursuant to the agreements, the S.B.M. Group has undertaken to subscribe to a new share capital increase in 2012 (Subsequent Capital Increase) based on the Betclic Group's performances measured in 2011 in terms of gross gaming revenue and EBITDA. The Subsequent Capital Increase will be capped at €70 million, so that the total investment made by S.B.M. in respect of the two-tier subscription for a 50% stake in Mangas Gaming will amount to between €70 million and €140 million.

The S.B.M. Group has now undertaken to grant Mangas Gaming a maximum loan of €70 million, in the form of current account advances not bearing interest until June 30, 2012. The sole purpose of the loan is to finance the acquisition of new companies. The agreements provide for different repayment terms and conditions for this advance, particularly repayment by offsetting at the time of the Subsequent Capital Increase.

Furthermore, on May 19, Mangas Gaming acquired a controlling interest from the founders of Bet-at-home. Bet-at-home, a company listed in Frankfurt, is a sports betting and on-line gaming operator present in Central European and Eastern European markets. This agreement included a public offering for the Bet-at-home minority shareholders and Mangas Gaming now holds almost 50% of this company.

Finally, on March 5, 2009, Mangas announced the acquisition of the entire business activities of Expekt, one of the main on-line sports betting operators, present in the Scandinavian and North European markets, and also a major player in the on-line poker sector. This transaction has yet to be finalized and remains subject to the approval of the regulatory authorities.

With these acquisitions, Mangas Gaming enters the European top 5 in this sector, with over 4 million clients and almost 500 employees. With coverage in more than 25 countries, the new group now enjoys a balanced position in Continental Europe with a strong local foothold and proposes sites available in 24 languages.

NOTE 3 - INTANGIBLE ASSETS

in thousands of euros	March 31, 2008	Increases	Decreases	March 31, 2009
GROSS VALUES				
Concessions and similar rights	18,647	674	(22)	19,299
Other	18			18
Assets under development	95	1,012		1,107
TOTAL GROSS VALUES	18,761	1,686	(22)	20,425
AMORTIZATION AND PROVISIONS	17,405	800	(22)	18,184
TOTAL NET VALUES	**1,355**	**885**	**0**	**2,241**

NOTE 4 - PROPERTY, PLANT & EQUIPMENT

in thousands of euros	March 31, 2008	Increases	Decreases	March 31, 2009
GROSS VALUES				
Land	118,484	1,477		119,961
Buildings	606,641	10,391	(593)	616,439
Industrial and technical plant	169,969	4,563	(2,870)	171,662
Other property, plant & equipment	53,631	2,149	(2,693)	53,087
Payments on account on PP&E under construction (1)	9,158	14,975	(804)	23,329
TOTAL GROSS VALUES	957,883	33,555	(6,959)	984,478
DEPRECIATION AND PROVISIONS				
Land	38,106			38,106
Buildings	323,169	19,950	(555)	342,565
Industrial and technical plant	106,873	15,581	(2,662)	119,791
Other property, plant & equipment	36,817	4,317	(2,605)	38,529
TOTAL DEPRECIATION AND PROVISIONS	504,965	39,848	(5,822)	538,992
TOTAL NET VALUES	**452,918**	**(6,294)**	**(1,137)**	**445,487**

(1) of which €7,457,000 for the renovation of the Monte-Carlo Beach Hotel and €4,620,000 for the ongoing work at the Hôtel Hermitage (creation of a conference room and renovation of the Midi and Costa wings).

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, 2009.
- 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 €85,371,000 as of March 31, 2009 and the annual charge totaled €1,524,000.

NOTE 5 - LONG-TERM INVESTMENTS

in thousands of euros	Net value March 31, 2008	Gross value March 31, 2009	Write-down March 31, 2009	Net value March 31, 2009
LONG-TERM INVESTMENTS				
Participating interests & related receivables	40,320	46,309	2,993	43,316
Other equity investments	25,402	22,870	8	22,862
Loans	205	510	307	203
Other long-term investments	164	242	26	216
TOTAL	**66,091**	**69,931**	**3,334**	**66,597**

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

The heading "Other equity investments" comprises the acquisition cost of the Wynn Resorts, Limited securities in the amount of €22,862,000 (counter-value as of March 31,2009 of $27,000,000 for the 1.8 million shares at $15). The Wynn Resorts, Limited share is listed on the Nasdaq and its closing price as of March 31, 2009 was $19.97 (code: WYNN).

NOTE 6 - ACCRUED INCOME

Accrued income is included in the following balance sheet items:

in thousands of euros	March 31, 2008	March 31, 2009
RECEIVABLES		
Operating receivables	1,364	110
Sundry receivables	335	140
MARKETABLE SECURITIES & CASH AT BANK AND IN HAND		
Marketable securities	51	
Cash at bank and in hand	245	214
TOTAL	**1,994**	**465**

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, 2008	**18,062**	**5,374**	**191,638**	**249,418**	**90,528**	**14,736**	**569,757**
Prior year appropriation				90,528	(90,528)		
Dividends & bonus percentage of profits				(22,581)			(22,581)
Share capital increase							
Net income for the period					38,962		38,962
Other changes						(1,119)	(1,119)
AS OF MARCH 31, 2009	**18,062**	**5,374**	**191,638**	**317,365**	**38,962**	**13,617**	**585,018**

The share capital of Société des Bains de Mer comprises 18,062,140 shares each with a par value of €1:

- 12,062,140 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, which holds 69.5% of share capital as of March 31, 2009, is the sole declared shareholder with an interest exceeding the 5% threshold.

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		2008/2009 FISCAL YEAR
ORIGINAL APPROPRIATION		
Net income for the year		38,962
Retained earnings		157,361
TOTAL TO BE APPROPRIATED		**196,323**
PROPOSED APPROPRIATION		
Cumulative preferred dividend	€ 0.01 x 18,128,220 shares	181
Statutory reserve		7
Contingency reserve		779
Optional reserve		
Dividends	€ 0.59 x 18,128,220 shares	10,696
Board of Directors		1,163
Retained earnings		183,497
TOTAL PROPOSED APPROPRIATION		**196,323**

NOTE 9 - INVESTMENT GRANTS

in thousands of euros	Net value March 31, 2008	Grants received	Added back to profit or loss	Net value March 31, 2009
TOTAL	**14,736**		**(1,119)**	**13,617**

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 €1,119,000 was recognized in exceptional items for fiscal year 2008/2009.

NOTE 10 - PROVISIONS FOR CONTINGENCIES AND LOSSES

in thousands of euros	March 31 2008	Increases	Write-back used	Write-back not used	March 31 2009
PROVISIONS FOR CONTINGENCIES AND LOSSES					
Provisions for litigations	1,586	78	(450)		1,214
Other contingency provisions	2,481	718	(202)	(525)	2,473
Pension commitments and related commitments (1)	25,570	1,675		(2,316)	24,928
Other loss provisions	7			(7)	
TOTAL	**29,644**	**2,471**	**(652)**	**(2,848)**	**28,615**

(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, 2009 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 (5.55% at 15 years)
- life expectancy tables: TVTD 88/90 for retirement termination payments – TPRV 93 for pension commitments

These obligations are valued at €23.1 million as of March 31, 2009. 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 €1.8 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 €121,000 for fiscal year 2008/2009.

NOTE 11 - BORROWINGS

in thousands of euros	March 31, 2008	March 31, 2009
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	1,834	1,496
Due date more than 1 year	2,605	3,635
TOTAL	**4,439**	**5,131**

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 10 years and four months as of December 1, 2004, this credit facility calls for a maximum principal amount of €160 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 6 years beginning April 1, 2005. This mechanism is described in the second paragraph of Note 19 Financial instruments.
Other “Borrowings and financial liabilities” concern guarantees received form third parties.

NOTE 12 - OTHER LIABILITIES

in thousands of euros	March 31, 2008	March 31, 2009
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	127,231	114,431
Due date more than 1 year	3,618	5,293
TOTAL	**130,849**	**119,724**

NOTE 13 - ACCRUED EXPENSES

Accrued expenses are included in the following balance sheet items:

in thousands of euros	March 31, 2008	March 31, 2009
Trade payables and related accounts	11,972	10,644
Tax and employee-related liabilities	26,423	25,388
Other liabilities	2,103	2,662
Amounts payables on PP&E and related accounts	1,150	1,346
TOTAL	**41,648**	**40,041**

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)	40,316	3,000
Various receivables	44,309	190
Other liabilities	966	

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

Irrecoverable trade receivables were recognized in fiscal year 2008/2009 under “Other expenses” for €10.2 million, compared to €2.4 million in the previous year. The provisions previously set aside in the same amounts were written back.

NOTE 16 - NET INCOME FROM FINANCIAL ITEMS

Net income from financial items mainly comprised the income from investments in the amount of €6.1 million.

In addition, the partial reimbursement of the withholding tax applied to the previous dividend distribution by Wynn Resorts, Limited in December 2007 generated an income of €1.7 million.

NOTE 17 - EXCEPTIONAL ITEMS

Exceptional items include the sale of 200,000 Wynn Resorts, Limited shares during fiscal 2008/2009 for $22.0 million or €17.3 million, generating a €14.8 million capital gain.

NOTE 18 - HUMAN RESOURCES

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

	March 31, 2008	March 31, 2009
Managers	467	477
Supervisors	139	139
Employees	2,539	2,507
TOTAL	**3,145**	**3,123**

NOTE 19 - FINANCIAL INSTRUMENTS

• *Foreign exchange instruments*

As its operating and investing cash flows are mainly denominated in euros, and the investment in Wynn Resorts, Limited denominated in US dollars, the Group is exposed to the fluctuations in the parity between these two currencies. Hence, forward sales were carried out during the 2008/2009 fiscal period in the amount of US$22 million. These instruments were settled at maturity in March 2009.

• *Interest rate instruments*

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

This instrument covers a period of six years as from April 1, 2005 and caps the interest rate at 4.19%. The hedged notional amount increases over the first year up to a maximum amount of €117 million, and is amortized over the period to maturity. As of March 31, 2009, the hedged notional amount was €93 million.

• *Equity instruments*

Finally, the Company wished to hedge a portion of its investment in the US company, Wynn Resorts, Limited, against equity risk as follows:

- subscription in August 2007 to collar derivative instruments for a total of 200,000 shares, guaranteeing, at maturity in February 2009, a minimum price of $110 and a maximum price varying between $133.99 for the first half of the aforementioned shares and $135.23 for the other half.

These instruments were settled at maturity following the allocation of the corresponding shares. The transaction resulted in proceeds of $22.0 million, i.e. €17.3 million, and generated a capital gain of €14.8 million in the 2008/2009 financial statements.

• *Fair value of financial instruments*

in thousands of euros	March 31, 2008	March 31, 2009
Foreign exchange instruments		
Interest rate instruments	1,217	(612)
Equity instruments	1,893	
TOTAL	**3,110**	**(612)**

NOTE 20 - OFF-BALANCE SHEET COMMITMENTS

in thousands of euros	March 31, 2008	March 31, 2009
COMMITMENTS GIVEN		
Deposits and guarantees	97	97
COMMITMENTS RECEIVED		
Shares deposited by Directors	5	5
Deposits and guarantees (1)	2,425	7,211
RECIPROCAL COMMITMENTS		
Firm capital expenditure orders (2)	12,386	30,275
Other firm orders (3)	9,233	6,283
Opening of credit facility and confirmed unused overdrafts	165,000	165,000

(1) Guarantees received mainly comprise the completion bonds issued by banks with respect to development operations.

(2) Primarily comprises commitments entered into as part of investment and renovation projects, including the Hôtel Hermitage (€5,498,000), the Balmoral building (€4,090,000), the Monte-Carlo Beach Hotel (€7,234,000) and the Casino (€6,105,000).

(3) 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	31/01/1985	25/02/2043
- Société Civile Immobilière Belle Epoque	30/10/1995	29/10/2035

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	(3,640)	96.00	(9)	2,352				
Société Anonyme Monégasque d'Entreprise de Spectacles (S.A.M.E.S.) - Monaco	150	339	99.20	47	38	38			57
Société Anonyme Monégasque Générale d'Hôtellerie (SOGETEL) - Monaco	1,000	1,712	97.00	2,875	955	955			
Société Financière et d'Encaissement (S.F.E.) - Monaco	1,000	188	97.00	25	822	822			
S.B.M. Incorporated New York (Etats-Unis)	641	(834)	100.00	60	641				
Société Civile Particulière Soleil du Midi - Monaco	2		99.00		13,360	13,360	149		
Société Civile Immobilière de l'Hermitage - Monaco	150	52	1.00	11	138	138	24,846		
Monaco Sports Partenaires	150		40.00		60	60	2,940		

CONTRACTUAL AUDITOR'S AND STATUTORY AUDITORS' REPORT

on the financial statements prepared in accordance with French accounting regulations
Year ended March 31, 2009

This is a free translation into English of the Contractual Auditor's and Statutory Auditors' report signed and issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessment of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements of the company taken as a whole and not to provide separate assurance on individual account captions or on information taken out of the financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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 for the year ended March 31, 2009.

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 future prospects. Our role is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with international accounting standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, by means of tests or other selection methods, 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. We believe we have gathered sufficient and appropriate evidence on which to base our 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, 2009 and the results of its operations for the year then ended, in accordance with French accounting regulations.

Neuilly-sur-Seine and Monaco, July 27, 2009

The contractual Auditor

Deloitte & Associés

Didier NOVELLA

The Statutory Auditors

Louis VIALE

André GARINO

COMPANY RESULTS OVER THE LAST FIVE FISCAL YEARS

	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005
Stockholder's equity					
Common stock (in thousands of euros)	18,062	18,062	18,029	18,000	18,000
Number of ordinary shares	18,062,140	1,806,214	1,802,920	1,800,000	1,800,000
Operations and income for the year (in thousands of euros)					
Revenues before income tax	380,539	435,690	374,474	352,776	344,254
Net income/(loss) after income tax, but before depreciation, amortization & provisions	72,114	129,262	86,583	70,928	30,082
Net income/(loss) after income tax, depreciation, amortization & provisions	39,362	90,528	51,508	34,517	25,333
Dividends paid to stockholders	10,877	19,868	12,620	8,550	6,750
Per share data (1) (in euros)					
Net income/(loss) after income tax, but before depreciation, amortization & provisions	3.99	71.57	48.02	39.40	16.71
Net income/(loss) after income tax, depreciation, amortization & provisions	2.18	50.12	28.57	19.18	14.07
Dividend per share	0.60	11.00	7.00	4.75	3.75
Employees					
Number of employees as of March 31	2,878	2,982	2,877	2,844	2,864
Total payroll for the year (2) (in thousands of euros)	104,582	104,582	95,338	92,644	90,913
Employees benefits for the year (social security, social welfare, etc.) (3) (in thousands of euros)	47,829	48,752	46,007	44,544	42,591

(1) division of the share nominal value by then 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, 2009

IN THOUSANDS OF EUROS

ASSETS		2008/2009	2007/2008
Goodwill	Note 4		
Intangible assets	Note 4	**2,249**	**1,372**
Property, plant & equipment	Note 5	**488,092**	**493,436**
Available-for-sale financial assets		27,080	127,305
Other financial assets		3,328	312
Non-current financial assets	Note 6	**30,407**	**127,616**
NON-CURRENT ASSETS		**520,748**	**622,424**
Inventory	Note 7	13,569	13,556
Trade receivables	Note 8	18,051	22,512
Other receivables	Note 9	15,767	13,077
Other current financial assets	Note 10	62	3,169
Cash and cash equivalents	Note 11	196,005	183,373
CURRENT ASSETS		**243,454**	**235,688**
Assets held for sale	Note 6		
TOTAL ASSETS		**764,202**	**858,112**

LIABILITIES & EQUITY		2008/2009	2007/2008
Common stock		18,062	18,062
Additional paid-in capital		5,374	5,374
Reserves		512,223	441,322
Reserves related to the change in fair value of financial assets registred in equity		4,149	103,990
Consolidated net income for the period		40,566	93,483
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**580,374**	**662,231**
Minority interests		208	121
EQUITY		**580,582**	**662,353**
Financial liabilities and borrowings	Note 12	3,443	1,782
Employee benefits	Note 13	24,988	25,624
Provisions	Note 14	1,430	1,454
Other non-current liabilities	Note 15	17,829	17,279
TOTAL NON-CURRENT LIABILITIES		**628,271**	**708,491**
Trade payables	Note 16	27,420	28,298
Other payables	Note 17	106,167	118,103
Provisions	Note 14	1,066	1,128
Financial liabilities	Note 12	1,278	2,092
Bank	Notes 11 & 12		
TOTAL CURRENT LIABILITIES		**135,931**	**149,620**
TOTAL LIABILITIES & EQUITY		**764,202**	**858,112**

CONSOLIDATED STATEMENT OF INCOME

IN THOUSANDS OF EUROS

		2008/2009	2007/2008
Revenue	Note 18	**400,035**	**457,574**
Cost of goods sold, raw materials & other supplies		(39,844)	(42,029)
Other external charges		(100,087)	(102,222)
Taxes and similar payments		(29,106)	(35,411)
Wages and salaries	Note 19	(164,393)	(170,498)
Depreciation and amortization	Notes 4 & 5	(41,599)	(42,609)
Other operating income and expenses	Note 20	(5,991)	(664)
Operating income	Note 21	**19,015**	**64,140**
Income from cash and cash equivalents		6,167	3,491
Gross finance costs		(1,549)	162
Net finance costs	Note 22	**4,619**	**3,654**
Other financial income and expenses	Note 22	17,019	25,876
Income tax expense			
CONSOLIDATED NET INCOME		**40,653**	**93,669**
Minority interest share		(87)	(186)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**40,566**	**93,483**
Number of shares issued		**18,062,140**	**1,806,214**
Net earnings per share (in euros)		**2.25**	**51.76**
Net diluted earnings per share (in euros)		**2.25**	**51.76**

CONSOLIDATED STATEMENT OF CASH FLOWS

IN THOUSANDS OF EUROS

		2008/2009	2007/2008
OPERATING ACTIVITIES			
Consolidated net income attributable to equity holders of the parent		40,566	93,483
Minority interest share		87	186
Amortization		41,599	42,609
Portion of investment grant recorded in profit or loss		(1,119)	(1,120)
Changes in provisions		(722)	(244)
Gains and losses on changes in fair value		1,754	(202)
Other income and expenses calculated		(38)	32
Capital gains and losses on disposal		(14,754)	(16,883)
Cash generated from operations		**67,374**	**117,862**
Net finance costs (excluding change in fair value) and income tax expense		(6,576)	(3,155)
Cash generated from operations before net finance costs and income tax expense		**60,797**	**114,707**
Tax paid			
Decrease/(increase) in WCR relating to operations		(11,436)	22,775
CASH FLOW FROM OPERATING ACTIVITIES		**49,361**	**137,482**
INVESTING ACTIVITIES			
Purchase of PP&E and intangible assets		(35,420)	(25,910)
Gains on disposal of PP&E and intangible assets		18,814	21,563
Impact of changes in scope of consolidation			
Change in loans and advances granted		(4,223)	(81)
CASH FLOW USED IN INVESTING ACTIVITIES		**(20,830)**	**(4,428)**
FINANCING ACTIVITIES			
Dividends paid		(22,582)	(14,163)
Minority contributions and changes in scope of consolidation			(104)
Share capital increase			33
Changes in stable financing activities (including credit line)	Note 12	235	399
Net interest received (paid)	Note 22	6,576	3,155
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**(15,771)**	**(10,679)**
CHANGE IN CASH AND CASH EQUIVALENTS		**12,760**	**122,374**
Cash and cash equivalents at beginning of period		**183,373**	**60,787**
Cash restated at fair value		(128)	212
Cash and cash equivalents at end of period		**196,005**	**183,373**
Cash and cash equivalents - Assets		196,005	183,373
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, 2005	**18,000**	**5,374**	**118,678**	**388,996**	**531,049**	**37**	**531,086**
Dividend paid				(7,507)	(7,507)	(0)	(7,508)
Change in fair value of financial assets			13,377		13,377		13,377
Net income for the period				30,010	30,010	1	30,011
March 31, 2006	**18,000**	**5,374**	**132,055**	**411,500**	**566,929**	**38**	**566,966**
Dividend paid				(9,583)	(9,583)	(0)	(9,584)
Share capital increase	29				29		29
Change in fair value of financial assets			2,676		2,676		2,676
Net income for the period				53,568	53,568	2	53,570
March 31, 2007	**18,029**	**5,374**	**134,731**	**455,484**	**613,619**	**39**	**613,658**
Dividend paid				(14,163)	(14,163)	(0)	(14,163)
Share capital increase	33				33		33
Change in fair value of financial assets			(30,741)		(30,741)		(30,741)
Net income for the period				93,483	93,483	83	93,566
March 31, 2008	**18,062**	**5,374**	**103,990**	**534,804**	**662,231**	**121**	**662,353**
Dividend paid				(22,581)	(22,581)	(0)	(22,582)
Share capital increase							
Change in fair value of financial assets			(99,841)		(99,841)		(99,841)
Net income for the period				40,566	40,566	87	40,653
March 31, 2009	**18,062**	**5,374**	**4,149**	**552,789**	**580,374**	**208**	**580,582**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Following the split of the par value by ten on March 12, 2009, pursuant to the decision of the Extraordinary General Meeting of September 19, 2008, and the multiplication of the number of outstanding shares by ten, the share capital of Société des Bains de Mer comprised 18,062,140 shares each with a par value of €1:

- 12,062,140 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, which holds 69.5% of the share capital as of March 31, 2009, is the sole declared shareholder with an interest exceeding the 5% threshold.

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 2008/2009 were approved by the Board of Directors at its meeting held on June 19, 2009.

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 Group did not opt for the early application of the following standards and interpretations applicable to fiscal periods beginning on or after January 1, 2009 and approved by the European Union on the date of approval of the financial statements:

- IFRS 8, Operating Segments, applicable to fiscal periods beginning on or after January 1, 2009
- IAS 1 (revised), Presentation of financial statements, applicable to fiscal periods beginning on or after January 1, 2009

and IFRS 3(revised) Business Combinations, applicable to fiscal periods beginning on or after July 1, 2009, issued by the IASB (International Accounting Standards Board) but not yet approved by the European Union.

• *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 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, which simply serves as a sales office.

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

The list of subsidiaries included in the scope of consolidation as of March 31, 2009 is as follows:

- ***2.2.2. Companies consolidated as of March 31, 2009***

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

- ***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 for S.C.P. Soleil du Midi and S.C.I. de l'Hermitage which draw up their financial statements to December 31

- ***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 Leases, 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

Equity investments in non-consolidated companies are classified as "Available-for-sale financial assets" and recognized at fair value. Unrealized capital gains and losses are recognized under a separate equity line item. A permanent impairment loss is recognized in profit or loss for the period.

• 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***

After the disposal of 1,000,000 shares in previous fiscal years, covering the initial investment of €38.1 million and generating a capital gain of €47.1 million, the Group carried out further disposals in the 2008/2009 fiscal year, including the settlement in February 2009 of “zero cost collar” derivative instruments set up in August 2007 involving 200,000 shares. With a guaranteed minimum price of $110 per share, these instruments were settled following the allocation of the corresponding shares. The transaction resulted in proceeds of $22.0 million, i.e. €17.3 million, and generated a capital gain of €14.8 million in the 2008/2009 financial statements.

These disposals do not call into question the strategic partnership in place, mainly involving an exchange of competencies in all areas common to both groups and the development of targeted initiatives from both a business and marketing perspective.

Société des Bains de Mer still holds 1,800,000 shares of Wynn Resorts, Limited, equivalent to around 1.5% of share capital.

In addition, the Group obtained the partial reimbursement from the US tax authorities of the withholding tax applied to the one-off dividend distribution performed by Wynn Resorts, Limited in December 2007. This reimbursement generated a €1.8 million gain in the 2008/2009 financial statements.

- ***Investment in Mangas Gaming***

Mangas Gaming was set up in 2008 by Stéphane Courbit’s asset holding company, Financière Lov, in order to acquire a 75% controlling interest in Betclic, the European sports betting and on-line gaming operator.

In response to changes in regulations and the opening of French and European on-line gaming markets, in November 2008, Société des Bains de Mer and Financière Lov decided to set up a joint partnership in order to further the development of Mangas Gaming in a rapidly growing sector. Under the terms of this partnership, the subscription by S.B.M. to a share capital increase for a 50% joint stake with Financière Lov in Mangas Gaming provided the latter with the necessary funds to finance the acquisition of other active European companies in this sector, while enabling S.B.M. to enhance the reputation and prestige of the Monte-Carlo S.B.M. brand in the on-line gaming sector.

Formalized by the signing on February 10, 2009 of a set of agreements organizing the working relationship and the S.B.M. Group’s investment in Mangas Gaming, this transaction remained subject to certain conditions precedent, including the standard provisions regarding the approval of the regulatory authorities.

These conditions precedent were satisfied as from March 31, 2009 and the transaction was completed on May 19. The S.B.M. Group thus subscribed to the Mangas Gaming share capital increase in the amount of €70 million and now holds 50% of the company.

Pursuant to the agreements, the S.B.M. Group has undertaken to subscribe to a new share capital increase in 2012 (Subsequent Capital Increase) based on the Betclic Group’s performances measured in 2011 in terms of gross gaming revenue and EBITDA. The Subsequent Capital Increase will be capped at €70 million, so that the total investment made by S.B.M. in respect of the two-tier subscription for a 50% stake in Mangas Gaming will amount to between €70 million and €140 million.

The S.B.M. Group has now undertaken to grant Mangas Gaming a maximum loan of €70 million, in the form of current account advances not bearing interest until June 30, 2012. The sole purpose of the loan is to finance the acquisition of new companies. The agreements provide for different repayment terms and conditions for this advance, particularly repayment by offsetting at the time of the Subsequent Capital Increase.

Furthermore, on May 19, Mangas Gaming acquired a controlling interest from the founders of Bet-At-Home. Bet-At-Home, a company listed in Frankfurt, is a sports betting and on-line gaming operator present in Central European and Eastern European markets. This agreement included a public offering for the Bet-At-Home minority shareholders and Mangas Gaming now holds almost 50% of this company.

Finally, on March 5, 2009, Mangas announced the acquisition of the entire business activities of Expekt, one of the main on-line sports betting operators, present in the Scandinavian and North European markets, and also a major player in the on-line poker sector. This transaction has yet to be finalized and remains subject to the approval of the regulatory authorities.

With these acquisitions, Mangas Gaming enters the European top 5 in this sector, with over 4 million clients and almost 500 employees. With coverage in more than 25 countries, the new group now enjoys a balanced position in Continental Europe with a strong local foothold and proposes sites available in 24 languages.

NOTES TO THE CONSOLIDATED BALANCE SHEET

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, 2007	20	22,810	128	234	23,171
Acquisitions		659		(139)	521
Asset disposals / removals					
Gross values as of March 31, 2008	20	23,469	128	95	23,692
AmortiAmortization / impairment as of April 1, 2007		21,313	128		21,441
Amortization / impairment	20	879			879
Asset disposals / removals					
Amortization as of March 31, 2008	20	22,192	128		22,320
NET VALUES AS OF MARCH 31, 2008		**1,276**	**0**	**95**	**1,372**
Gross values as of April 1, 2008	20	23,469	128	95	23,692
Acquisitions		681		1,015	1,695
Asset disposals / removals		22			22
Gross values as of March 31, 2009	20	24,171	128	1,110	25,409
Amortization / impairment as of April 1, 2008	20	22,192	128		22,320
Amortization / impairment		819			819
Asset disposals / removals		22			22
Amortization / impairment as of March 31, 2009	20	23,033	128		23,160
NET VALUES AS OF MARCH 31, 2009		**1,138**	**0**	**1,110**	**2,249**

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, 2008.
- 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 March 31, 2007	156,984	604,145	161,921	57,009	12,133	992,192
Acquisitions		8,182	14,105	3,300	(2,961)	22,627
Asset disposals / removals		(5,455)	(3,177)	(3,385)		(12,017)
Gross values as of March 31, 2008	156,984	606,872	172,848	56,925	9,172	1,002,801
Amortization as of March 31, 2007	38,106	308,531	94,980	37,185		478,803
Amortization charges		19,800	16,915	5,015		41,730
Asset disposals / removals		(5,099)	(2,906)	(3,162)		(11,168)
Amortization as of March 31, 2008	38,106	323,232	108,990	39,038		509,366
NET VALUES AS OF MARCH 31, 2008	**118,878**	**283,640**	**63,859**	**17,887**	**9,172**	**493,436**
Gross values as of March 31, 2008	156,984	606,872	172,848	56,925	9,172	1,002,801
Acquisitions	1,477	10,469	4,843	2,522	16,463	35,774
Asset disposals / removals		(593)	(2,997)	(2,705)		(6,296)
Gross values as of March 31, 2009	158,461	616,748	174,693	56,741	25,635	1,032,280
Amortization as of March 31, 2008	38,106	323,232	108,990	39,038		509,366
Amortization charges		19,980	16,053	4,748		40,781
Asset disposals / removals		(555)	(2,790)	(2,614)		(5,958)
Amortization as of March 31, 2009	38,106	342,657	122,253	41,171		544,188
NET VALUES AS OF MARCH 31, 2009	**120,355**	**274,091**	**52,441**	**15,570**	**25,635**	**488,092**

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, 2009, the estimated residual value of these properties upon expiry of the current concession would be around €4.6 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 - NON-CURRENT FINANCIAL ASSETS / ASSETS HELD FOR SALE

in thousands of euros	Available-for sale financial assets	Long term loans	Other financial assets	Total non current financial assets	Assets held for sale
Gross values as of March 31, 2007	164,480	338	210	165,027	
Acquisitions		49	16	65	
Disposals	(21,419)		0	(21,419)	
Reclassifications					
Changes in value	(15,107)			(15,107)	
Gross values as of March 31, 2008	127,953	386	226	128,566	
Impairment as of March 31, 2007	649	222	49	919	
Impairment/reversal of impairment		18	13	30	
Impairment as of March 31, 2008	649	240	61	950	
NET VALUES AS OF MARCH 31, 2008	**127,305**	**147**	**165**	**127,616**	
Gross values as of March 31, 2008	127,953	386	226	128,566	
Acquisitions			2,983	2,983	
Disposals	(17,308)	(4)	(1)	(17,313)	
Reclassifications					
Changes in value	(82,917)			(82,917)	
Gross values as of March 31, 2009	27,728	382	3,208	31,319	
Impairment as of March 31, 2008	649	240	61	950	
Impairment/reversal of impairment		(3)	(35)	(38)	
Impairment as of March 31, 2009	649	236	26	911	
NET VALUES AS OF MARCH 31, 2009	**27,080**	**146**	**3,182**	**30,407**	

"Available-for-sale financial assets" primarily represents:

- the recording of securities and related receivables of the subsidiary S.B.M. U.S.A., incorporated in the United States, for a gross value of €641,000, which was fully written down as of March 31, 2009
- the investment in Monaco Sports Partenaires in the gross amount of €60,000, with the €2,940,000 current account advance for this company being presented in "Other financial assets"
- the recording of 1,800,000 Wynn Resorts, Limited shares at their fair value, i.e. €27,011,000 the Wynn Resorts, Limited share, listed on the Nasdaq, trading at $19.97 as of March 31, 2009, whereas the unit purchase price was $15 in June 2003. The 1,800,000 shares represent approximately 1.5% of the Wynn Resorts, Limited share capital.

In addition, the changes in the fair value of the investment in Wynn Resorts, Limited during the period resulted in the recognition of a loss directly in equity for €99,841,000 and a gain of €2,097,000 recorded in "Other financial income and expenses" corresponding to changes in the value of securities subject to a hedge as described in the Notes 3 and 24.

NOTE 7 - INVENTORY

in thousands of euros	Inventory
Gross values as of March 31, 2008	13,730
Write-down as of March 31, 2008	174
NET VALUES AS OF MARCH 31, 2008	**13,556**
Gross values as of March 31, 2009	13,705
Write-down as of March 31, 2009	136
NET VALUES AS OF MARCH 31, 2009	**13,569**

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

NOTE 8 - TRADE RECEIVABLES

in thousands of euros	Trade receivables
Gross values as of March 31, 2008	66,960
Write-down as of March 31, 2008	44,448
NET VALUES AS OF MARCH 31, 2008	**22,512**
Gross values as of March 31, 2009	55,994
Write-down as of March 31, 2009	37,943
NET VALUES AS OF MARCH 31, 2009	**18,051**

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 values as of March 31, 2008	2,263	3,561	2,643	6,027	14,494
Write-down as of March 31, 2008			1,416		1,416
NET VALUES AS OF MARCH 31, 2008	**2,263**	**3,561**	**1,227**	**6,027**	**13,077**
Gross values as of March 31, 2009	1,451	4,342	4,264	7,044	17,101
Write-down as of March 31, 2009	0	0	1,334	0	1,334
NET VALUES AS OF MARCH 31, 2009	**1,451**	**4,342**	**2,930**	**7,044**	**15,767**

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

NOTE 10 - OTHER FINANCIAL ASSETS

in thousands of euros	Loans	Other financial assets	Fair value of derivative instruments (1)	Total
Gross values as of March 31, 2008	129		3,110	3,239
Write-down as of March 31, 2008	70			70
NET VALUES AS OF MARCH 31, 2008	**59**	**0**	**3,110**	**3,169**
Gross values as of March 31, 2009	132			132
Write-down as of March 31, 2009	70			70
NET VALUES AS OF MARCH 31, 2009	**62**	**0**	**0**	**62**

(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, 2008	March 31, 2009
MARKETABLE SECURITIES, CASH AT BANK AND IN HAND AND NET CASH POSITION		
Marketable securities (1)	73,834	54,155
Term and sight deposits	109,540	141,851
TOTAL CASH ASSETS	**183,373**	**196,005**
Creditor banks		
CASH POSITION	**183,373**	**196,005**
(1) including gain (loss) in fair value	246	117

NOTE 12 - BORROWINGS, FINANCIAL LIABILITIES AND CREDITOR BANKS

in thousands of euros	March 31, 2008	March 31, 2009
ANALYSIS BY CATEGORY		
Borrowings with credit institutions	204	198
Borrowings relating to finance leases	697	549
Other liabilities and deposits	2,973	3,362
Fair value of derivative instruments (1)		612
Bank accounts showing a credit balance		
TOTAL	**3,874**	**4,721**
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	2,092	1,278
Due date of between 1 and 5 years	1,782	3,443
Due date more than 5 years		
TOTAL	**3,874**	**4,721**

(1) 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 €160 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 6 years beginning April 1, 2005. This mechanism is described in the second paragraph of Note 24 Financial instruments.

Confirmed credit lines and overdrafts as of March 31, 2009 break down as follows:

in thousands of euros	Available	Used	Not used
Floating-rate revolving credit facility	160,000		160,000
Confirmed overdrafts	5,000		5,000
TOTAL	**165,000**		**165,000**
ANALYSIS BY REPAYMENT DUE DATES			
Due date less than 1 year	5,000		5,000
Due date of between 1 and 5 years	120,000		120,000
Due date more than 5 years	40,000		40,000

NOTE 13 - EMPLOYEE BENEFITS

in thousands of euros	March 31 2008	Expense for the year	Payments	Other changes	March 31 2009
Termination benefits	9,232	1,103	(1,040)		9,294
Retirement benefits	16,221	559	(1,248)		15,532
Long-service benefits	171	22	(32)		161
TOTAL	**25,624**	**1,684**	**(2,320)**	**0**	**24,988**

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, 2009 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 (5,55% 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 2008/2009
ACTUARIAL OBLIGATION OPENING BALANCE	24,992
Cost of services rendered	541
Interest expense	1,266
Actuarial (gains)/losses	(1,258)
Benefits paid	(2,320)
ACTUARIAL OBLIGATION CLOSING BALANCE	23,220
Actuarial obligation closing balance	23,220
Unrecognized actuarial gains/(losses)	1,767
PROVISION PRESENTED ON THE BALANCE SHEET	24,988

The expense for the year breaks down as follows:

in thousands of euros	Fiscal year 2008/2009
Cost of services rendered	541
Interest expenset	1,266
Amortization of actuarial (gains)/losses	(122)
EXPENSE FOR THE YEAR	1,684

NOTE 14 - PROVISIONS

The change in non-current provisions for contingencies and losses for the period from March 31, 2008 to March 31, 2009 breaks down as follows:

in thousands of euros	March 31, 2008	Charge	Write-back used	Write-back non used	March 31, 2009
NON-CURRENT PROVISIONS					
Litigations	950				950
Other contingency	504	15		(39)	480
Losses					
TOTAL	**1,454**	**15**		**(39)**	**1,430**

The change in current provisions for contingencies and losses for the period from March 31, 2008 to March 31, 2009 breaks down as follows:

in thousands of euros	March 31, 2008	Charge	Write-back used	Write-back non used	March 31, 2009
CURRENT PROVISIONS					
Litigations	636	78	(450)		264
Other contingency	485	735	(202)	(217)	802
Losses	7			(7)	0
TOTAL	**1,128**	**813**	**(652)**	**(223)**	**1,066**

NOTE 15 - OTHER NON-CURRENT LIABILITIES

in thousands of euros	March 31, 2008	March 31, 2009
Deferred income due in more than one year	3,663	5,330
Investment grant	13,616	12,499
TOTAL	**17,279**	**17,829**

"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 €1,119,000 was recognized in profit or loss for fiscal year 2008/2009.

The grant balance to be recognized in future fiscal years, i.e. €13,617,000 breaks down as follows:

- €1,102,000 to be recognized in fiscal year 2009/2010, presented under "Other liabilities – Accruals and deferred income"
- €12,515 ,000 to be recognized in 2010/2011 and subsequent fiscal years ("Other non-current liabilities").

NOTE 16 - TRADE PAYABLES

in thousands of euros	March 31, 2008	March 31, 2009
Trade payables	15,670	16,055
Purchase invoice accruals	12,627	11,364
TOTAL	**28,298**	**27,420**

NOTE 17 - OTHER PAYABLES

in thousands of euros	March 31, 2008	March 31, 2009
Payments on account	22,852	22,999
Tax and employee-related liabilities	74,529	61,612
Other operating liabilities	4,108	4,042
Amounts payable on PP&E	4,163	6,213
Other liabilities	7,521	5,482
Accruals and deferred income (1)	4,930	5,820
TOTAL	**118,103**	**106,167**

(1) Primarily comprises deferred income due in less than one year.

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

NOTE 18 - REVENUE

in thousands of euros	March 31, 2008	March 31, 2009
ANALYSIS BY BUSINESS SEGMENT		
Games	259,562	210,734
Hotels	185,104	174,870
Other	26,698	26,773
Internal transfers	(13,791)	(12,343)
TOTAL	**457,574**	**400,035**

NOTE 19 - WAGES AND SALARIES

in thousands of euros	March 31, 2008	March 31, 2009
WAGES AND SALARIES		
Wages and salaries	116,359	111,146
Social security contributions and other related charges	52,390	51,563
Employee benefits (termination benefits, retirement obligations, long-service awards),	1,749	1,684
TOTAL	**170,498**	**164,393**

NOTE 20 - OTHER OPERATING INCOME AND EXPENSES

in thousands of euros	March 31, 2008	March 31, 2009
COST NET OF IMPAIRMENT OF CURRENT ASSETS		
Losses on uncollectible receivables	(2,381)	(10,267)
Write-back of previously recognized provisions	7,771	15,677
Provisions for impairment for the year	(8,770)	(9,938)
TOTAL COST NET OF IMPAIRMENT OF CURRENT ASSETS	(3,379)	(4,527)
GAIN (LOSS) ON DISPOSALS AND RETIREMENTS OF PP&E AND INTANGIBLE ASSETS		
Gains on disposal	281	190
Net values of asset disposals and retirements	(883)	(337)
GAIN (LOSS) ON DISPOSALS AND RETIREMENTS OF PP&E AND INTANGIBLE ASSETS	(603)	(147)
PORTION OF INVESTMENT GRANT RECORDED IN PROFIT OR LOSS	1,120	1,119
OTHER INCOME	4,833	1,821
OTHER EXPENSES	(2,635)	(4,256)
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(664)**	**(5,991)**

NOTE 21 - OPERATING INCOME

in thousands of euros	March 31, 2008	March 31, 2009
ANALYSIS BY BUSINESS SEGMENT		
Games	63,988	29,911
Hotels	12,831	7,430
Other (including central costs not allocated to operational sectors)	(12,679)	(18,325)
TOTAL	**64,140**	**19,015**

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, 2008	March 31, 2009
Income received	3,279	6,296
Change in fair value of marketable securities	212	(128)
TOTAL INCOME FROM CASH AND CASH EQUIVALENTS	**3,491**	**6,167**
Expenses and interest paid	(124)	281
Change in fair value of interest rate derivative instruments	286	(1,830)
TOTAL GROSS FINANCE COSTS	**162**	**(1,549)**
Exchange differences	50	(100)
Gain or loss on foreign exchange derivatives		
Change in fair value of foreign exchange derivatives	7	
Capital gains on disposal of available-for-sale financial assets	17,609	14,901
Dividends collected	8,287	1,818
Changes in fair value of financial assets and equity derivatives	(303)	204
Other	227	196
TOTAL OTHER FINANCIAL INCOME/EXPENSES	**25,876**	**17,019**

ADDITIONAL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 - HUMAN RESOURCES

The average number of employees of the consolidated companies as of March 31, 2009 breaks down as follows:

	March 31, 2008	March 31, 2009
Managers	506	516
Supervisors	179	179
Employees	2,974	2,926
TOTAL	**3,658**	**3,621**

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.

- ***Foreign exchange instruments***

  As its operating and investing cash flows are mainly denominated in euros, and the investment in Wynn Resorts, Limited denominated in US dollars, the Group is exposed to the fluctuations in the parity between these two currencies. Hence, forward sales were carried out during the 2008/2009 fiscal period in the amount of US$22 million. These instruments were settled at maturity in March 2009.

- ***Interest rate instruments***

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

  This instrument covers a period of six years as from April 1, 2005 and caps the interest rate at 4.19%. The hedged notional amount, which increased over the first year up to a maximum amount of €117 million, is amortized over the period to maturity. As of March 31, 2009, the hedged notional amount was €77 million.

- ***Equity instruments***

Finally, the Group wished to hedge a portion of its investment in the US company, Wynn Resorts, Limited, against equity risk as follows:

- subscription in August 2007 to collar derivative instruments for a total of 200,000 shares, guaranteeing, at maturity in February 2009, a minimum price of $110 and a maximum price varying between $133.99 for the first half of the aforementioned shares and $135.23 for the other half.

These instruments were settled at maturity following the allocation of the corresponding shares. The transaction resulted in income of $22.0 million, i.e. €17.3 million, and generated a capital gain of €14.8 million in the 2008/2009 financial statements.

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

The fair value of the financial instruments contracted by the Company as of March 31, 2009 breaks down as follows:

in thousands of euros	March 31, 2008	March 31, 2009
Exchange rate instruments		
Interest rate instruments	1,217	(612)
Equity instruments	1,893	
TOTAL	**3,110**	**(612)**

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 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 thalassotherapy and spa-center and all the related hotel services provided in the following establishments: Hôtel de Paris, Hôtel Hermitage, Monte-Carlo Bay Hotel, Café de Paris, Sporting d'Été, 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					
2007/2008 fiscal year	Income before intragroup eliminations	259,562	185,104	26,698	471,365
	Intragroup transactions		(13,681)	(110)	(13,791)
	Revenue	259,562	171,424	26,587	457,574
2008/2009 fiscal year	Income before intragroup eliminations	210,734	174,870	26,773	412,378
	Intragroup transactions		(12,274)	(69)	(12,343)
	Revenue	210,734	162,597	26,705	400,035
y/y-1 change	amount	(48,828)	(8,827)	117	(57,539)
y/y-1 change	%	(18.8) %	(5.1) %	0.4 %	(12.6) %

- ***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					
2007/2008 fiscal year	73,116	40,361	16,283	(23,011)	106,749
2008/2009 fiscal year	38,782	34,291	17,658	(30,116)	60,615
y/y-1 change amount	(34,334)	(6,070)	1,375	(7,105)	(46,134)
AMORTIZATION AND DEPRECIATION					
2007/2008 fiscal year	(9,128)	(27,530)	(3,972)	(1,978)	(42,609)
2008/2009 fiscal year	(8,871)	(26,861)	(4,168)	(1,699)	(41,599)
y/y-1 change amount	257	669	(196)	280	1,010
OPERATING INCOME/(LOSS)					
2007/2008 fiscal year	63,988	12,831	12,311	(24,990)	64,140
2008/2009 fiscal year	29,911	7,430	13,489	(31,815)	19,015
y/y-1 change amount	(34,076)	(5,401)	1,179	(6,825)	(45,124)

• 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, 2008	48,595	339,634	95,378	11,201	494,808
As of March 31, 2009	43,949	334,561	97,560	14,270	490,341
y/y-1 change amount	(4,645)	(5,072)	2,182	3,068	(4,467)
INVESTMENTS					
2007/2008 fiscal year	4,459	21,065	7,262	5,487	38,274
2008/2009 fiscal year	6,418	11,537	4,369	823	23,147

NOTE 26 - PER SHARE EARNINGS AND DIVIDENDS

	March 31, 2008	March 31, 2009
Number of shares issued at the year-end	1,806,214	18,062,140
Net earnings per share (in €)	51.76	2.25
Diluted net earnings per share (in €)	51.76	2.25
Dividend paid during the year, including any interim dividends (in €) (1)	7.00	11.00
Dividend proposed for the year, including any interim dividends (in €)		0.60

(1) To recap, the distribution of a €11 dividend during fiscal 2008/2009 prior to the share par value split and the multiplication of the number of shares by ten.

NOTE 27 - RELATED PARTIES

The information with respect to related parties concerns relations with the State of Monaco, which holds 69.5% of the share capital of Société des Bains de Mer as of March 31, 2009, affiliates whose executive officers are directors of Société des Bains de Mer and the remuneration of company officers and management bodies of this company.

• 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. €21,745,000 for fiscal year 2008/2009
- 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 €7,978,000 for fiscal year 2008/2009

- 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 €7,405,000 for 2008/2009
- 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 and Compagnie Monégasque de Banque.

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

• *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 €3,933,000 during fiscal 2008/2009, compared to €2,597,000 in the previous period.

in thousands of euros	March 31, 2008	March 31, 2009
Remuneration, benefits and special allowances	936	1,039
Share of profits	1,543	2,713
Directors' fees	118	180
TOTAL	**2,597**	**3,933**

Employer contributions on remuneration paid is estimated at €160,000 with respect to fiscal year 2008/2009.

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, 2008	March 31, 2009
COMMITMENTS GIVEN		
Deposits and guarantees	97	97
COMMITMENTS RECEIVED		
Shares deposited by directors	146	146
Deposits and guarantees (1)	3,805	8,591
RECIPROCAL COMMITMENTS		
Firm capital expenditure orders (2)	12,433	30,275
Other firm orders (3)	12,262	7,999
Opening of credit facility and authorized unused overdrafts	165,000	165,000

(1) guarantees received mainly comprise the completion bonds issued by banks with respect to development operations.

(2) comprises commitments contracted as part of investment projects.

(3) 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

In accordance with the applicable accounting standards, this Note includes all of the Group's material off-balance sheet commitments.

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	24,696	19,397	5,177	121
TOTAL	**24,696**	**19,397**	**5,177**	**121**

b - Other commitments

in thousands of euros	Total	Less than 1 year	From 1 to 5 years	Over 5 years
COMMITMENTS GIVEN				
Guarantees given	97		97	
TOTAL COMMITMENTS GIVEN	**97**		**97**	
COMMITMENTS RECEIVED				
Guarantees received	3,951	2,983	754	215
TOTAL COMMITMENTS RECEIVED	**3,951**	**2,983**	**754**	**215**
INTERCOMPANY COMMITMENTS				
Opening of credit facility and confirmed unused overdrafts	165,000	5,000	80,000	80,000
TOTAL INTERCOMPANY COMMITMENTS	**165,000**	**5,000**	**80,000**	**80,000**

NOTE 30 - LEASE COMMITMENTS

- ***Assets held under finance leases***

As of March 31, 2009, assets held under finance leases and restated in the balance sheet totaled €522,000 in net value, compared to €672,000 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, 2009:

- due in less than 1 year	€299,000
- due between 1 and 5 years	€250,000
- due in more than 5 years	none
- total discounted payments	€549,000

- ***Operating leases***

As of March 31, 2009, the discounted minimum future payments of operating leases are as follows:

- due in less than 1 year	€11,169,000
- due between 1 and 5 years	€26,609,000
- due in more than 5 years	€40,005,000
- total discounted payments	€77,782,000

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, 2009

This is a free translation into English of the Auditor's and Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report includes information specifically required by French law in such reports, whether qualified or not and should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Stockholders,

We have audited the consolidated financial statements of Société des Bains de Mer et du Cercle des Etrangers à Monaco for the year ended March 31, 2009.

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 future prospects. Our role is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with international audit standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, by means of tests or other selection methods, 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. We believe we have gathered sufficient and appropriate evidence on which to base our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and the financial position of the Group as of March 31, 2009 and of the results of its operations and cash flows for the year then ended in accordance with IFRSs as adopted by the European Union.

We have also verified the information on the Group given in the management report, in accordance with professional standards. 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, 2009

The contractual Auditor

Deloitte & Associés

Didier NOVELLA

The Statutory Auditors

Louis VIALE

André GARINO

DECLARATION BY THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT

“I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this annual report is, to my knowledge, in accordance with the facts and makes no omission likely to affect its scope.

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, and that 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.

I have received a completion letter from the Statutory Auditors stating that they have audited the information contained in this annual report regarding the financial position and accounts and that they have read this document in its entirety.”

Monaco, July 24, 2009

Jean-Luc Biamonti

Chairman of the Board of Directors

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 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 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 24, 2009. It has been prepared in line with the Internal Control Framework established by the market working group under the aegis of the AMF, whose plan has been included in its description of the internal control procedures.

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' 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 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, 2009, the Board of Directors comprised five Directors appointed by the 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 General Meetings.

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, 2009

The Board of Directors met twelve times during the fiscal year ended March 31, 2009. 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 three committees: a Finance and Audit Committee, a Human Resources Committee and an Environment and Quality 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 eight times during the fiscal year ended March 31, 2009 and had discussions, in particular, with the Chief Executive Officer, the Chief Financial Officer, the Internal Audit Manager and the Group's contractual 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 nine times during the fiscal year ended March 31, 2009 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 six times during the 2008/2009 fiscal year.

INTERNAL CONTROL PROCEDURES

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 internal control procedures

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.

SUMMARY DESCRIPTION OF THE INTERNAL CONTROL PROCEDURES IMPLEMENTED

1 – Overall control organization

INTERNAL REFERENCE DOCUMENTS

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

- **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 (N.T.I.C)**

  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.

MAJOR PLAYERS

- **General Management**

  The Company is 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:

  - General Secretariat – Legal Department
  - Administrative and Financial Departments
  - Technical 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 – Risk assessment

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 2009/2010 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.

4 – Control activities

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.

5 – 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 for the preparation and treatment of financial and accounting information. Year ended March 31, 2009

Stockholders,

As Contractual Auditor and Statutory Auditors of Société des Bains de Mer et du Cercle des Etrangers à 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, 2009.

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 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, within the context of the report's voluntary preparation by the Company Chairman.

These procedures consisted in assessing the fairness of the information set out in the Chairman's report on the internal control procedures relating to the preparation and treatment of financial and accounting information and, in particular:

- obtaining an understanding of the internal control 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, 2009

The contractual Auditor	The Statutory Auditors	
Deloitte & Associés		
Didier NOVELLA	Louis VIALE	André GARINO

RESOLUTIONS

SUBMITTED TO THE ORDINARY GENERAL MEETING OF SEPTEMBER 25, 2009

FIRST RESOLUTION

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

- the balance sheet as of March 31, 2009, and the statement of income for the year then ended, which shows a net income of €38,961,555.75
- 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 discharge all directors from any liabilities with respect to the performance of their mandate for the period ended as of this date.

THIRD RESOLUTION

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

• note that the net income for fiscal year 2008/2009 amounts to	€38,961,555.75
• note that retained earnings amount to	€157,361,361.13
• hence, net income available for appropriation amounts to	€196,322,916.88
• decide to appropriate the total to:	
◆ the cumulative preferred dividend of €0.01 x 18,128,220 shares	€181,282.20
◆ the statutory reserve	€6,608.00
◆ the contingency reserve fund, i.e. 2% of net income for the year	€779,231.12
◆ the payment of the year’s dividend, i.e. €0.59 per share	€10,695,649.80
◆ the Board of Directors	€1,163,408.21
◆ retained earnings	€183,496,737.55

The rights to this dividend and the cumulative preferred dividend will be paid by the Company’s Securities Department starting from October 12, 2009, with the last trading day for dividends being set at September 30, 2009.

FOURTH RESOLUTION

The Stockholders approve the appointment of Mr. Pierre Svara as Director.

Pursuant to Article 12 of the Bylaws, the term of office of Mr. Pierre Svara will come to an end at the Annual General Meeting held to approve the financial statements for fiscal year 2014/2015.

FIFTH RESOLUTION

The Stockholders approve:

- the transfer of undivided property rights (50%) for a former irrigation basin in Eze, registered as plot AI 77 and covering an area of 45 m² ;
- the amendment of June 12, 2009 to the long-term lease dated April 25, 1996, granted to Port View Limited ;

in both cases, under the terms and conditions outlined in the Board of Directors’ report.

SIXTH RESOLUTION

The Stockholders, having noted the approval by the Extraordinary General Meeting of the resolution concerning the amendment to Article 41 of the Bylaws and subject to the approval of this resolution by the Principality Government, authorize the Board of Directors to purchase Company shares, under the terms and conditions defined hereafter and within the limit of 5% of share capital on the date of this General Meeting:

- the maximum purchase price shall not exceed €90 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 €50 million;
- the authorization is valid for a period of 18 months as from September 25, 2009;
- 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 (Autorite 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.

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

SEVENTH RESOLUTION

The Stockholders approve the transactions performed during fiscal year 2008/2009 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.

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

Conception-réalisation : CAP•CREA - Cannes + 33 (0)4 93 68 34 50. Achevé d'imprimer sur les presses de l'imprimerie Zimmermann à Villeneuve-Loubet le 21 septembre 2009, sur papier cyclus recyclé.
Crédit photographique : Michel PERREARD.

CASINOS

Le Casino de Monte-Carlo

Casino Café de Paris

Sun Casino

Bay Casino

HOTELS & RESTAURANTS

Hôtel de Paris

Hôtel Hermitage

Monte-Carlo Beach Hotel

Monte-Carlo Bay Hotel & Resort

Brasserie Café de Paris

LEISURE & ENTERTAINMENT

Salle Garnier – Opéra de Monte-Carlo

Moods Music Bar

Sea Lounge

Monte-Carlo Beach Club

Thermes Marins de Monte-Carlo

Salle des Etoiles

Jimmy'z Monte-Carlo

Monte-Carlo Country Club

Monte-Carlo Golf Club

MONTE-CARLO S·B·M HOTELS · CASINOS