Societe des Bains de Mer
et du Cercle des Etrangers a Monaco

Annual Report
2009 / 2010

MONTE-CARLO
S·B·M
HÔTELS · CASINOS

SOCIETE ANONYME DES BAINS DE MER

ET DU CERCLE DES ETRANGERS A MONACO

ANNUAL GENERAL MEETING

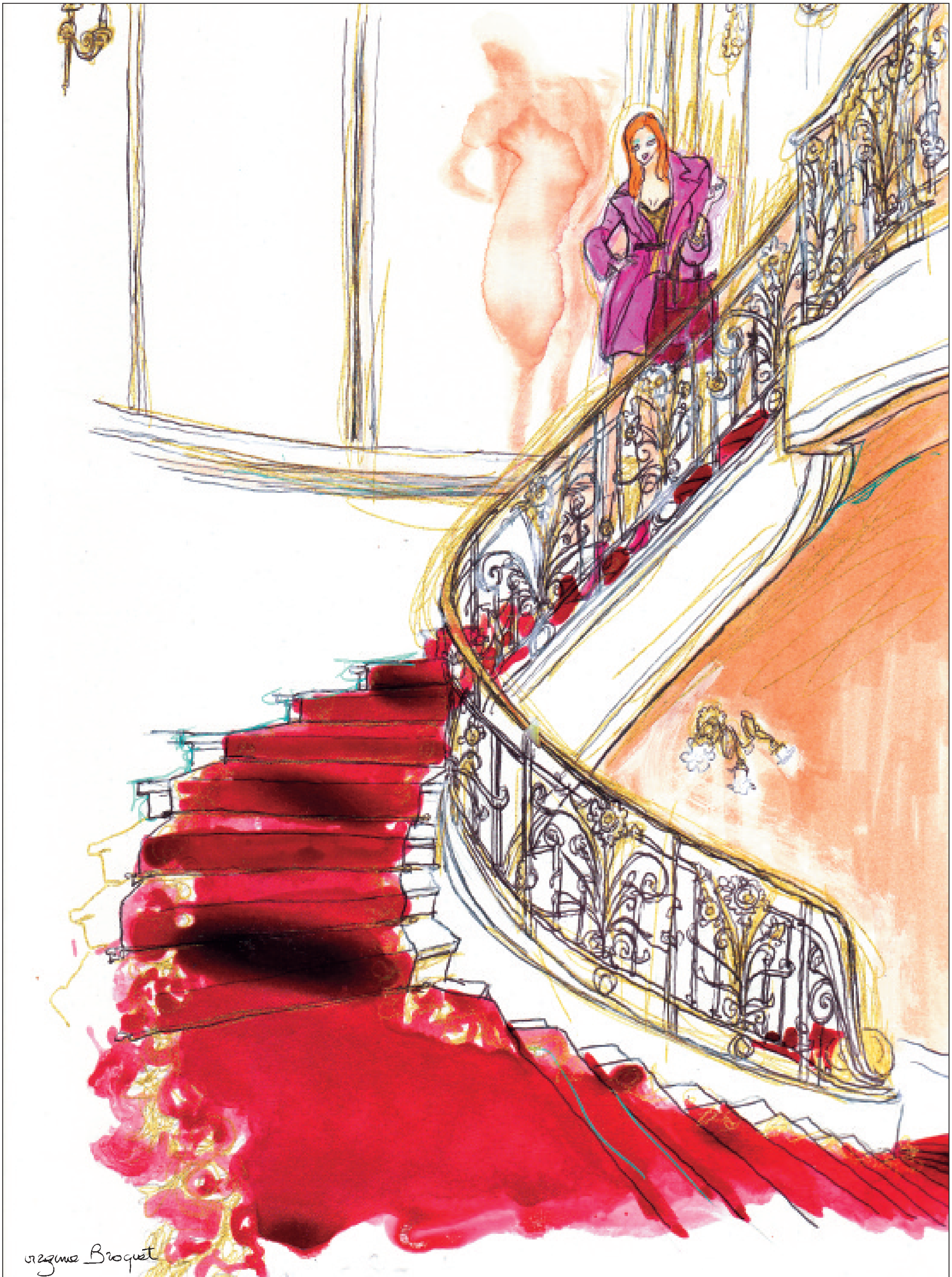
SEPTEMBER 24, 2010

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

2009 - 2010


virginie Broquet

BOARD OF DIRECTORS

Chairman	Mr.	Jean-Luc BIAMONTI
Directors	Messrs.	Michel DOTTA (beginning of term 01/21/2010)
		Alexandre KEUSSEOGLOU
		Thierry LACOSTE
		Patrick LECLERCQ
		Jean-Louis MASUREL
		Yves PIAGET
		Marco PICCININI (end of term 09/25/2009)
		Jean-François PRAT
		Michel REY
		Pierre SVARA (beginning of term 09/21/2009)

GENERAL MANAGEMENT

Chief Executive Officer	Mr.	Bernard LAMBERT

STATUTORY AUDITORS

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

CONTRACTUAL AUDITOR

DELOITTE & ASSOCIES


Broquet

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MESSAGE FROM THE CHAIRMAN

Ladies,
Gentlemen,
Shareholders,

Your company experienced a challenging financial year in 2009/2010 and the first few months of this year have served to underline that this will continue.

In an unfavorable economic environment, marked by a slowdown in activity in a large number of European countries which are the traditional sources of a significant portion of our business, the rigid structures within your Company have impeded our ability to adapt to this changing environment.

The Board of Directors has endeavored to resolve these issues whilst at the same time increasing its focus on cost control. The Board is seeking to negotiate a common set of conditions for all gaming personnel, to allow greater flexibility and ultimately less supervision in exchange for certain financial concessions.

At this time, the inflexibility of union interests is preventing the signing of any such agreement. In the absence of a negotiated agreement, senior management will have to review its priorities to ensure the smooth running of the Company.

Indeed, the constant and unreasonable demands of certain elected employee representative bodies risk disrupting the company's operations.

There is a real fear that the social consequences of the economic crisis have yet to manifest themselves. It will require a great deal of courage and discipline on the part of senior management to manage this.

In the midst of this challenging environment, your Company benefits from robust financial position, and the net cash position has remained positive as of March 31, 2010. It has therefore been able to sustain the capital expenditure necessary to ensure the continuing quality of its facilities (the renovation of the Hôtel Hermitage, the Hôtel de Paris, and the Monte-Carlo Beach Hotel) and has also permitted the opening of establishments intended to attract a new clientele (the Rascasse and the Buddha Bar Monte-Carlo).

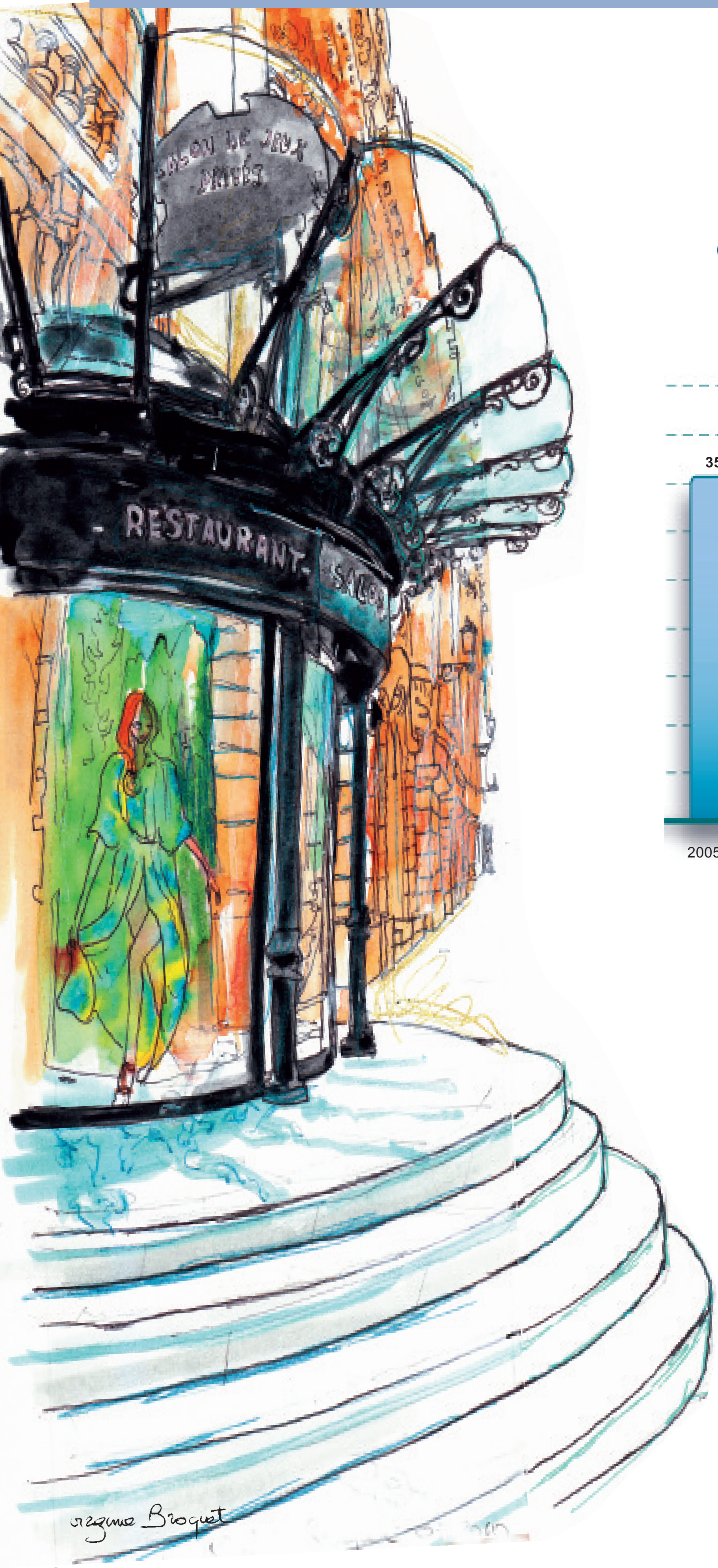
In its search for new growth drivers, your Company has also invested significantly in online gaming. Such an investment in a growth sector involves some risk, but the potential value creation for shareholders is considerable. We have made a satisfactory start, but the pace of change in this area requires constant vigilance.

Mr. Yves Piaget, a director appointed by the Government on September 23, 2004, has not sought to renew his term of office. We all wish to thank him for the professionalism he demonstrated in the performance of his duties as a member of the Board of Directors and the Board's Environment and Quality Committee. His departure is our loss we would like to congratulate him on his contribution to the development of our Company's business.

Jean-Luc Biamonti
Chairman of the Board of Directors

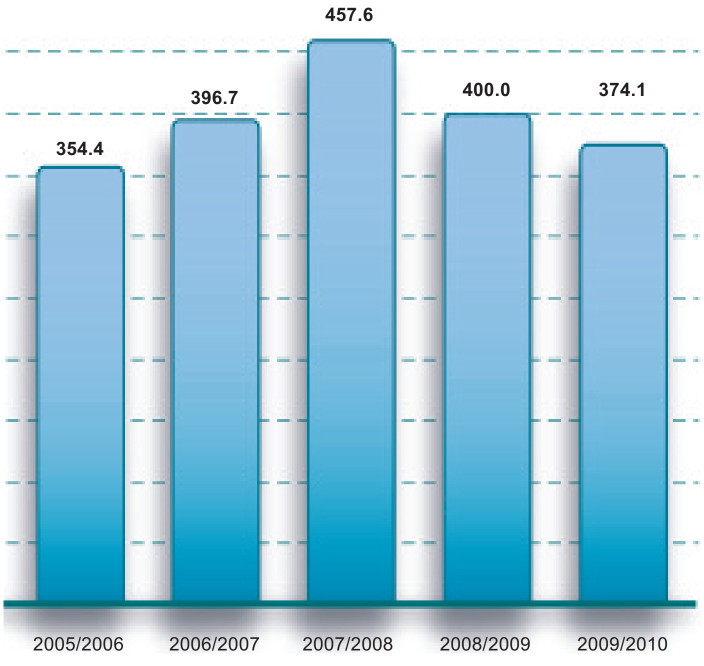
KEY FIGURES

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

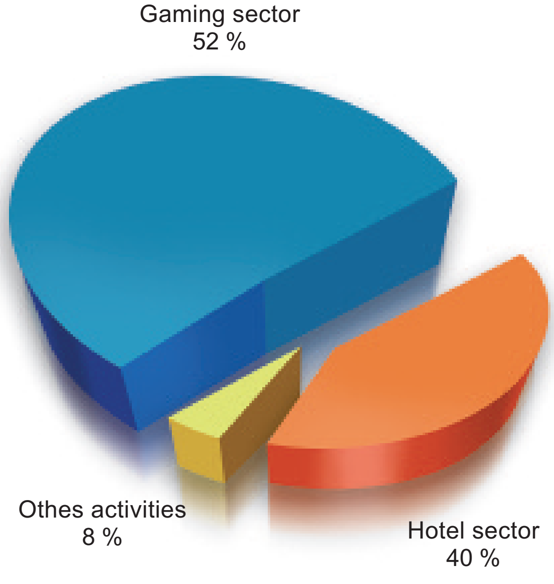


CONSOLIDATED REVENUES

in millions of euros

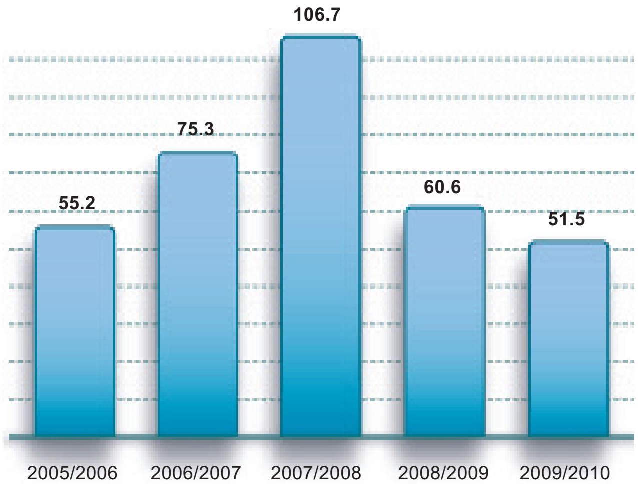


BREAKDOWN OF ACTIVITIES



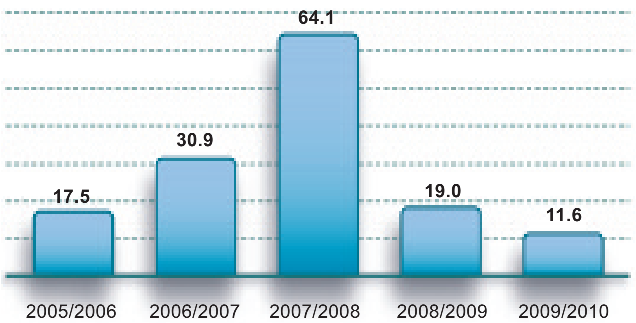
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

in millions of euros



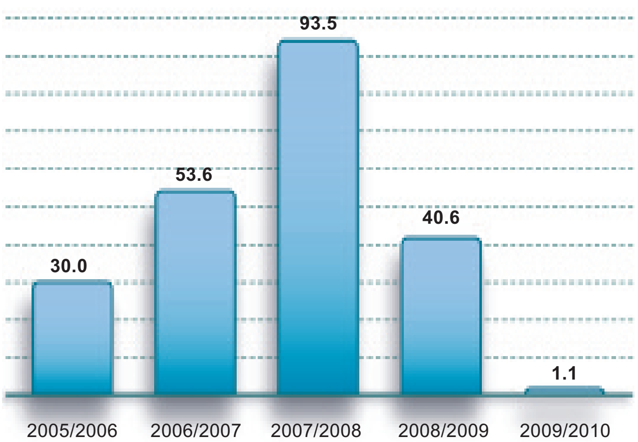
OPERATING INCOME

in millions of euros



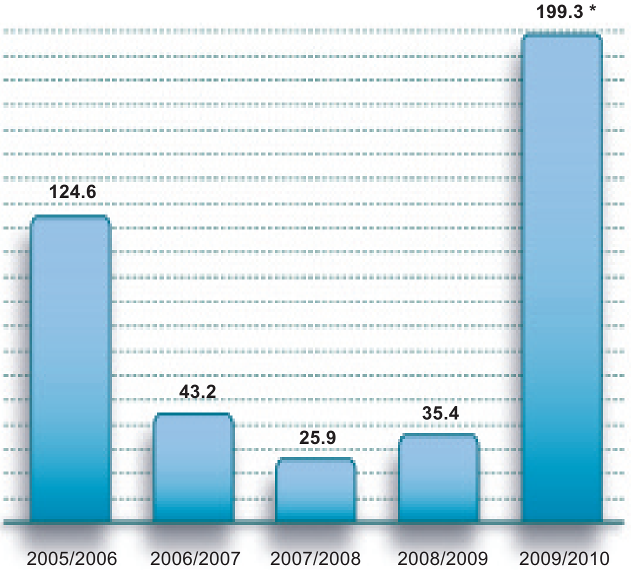
INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

in millions of euros



CAPITAL EXPENDITURE

in millions of euros



* included investment in Mangas Gaming : 140 million €

MARKET SHARE PRICE OF THE SOCIETE DES BAINS DE MER

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


Virginie Broquet

BOARD OF DIRECTORS' REPORT

Société des Bains de Mer and its subsidiaries posted a decline for the 2009/2010 fiscal year ended on March 31, 2010.

Accordingly, revenue for the entire Group stood at €374.1 million, compared to €400 million in 2008/2009.

The fall in revenue is primarily attributable to the persistence of an international economic decline and the full-year impact of the smoking ban in Principality's establishments, which had only impacted the last five months of fiscal year 2008/2009.

This decline in revenue was accompanied by a decrease in the Group's operating income, which stood at €11.6 million, compared to €19 million in the previous year.

Taking into account a net loss from financial items of €1.9 million, compared to a net income of €21.6 million last year, generated by the sale of 200,000 Wynn Resorts, Limited shares, consolidated net income attributable to equity holders of the parent totaled €1.1 million, compared to €40.6 million for 2008/2009.

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

With receipts of €200.4 million for the fiscal year 2009/2010, compared to €210.7 million the previous year, the gaming sector posted a 5% decrease in its activity.

This decline particularly affected slot machines as certain underlying factors benefited table gaming, especially amongst the American Games of the Sun Casino.

With receipts of €98.2 million, compared to €89 million in 2008/2009, **table games** proved resilient in this context, with a 10% increase in revenue compared to the previous year.

After the 33% decline in *European Games* receipts last year, this segment reported a 4% upturn in business during the year, but this only 51% of table gaming receipts, compared to 55% in the previous year. European Roulette, which is still one of the most popular games, accounted for this improvement, with a 38% increase in gains compared to the previous year. The receipts from other European Games - English Roulette, Chemin de Fer, Tout Va and particularly Punto Banco – declined over the period.

The *American Games* segment regained its momentum in contrast to last year's mediocre performance. With the remarkable growth of Black Jack and, to a lesser extent Craps, the segment reported a 19% increase in revenue. Black Jack therefore confirmed its leading position in terms of gains amongst all segments. The receipts from all other games declined over the period, with the exception of Poker, whose performance was similar to last year.

For the second year running, the **slot machines** segment reported a substantial decline in revenue to €102.2 million, compared to €121.7 million in 2008/2009 and €131.7 million in 2007/2008.

The Fiscal year 2009/2010 bore the full impact of the smoking ban, whereas the impact was only felt in the last five months of the previous fiscal year, as the legislation was only introduced in November 1, 2008. A decline in revenue was therefore recorded in all establishments - the Casino, the Café de Paris, the Sun Casino and the Bay Casino - with the Café de Paris showing greater resistance due to the opening of an outside gaming area for smokers.

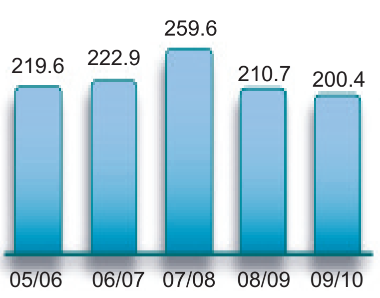
Given this more difficult environment, the Group intends to pursue a vigorous capital expenditure policy with regard to equipment (the ongoing renewal of its pool of slot machines, the acquisition of state-of-the-art machines combining comfort and modernity), to boost its communication and promotional activity and, where possible, to develop outside gaming areas for smokers at its sites.

For the entire gaming sector, operating income before depreciation and amortization for the fiscal year 2009/2010 stood at €34.5 million, compared to €38.8 million for the previous year. This decrease is primarily attributable to the decline in revenue from slot machines. The table gaming segment benefited from major initiatives in terms of invitations, marketing, and promotional campaigns, enabling it to enjoy a turnaround in its activity.

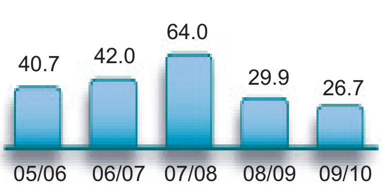
After taking in to account a depreciation and amortization charge that was €1 million less than last year, operating income for the gaming sector amounted to €26.7 million in 2009/2010, compared to €29.9 million in the previous year.

REVENUE (in M€)		08/09	09/10	%
49 %	Table games	89.0	98.2	+10
51 %	Slot machines	121.7	102.2	-16
100 %	**Total gaming sector**	**210.7**	**200.4**	**- 5**

GAMING REVENUE (in M€)



OPERATING INCOME FROM GAMES (in M€)



Following the trend observed in the luxury hotel industry as a whole, the Group's hotel establishments felt the impact of a troubled economy. Lower occupancy rates were reflected by an 11% fall in revenue, from €174.9 million in 2009 to €154.8 million in 2010. However, with revenue up in the last quarter, the negative trend seems to have abated and the sector has experienced a recovery in activity.

Even though the decline in the luxury hotel industry had as impact on all establishments, the activity of certain hotels was noteworthy. The *Monte-Carlo Bay Hotel & Resort* benefitted from additional clientele drawn by the exceptional offering of a full service resort and the possibility of last-minute internet holiday reservations. The *Hôtel Hermitage*'s capacity was reduced for most of the fiscal year due to the major work undertaken for the Costa and Midi wings.

With revenue of €55.3 million, compared to €66.5 million for the 2008/2009 fiscal year, **Accommodation** fell by 17%. All establishments reported fulling revenues, with an overall decrease in the occupancy rate of approximately 12%. The occupancy rate for the four hotels - Hôtel de Paris, Hôtel Hermitage, Monte-Carlo Beach Hotel, and Monte-Carlo Bay Hotel & Resort - stood at 50.1%, compared to 57.2%.

There was no significant change in the breakdown between "private individuals" and "business clients" over the year. The client mix was approximately 64%/36%, compared to 63%/37% the previous year, the extent of this change being insufficient to improve the average room rate. In fact the average rate dropped by 4%, reflecting the demands of an increasingly competitive market in crisis. The Monte-Carlo Beach Hotel proved to be an exception. A further enhancement of the hotel's quality through a full-scale room renovation translated into increase in rate achieved. Among the most famous luxury hotels on the Riviera, the Monte-Carlo Beach Hotel has renewed with its former elegance. Listed in the *Relais & Châteaux* guide since December 2009, this hotel has all the advantages needed to attract a demanding clientele, particularly private individuals.

In terms of segmentation by geographical origin, the French market grew, becoming the top segment with over 20% of overnight stays, ahead of the Italian customer base which was steady at 17%. Next in line were Russian customers with 11%, followed by British and US customers each accounting for 10% each.

Catering revenue declined by 7%, standing at €78.5 million, compared to €84.7 million the previous year. The change arises from the general decrease in the occupancy rate that affected all establishments. This was particularly evident at the Hôtel Hermitage, due to the renovations, and in the banqueting activities of the Hôtel de Paris and the Café de Paris. A total of 788,000 meals were served during the year, representing a 9% decline, with the Café de Paris remaining the most frequented establishment with over 306,000 meals served.

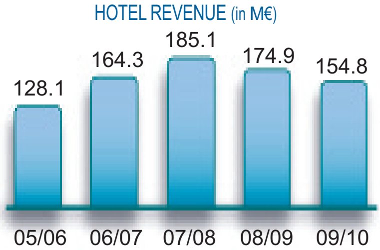
There was a slight improvement in average catering prices. Those establishments that improved most were the Monte-Carlo Beach Hotel and the Sporting Monte-Carlo, while lower average prices were recorded at the Casino, the Hôtel Hermitage and the seaside establishments of the Beach. The July 1, 2009 decrease in the VAT applicable to catering also explains this trend.

Revenue from the hotel sector's **other activities** posted an 11% decrease, standing at €21 million for the year, compared to €23.7 million in 2008/2009. Operating income before depreciation and amortization for the entire hotel sector totalled €21.2 million, compared to €34.3 million for the 2008/2009 fiscal year.

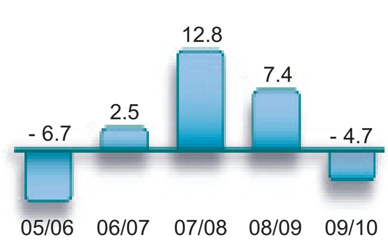
After taking into account a €1 million decrease in depreciation and amortization charges, operating income for the hotel sector stood at -€4.7 million in 2009/2010, compared to €7.4 million the previous year.

REVENUE (in M€)		08/09	09/10	%
36 %	Accommodation	66.5	55.3	- 17
51 %	Catering	84.7	78.5	- 7
13 %	Other	23.7	21.0	- 11
100 %	**Total hotel sector**	**174.9**	**154.8**	**- 11**

HOTEL REVENUE (in M€)



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



In keeping with 2008/2009, the year of the break in significant growth that was observed in the previous three fiscal years, fiscal 2009/2010 was marked by a new downturn in activity and a net decline in results. The Group still had to contend with particularly difficult operating conditions due to the persistence of the international economic crisis and the full-year impact of the anti-smoking legislation.

Revenue

The Group reported consolidated revenue of €374.1 million for fiscal 2009/2010, down 6% compared to the previous year.

Operating income and depreciation and amortization

Operating income before depreciation and amortization decreased by 15% to €51.5 million, compared to €60.6 million in 2008/2009.

In addition, the depreciation and amortization charge amounted to €40 million for 2009/2010, compared to €41.6 million the preceding year.

Group operating income amounted to €11.6 million, compared to €19 million the previous year, for a 39% decrease. The hotel sector contributed significantly to this decline, with a €12.2 million decrease in profitability. Earnings also dropped for the gaming sector, for a decrease of €3.2 million.

Financial income or loss

The financial loss totaled €1.9 million, compared to a financial income of €21.6 million in 2008/2009, the year in which a capital gain of €14.8 million was recorded following the disposal of 200,000 Wynn Resorts, Limited shares. The decline in available cash also resulted in a €5.6 million decrease in investment income.

Share of Mangas Gaming

Finally, the consolidation of Mangas Gaming under the equity method called for the recognition of 50% of its loss, i.e. €8.6 million, for the period since the investment in the group in May 2009. This loss corresponds to the recognition of acquisition costs and the amortization of intangible assets, where as operating income was reported excluding these items.

Consolidated net income

Consolidated net income attributable to the equity holders of Société des Bains de Mer and its subsidiaries declined to €1.1 million for 2009/2010, compared to €40.6 million the previous year.

Cash from operations and cash flows

Cash from operations declined, standing at €57.6 million, compared to €67.4 million the previous year. Considering the favorable trend in the working capital requirement, following the early collection of a portion of the rent relating to the extension of the long-term lease for the residential section of the Belle Epoque building, net cash flows from operations amounted to €62.7 million, compared to €49.4 million in 2008/2009.

Financial resources allocated to capital expenditure for the refurbishment and development of real estate assets totaled €59.3 million, compared to €35.4 million for fiscal 2008/2009. The stake acquired in the Mangas Gaming Group represented a financial investment of €140 million in fiscal 2009/2010.

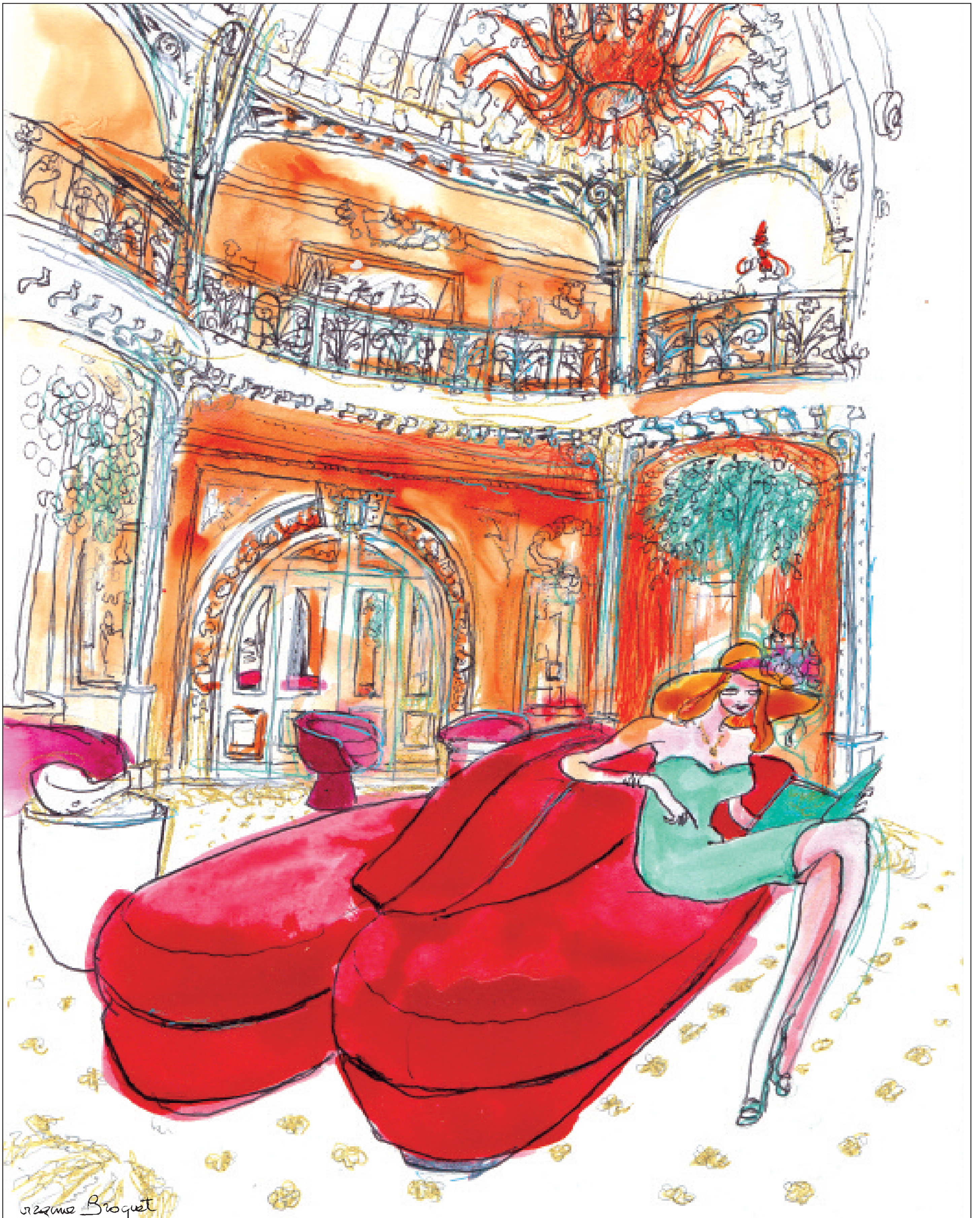
In the absence of proceeds from the disposal of assets, net cash used in investing activities totaled €207.2 million for fiscal 2009/2010, compared to €20.8 million in the previous year.

For the year ended March 31, 2010, the Group's net debt amounted to €39.8 million, compared to €195.3 million in the previous year.

Parent company financial statements and dividends

For the period ended March 31, 2010, the financial statements of Société des Bains de Mer, the parent company, reported revenue of €356.3 million and net income of €13.9 million, compared to €39 million in 2008/2009.

Considering this unfavorable trend and uncertain outlook, the Board of Directors deemed it inappropriate to pay out any dividends and proposed only to pay the cumulative preferred dividend, i.e. €0.01 per share, compared to a dividend of €0.60 last year, including the cumulative preferred dividend.


Broquet

CAPITAL EXPENDITURE AND FUTURE OUTLOOK

Capital expenditure

Financial resources available for the Group's capital expenditure and development policy increased substantially for the year ended March 31, 2010. The total amount earmarked for work and purchases of property, plant and equipment, excluding investments described below, stood at €59.3 million for 2009/2010, compared to €35.4 million for the previous fiscal year. The major capital expenditure projects approved several years ago were all pursued over the period.

The main project is the **refurbishment and development of the Hôtel Hermitage**, with the renovation of the rooms in the Costa and Midi wings, with a budget of €17.7 million during 2009/2010. The work is scheduled to be completed in time for fiscal year 2010/2011 together with the reorganization of the restaurants and bars and the creation of a conference room. The total budget for the Hôtel Hermitage project should amount to €48 million. In order to maintain the high standard of quality of the hotel property portfolio, the Group has also renovated the Alice and Beaux-Arts wings of the **Hôtel de Paris**. In addition, the **refurbishment of the Monte-Carlo Beach Hotel**, initiated in 2008/2009, continued with the same intensity during the year, representing an expenditure of €8.4 million, combining to give a total project budget of over €15 million. A complete renovation of the pool, as part of the redevelopment of the Beach Club has also begun. Other hotel projects were funded over the period under review and will be operational in the coming months.

The new **Buddha Bar Monte-Carlo**, featuring a 160-seat restaurant, a bar-lounge that can accommodate some one hundred people, and offering pan-Asian cuisine, was opened on June 24. With its warm lighting, cool music and unique atmosphere, the result of an interior renovation that perfectly balances materials, colours and objets d'art, the Buddha Bar will enhance the Group's offering, making it unequalled on the Riviera.

The **Allée François Blanc**, named after the man who, with Prince Charles III, co-founded the Casino de Monte-Carlo and the Hôtel de Paris, was refurbished. It will provide easier access to the Casino gardens and the Cabaret. The Allée François Blanc was also inaugurated on June 24, 2010 by HSH Prince Albert II.

On the gaming side, **the renewal of the Slot Machine** pool initiated in some years ago, was pursued with greater vigour. The acquisition of innovative and exclusive slot machines, in response to client expectations, represented an expenditure of €5.4 million over the 2009/2010 fiscal year.

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 symbolise 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 anticipate success. 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 address what is a particularly competitive market in a period of economic crisis, Société des Bains de Mer must pursue its active investment policy, in both the domestic Monegasque market and in other promising markets, be they international or virtual. It is along these lines that major projects will be pursued over the coming fiscal year. The completion of a high-quality serviced apartment building which will benefit from hotel services, replacing the Hôtel Balmoral at the heart of Monte-Carlo, is a case in point. This residence is intended to attract a top international clientele and engender a higher sense of customer loyalty. The view of Port Hercule and the Rock, as well as the availability of services from the Hôtel Hermitage are both factors that will contribute to the success of this exceptional project, on which most of the significant work will be done over the 2010/2011 fiscal year, with delivery expected by the end of 2011.

Likewise, major work will continue at the Hôtel Hermitage and the Hôtel de Paris with the construction of a large conference room with a capacity of over 400 persons and the renovations of the lower and

upper Rotonde wings respectively. The recent purchase of La Rascasse restaurant will provide Société des Bains de Mer with an opportunity to expand its catering offering in Port Hercule and at the same time open a terrace casino on the first floor. This initiative forms part of our response to the Principality's recent anti-smoking legislation.

Having signed an initial management agreement for the development of a hotel facing the Menara gardens in Marrakech in partnership with the investment group Ménatlas, the Group is also looking to extend its development in several major European cities and destinations in the Mediterranean Basin. The Hotel, which will be called the Jawhar Marrakech by Monte-Carlo SBM will comprise a 5-star hotel with 93 suites and rooms, 3 swimming pools of varying temperatures, a 3,500 m^2 spa, villas and a business centre with conference rooms. The site is exceptional, covering eight hectares of landscaped gardens, with a view of the Atlas Mountains, and the century-old olive groves of the Menara. An entertainment centre should complete this magnificent resort, offering local clients and visitors alike a full range of services: restaurants, bar-lounge, cabaret and club, with the option of a casino under consideration.

With the opening of this resort scheduled for early 2013, the Group's objective is to provide an offering that matches its reputation, combining luxury with exclusivity.

Amongst other initiatives, Société des Bains de Mer is committed to pursuing an active policy of retaining and recognising our clients and their needs. A dedicated loyalty program with a single card for the entire resort will be created in the coming months.

The development initiatives described above must of course be accompanied by the optimal use of the new investments made by the Group and continued efforts aimed at greater and more rigorous cost control.

Investment in Mangas Gaming

Mangas Gaming was set up in 2008 by Mr Stéphane Courbit's 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, Société des Bains de Mer and Financière Lov decided in November 2008 to set up a joint venture to further the development of Mangas Gaming in what is a rapidly expanding sector. Under the terms of this partnership, an investment by S.B.M. in the form of an increase in share capital of Mangas Gaming resulted in our taking a 50% stake in the company alongside Financière Lov. The provided Mangas Gaming with the necessary funds to finance the acquisition of other European companies active in this sector, whilst enabling S.B.M. to enhance the reputation and prestige of the Monte-Carlo S.B.M. brand in the on-line gaming space.

Formalised by the signing of a set of agreements on February 10, 2009 detailing the working relationships and S.B.M. Group's investment in Mangas Gaming, this transaction remained subject to certain conditions precedent, including the standard provision requiring the approval of the regulatory authorities. These conditions precedent have been met and the transaction was completed on May 19, 2009 with the S.B.M. Group completing its investment in Mangas Gaming, achieving the increase in share capital by an the amount of €70 million and taking overship of 50% of the company.

Pursuant to the agreements, the S.B.M. Group has undertaken to subscribe to a further share capital increase in 2012 (Subsequent Capital Increase) based on the Betclic Group's performances 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 its 50% stake in Mangas Gaming will amount to between €70 million and €140 million.

As stipulated in the agreements, the S.B.M. Group has also granted Mangas Gaming a loan of a maximum €70 million, in the form of non-interest-bearing current account advances until June 30, 2012. The sole purpose of the loan is to finance the acquisition of new companies. The agreements for this advance provide for different repayment terms and conditions, particularly enabling repayment by offsetting liabilities against any Subsequent Capital Increase.

Backed by this development funding, Mangas Gaming acquired a controlling interest of Bet-at-home on May 19, 2009 from its founders. Bet-at-home, listed in Frankfurt, is a sports betting and on-line gaming operator operating in Central and Eastern Europe. This agreement included a public offer to the Bet-at-home minority stockholders and Mangas Gaming now holds almost 50% of this company.

On July 7, 2009, Mangas Gaming formally purchased the 25% block of minority ordinary shares still owned by the founders and managers of Betclic.

On July 31, 2009, Mangas acquired all the business activities of Expekt, one of the main on-line sports betting operators Scandinavia and Northern Europe; Expekt is also a major player in the on-line poker sector.

Finally, on April 7, 2010, Mangas Gaming acquired control of the Everest Gaming group, a major player in the on-line poker sector. Created over 12 years ago, Everest Gaming is one of the few on-line poker companies with its own technical platform. Everest Poker offers its customers a gaming experience that is ideally suited to local requirements with one of the most renowned poker rooms in Europe.

Mangas Gaming now holds 60% of Everest Gaming's share capital, the balance being held by the current stockholder, GigaMedia, a company listed on the NASDAQ.

Under the terms of the transaction, the acquisition price for the 60% stake will be based on the valuation of Everest Gaming in early 2012. Mangas Gaming made an advance payment of $100 million on April 7, 2010 with additional consideration payable in 2012 based on fair value measured at that date. Société des Bains de Mer and its subsidiary Monte-Carlo SBM International have agreed to guarantee the payment of the additional consideration to GigaMedia to a maximum amount of $60 million.

We have also obtained a counterindemnity for a maximum amount of €20 million from Mangas Lov, a subsidiary of Financière Lov, through a guarantee on demand backed by a Mangas Lov pledge of 20,000 Mangas Gaming shares, which represents nearly 10% of Mangas Gaming's share capital, the entire package coming into force on April 7, 2010.

GigaMedia retains a 40% interest with a total or partial option to sell to Mangas Gaming, commencing in 2013. As of 2015, Mangas Gaming will have a call option to buy the remaining interest held by GigaMedia. The exercise price of the purchase and sale options will be based on the value of Everest Gaming determined at the appropriate time.


virginie Broquet

Environment

The Group is at the halfway stage of its five-year program which sets out the sustainable development commitments that it has undertaken under its Environmental Charter. Running until fiscal 2011/2012, this program mobilizes numerous internal teams in various initiatives grouped under the “Be Green Monte-Carlo SBM” logo.

The results of the first three years, which were subject to an annual audit, demonstrate the effectiveness of the measures implemented by the Group and the commitment of all its employees.

Employee awareness

The internal blog, Oxygène, was launched in June 2007 to ensure the timely publication of the Group’s environmental news for some 900 employees equipped with a computer. This blog comprises more than 108 articles and is consulted around 500 times a month, with almost 350 regular visitors.

A campaign offering standard eco-advice to administrative employees was conducted in 2007. This initiative was completed in the beginning of 2010 by a new program devoted more specifically to kitchen and catering teams.

Water saving

Water consumption declined by 12% during fiscal 2009/2010, i.e. savings of more than 52,000 m^3. Combined with the results of the first two years, the Group’s reduction in water consumption was 38%, i.e. savings of 241,000 m^3.

To illustrate the effectiveness of the initiatives undertaken in this area, the Group’s annual consumption is now lower than in 2005 prior to the opening of the Monte-Carlo Bay Hotel & Resort.

The implementation of cooling circuits, the renovation of certain installations such as heat pumps or certain regulation system improvements have enabled certain establishments such as the Hôtel de Paris, Hôtel Hermitage or Café de Paris to reduce their annual consumption by two or threefold.

It bears mentioning that even the Monte-Carlo Bay Hotel & Resort, although equipped with the most modern installations, managed to reduce its consumption by 7% in three years.

Energies

The Group no longer uses fuel-oil, except under exceptional circumstances to generate back-up power during certain renovation projects.

Gas consumption fell by 13% during the period, bringing the total reductions obtained in the first three years to 25%. The savings of 1,200,000 KWh achieved in three years, as a result of the replacement of gas cooking appliances in establishment kitchens with electrical induction appliances, represents a third of the Group’s annual consumption.

Electrical consumption was reduced by 7% during the period, i.e. savings of nearly 19% in the first three years. Hot and cold production consumption declined in similar fashion by 40% and 38% in three years, respectively, while a 9% rise in electricity was recorded over the same period. Despite this rise, total savings of 7,387 MWh were achieved during 2009/2010.

The Group is now equipped with nine new heat pumps, including two at the recently refurbished Casino and Monte-Carlo Beach Hotel, and one installed at the Hôtel Hermitage during fiscal 2009/2010.

Collection, selective sorting, recycling

The Group deployed ten different waste recovery systems and obtained significant results in 2009/2010 as shown below:

- collection of 21,040 liters of used oils from nine collection points, i.e. a total of 74,260 liters in the first three years;
- recovery of 88 tons of paper during the year. Since the program’s launch, the collection has resulted in the transfer of nearly 212 tons of recycled paper to paper makers, representing theoretical savings in water (11,400 m^3), energy (530,000 MWh), and forest resources (about 3,240 trees), compared to the amounts required when using raw fibers;
- collection of 572 tons of glass, i.e. a total of 1,273 tons in three years, representing emission savings of 286 tons of CO^2 equivalent per year, or 636 tons since the start of the program;
- collection of 528 kg in used batteries, i.e. a total of 2,355 kg in three years. Their processing in specialized channels led to the recovery of 3.47 kg of ferro-manganese, zinc, slag and mercury;
- collection of 180,500 liters in grease tanks;
- collection of 270 m^3 of wastewater and reuse for toilet flushing or garden watering;
- collection of 7 m^3 of Waste Electrical and Electronic Equipment, 460 toner cartridges from photocopiers and fax machines, 8 boxes of bulbs and fluorescent tubes, and toxic waste;
- finally, new collections were initiated in 2009/2010, such as the recovery of 6.8 tons of household packaging and cardboard collection.

Purchases

Over 97% of paper purchased was recycled paper.

The Group reduced its office paper consumption by 18% or 8.7 tons and continued its efforts in order to limit document printing, by promoting double-sided printing and particularly the scanning of administrative documents, especially the invoices received from its suppliers.

Promotional documents, headed paper, business cards and store bags are mainly printed out using recycled paper or cardboard.

The Group reduces its purchases of standard plastic consumables, particularly plastic cups (around 1 million units consumed in a year), by using starch-based plastic or cardboard.

The portion of green office supplies is steadily increasing.

In the food sector, the Group has stopped using red tuna since September 2007 and has heightened its efforts to promote the use of seasonal and local products.

All coffee sold at the Café de Paris is fair trade, and some original vintages are also offered. The breakfast at the Group's hotels also favors the use of fair trade goods.

Based on a International Cooperation program between the Principality of Monaco and Morocco, argan oil has been developed for massages, or is used as a condiment oil in certain establishments, in a fair and certified approach.

Work and application of H.E.Q standards

With respect to completed projects, the Société des Bains de Mer Works Department has undertaken to comply with various criteria as part of a "High Environmental Quality" (H.E.Q.) approach.

Therefore, the traceability and recovery of demolition waste, the selection of more natural materials, the recovery of wastewater, energy saving in line with the commitment to provide optimal final comfort for the customer, and worksite safety are some of the focal points for new construction sites or refurbishment programs.

External audit engagements with APAVE, regarding Carbon Footprint strategies, were completed in 2009 and 2010.

Involvement and promotion of awareness of suppliers

More than 860 Group suppliers, out of around 2,200 active suppliers in 2009, were informed of the existence and detailed content of the Corporate Environmental Charter and asked to fill in a questionnaire, enabling the Group to understand their specific sustainable development initiatives or advances in their businesses.

A message for customers

Finally, a message has been prepared for customers on various topics. Numerous types of information media are used: stands in bedrooms and suites, online distribution of press releases and annual environmental reports on the Corporate site, the "Be Green Monte-Carlo SBM" logo and operations and information associated with world days on environmental topics. This message will continue to be delivered on a more regular and detailed basis.

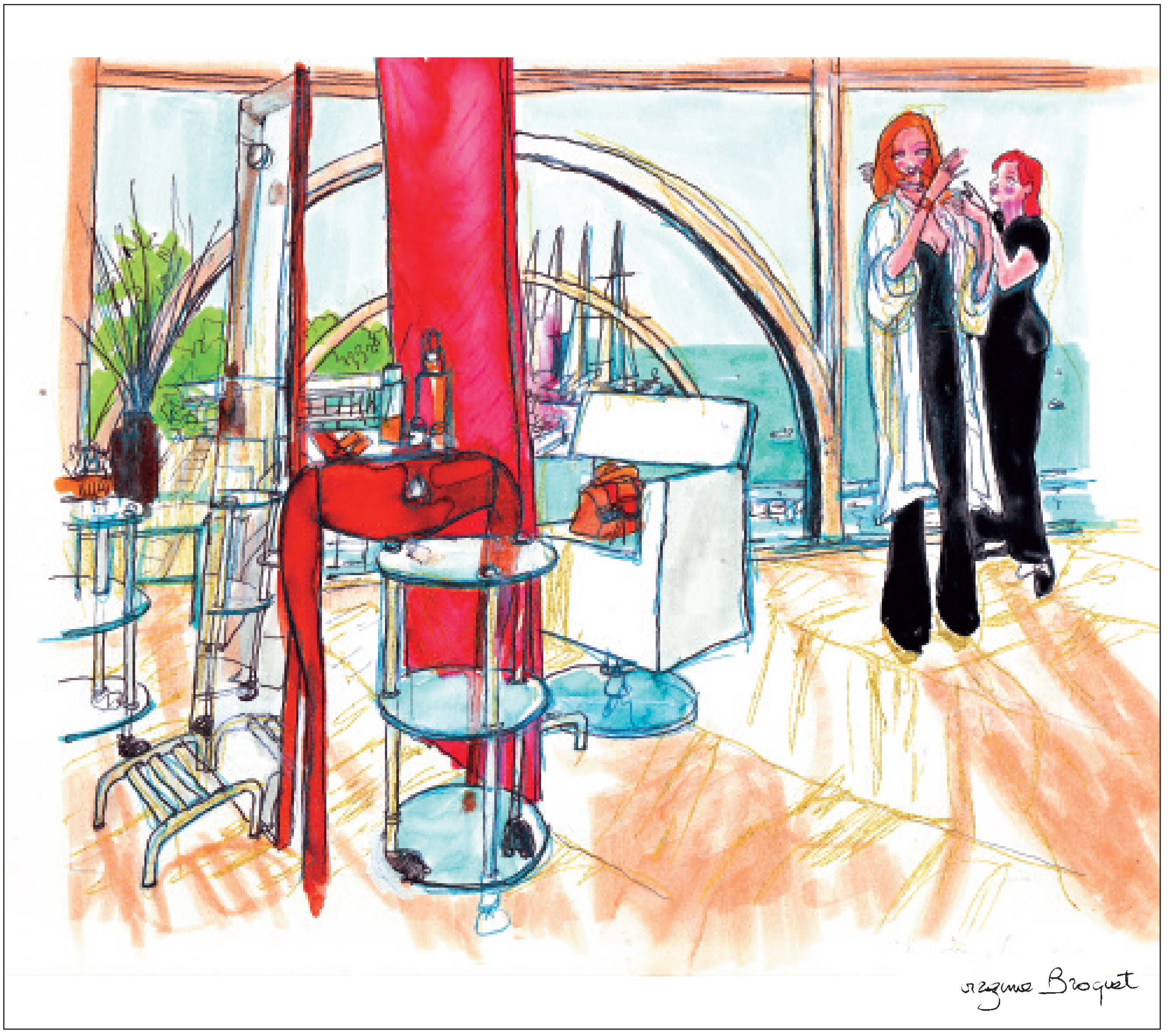
The Monte-Carlo SBM Group is now striving to ensure that the awareness created by these initiative programs becomes a basic line of conduct in the various businesses. It is only under this condition that an increasingly environmentally-friendly corporate culture can be sustained in the long term.

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 training course has been organized last year and will continue. At the end of this program, all employees who come into contact with customers will be therefore trained so as to better understand and respond to customers' expectations.

During the year, the General Management made proposals likely to satisfy, in whole or in part, the claims presented by certain categories of personnel. Following these proposals, negotiations are being pursued to reach an agreement with the relevant labor partners.

BOARD OF DIRECTORS

You are requested to discharge all Directors from any liabilities with respect to the performance of their mandate for the 2009/2010 fiscal year and grant a final discharge to Mr. Marco Piccinini.

You are also requested to approve the appointment of Mr. Michel Dotta as Director appointed by the General Stockholders' Meeting, effective as from January 21, 2010. Mr. Dotta was co-opted under the terms and conditions of Article 12 of the Bylaws at the Board of Directors' meeting of January 21, 2010.

In accordance with Article 12 of the Bylaws, the term of office of Mr. Dotta 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:
  - Société Anonyme Monégasque d'Entreprise de Spectacles (S.A.M.E.S.)
  - Société Anonyme Monégasque des Thermes Marins Monte-Carlo (S.T.M.)
  - Société Anonyme Monégasque Générale d'Hôtellerie (SOGETEL)
  - Société Financière et d'Encaissement (S.F.E.)
  - Société Civile Particulière Soleil du Midi
  - Société Civile Immobilière de l'Hermitage
  - Société S.B.M./U.S.A. Inc.
  - S.à.r.l. Monte-Carlo SBM International
  - SARL Café Grand Prix
  - Société Mangas Gaming

- and
  - bank transactions conducted with Compagnie Monégasque de Banque and 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.

STATUTORY AUDITORS AND CONTRACTUAL AUDITOR

The fees paid to the statutory and the contractual auditors in respect of fiscal years 2009/2010 break down as follows:

	Deloitte & Associés				Statutory auditors			
	Amount excluding taxes €		%		Amount excluding taxes €		%	
	2009/2010	2008/2009	**09/10**	08/09	**2009/2010**	2008/2009	**09/10**	08/09
Audit • Statutory audit, certification, review of company and consolidated financial statements - Issuer - Fully consolidated subsidiaries	295,000	275,000	66	25	68,500	64,400	96	100
• Other procedures and services directly related to the statutory audit - Issuer - Fully consolidated subsidiaries	9,164	8,000	2	1	2,500		4	
Sub-total	**304,164**	**283,000**	**68**	**26**	**71,000**	**66,400**	**100**	**100**
Other services rendered by the networks for the fully consolidated subsidiaries								
• Legal, tax, employee-related	33,000	6,500	7	1				
• Acquisition audits	109,010	812,815	25	73				
Sub-total	**142,010**	**819,315**	**32**	**74**				
TOTAL FEES PAID	**446,174**	**1,102,315**	**100**	**100**	**71,000**	**66,400**	**100**	**100**

RISK MANAGEMENT

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

Economic risks

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

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

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

Environmental risks

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

Legal risks

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

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

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

Financial risk management

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

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

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

• ***Liquidity risk***

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

The Group has a credit facility with a pool of financial institutions. Concluded for a term of 10 years and four months as of December 1, 2004, this credit facility for a maximum principal amount of €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. As of March 31, 2010, the Group had drawn down €30 million from this credit facility.

Lastly, the Group has readily available short-term investments with a maximum term of three months, totaling €46 million as of March 31, 2010, and confirmed overdraft authorizations for €5 million.

Accordingly, with total liquidity of €181 million for the 2009/2010 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, 2010, the notional amount hedged stands at €61 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, 2010, the Group held 1.8 million shares at a share price of $75,83. 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 chose not to renew its hedging policy regarding share price fluctuations during the 2009/2010 fiscal year.

- ***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 2009/2010 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

The Extraordinary General Meeting of September 25, 2009 had authorized the Board of Directors to increase the share capital to a maximum of €18,168,220. After subscription and payment acknowledged by notarial deed on June 24, 2010, this share capital increase resulted in the issue of 32,270 new shares, and the share capital of Société des Bains de Mer now comprises 18,160,490 shares each with a nominal value of €1:

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

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

The Monegasque state, which owned 69.1% of share capital as of March 31, 2010, is the sole stockholder of record with a participating interest exceeding the 5% cap.

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 had the option to buy back its own shares up to an amount of 5% of share capital.

No shares were bought back under this authorization.

The objectives of this authorization, valid for a period of 18 months as of September 25, 2009, are 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 (*Autorité des Marchés 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 authorization for the Company to buy back shares is also subject to compliance with certain rules of conduct, ensuring the correct application of the program initially validated by the General Meeting:

- 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;
- 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.

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

Article 19 of the Bylaws:

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

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

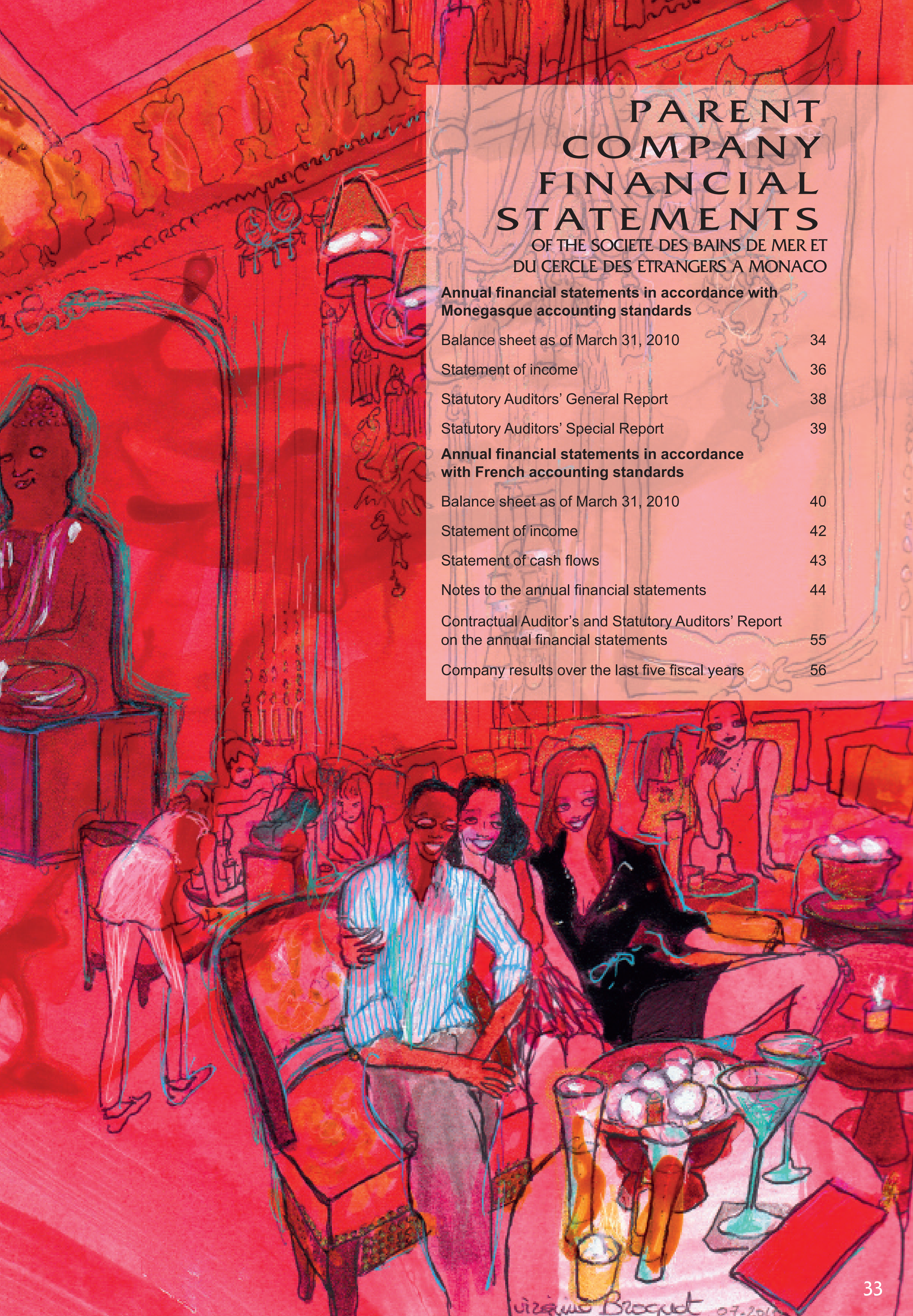
The table below summarizes the powers having continuing effect conferred by the General Meeting to the Board of Directors and the powers exercised.

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	09/25/2009	40,000	06/24/2010: share capital increase of €32,270 via the insuance of 32,270 new shares with nominal value of €1 each (1)	7,730

(1) The 32,270 new shares were listed on the Eurolist market of Euronext Paris (Compartment B) as of July 7, 2010.

PARENT COMPANY FINANCIAL STATEMENTS

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



BALANCE SHEET AS OF MARCH 31, 2010 IN ACCORDANCE WITH

IN THOUSANDS

ASSETS	2009/2010 FISCAL YEAR			2008/2009 FISCAL YEAR NET
	GROSS	Depreciation amortization provisions	NET	
CURRENT ASSETS OR ASSETS RECOVERABLE IN LESS THAN 1 YEAR	**122,336**	**38,837**	**83,499**	**204,910**
Cash in hand	18,389		18,389	14,899
Banks: deposit on demand	1,749		1,749	3,048
Other assets on demand				
Banks: time deposits				118,000
Marketable securities	46,060		46,060	47,835
Operating receivables	7,750	2,286	5,464	5,494
Various receivables	6,937	1,454	5,483	6,184
Investment accounts				
Affiliate accounts	41,329	35,098	6,231	9,127
Assets withheld	122		122	325
INVENTORY	**12,739**	**93**	**12,646**	**12,673**
ADVANCE PAYMENTS OR GUARANTEES	**1,437**		**1,437**	**1,420**
Payments on account on orders	1,437		1,437	1,420
ASSETS TO MATURE IN OVER 1 YEAR				**10**
Loans				10
NON-CURRENT ASSETS	**155**		**155**	**146**
Deposits and guarantees paid	155		155	146
PARTICIPATING INTERESTS	**227,576**	**8,032**	**219,545**	**66,248**
Affiliates	204,610	7,993	196,617	43,316
Other participating interests	22,966	38	22,927	22,932
FIXED ASSETS	**1,053,869**	**586,614**	**467,255**	**447,728**
Intangible assets:				
- Concessions, patents & similar	19,574	18,758	816	1,134
- Leasehold rights	18	18		
- Assets under development	1,664		1,664	1,107
Property, plant & equipment:				
- Land	81,863		81,863	81,855
- Revaluation reserves as of 03/31/1979	35,616	35,616		
- Land development	2,491	2,491		
- Buildings	633,834	359,400	274,434	273,874
- Industrial and technical plant	182,245	130,304	51,941	51,871
- Other PP&E	54,134	40,028	14,106	14,558
- PP&E under construction	42,430		42,430	23,329
TOTAL ASSETS	**1,418,112**	**633,576**	**784,536**	**733,136**
DEPRECIATION & AMORTIZATION CHARGES				
ACCRUED INCOME & DEFERRED CHARGES	**5,746**		**5,746**	**5,379**
Prepaid expenses	5,419		5,419	4,957
Other suspense accounts	326		326	421
Foreign exchange differences				
GRAND TOTAL	**1,423,857**	**633,576**	**790,281**	**738,515**
CLEARING ACCOUNTS				
Directors' shares held as management			5	5
guarantees			6,760	7,211
Deposits received			45,000	
Other obligation			50,965	36,558
Third-party receivables for bank guarantees			97	97
Opening of credit facility and confirmed unused overdrafts			135,000	165,000
Variable-rate hedge			61,000	77,000
			298,827	**285,871**

LIABILITIES & STOCKHOLDERS' EQUITY	2009/2010 FISCAL YEAR	2008/2009 FISCAL YEAR
LIABILITIES PAYABLE IN LESS THAN 1 YEAR	**131,419**	**99,314**
Bills payable	677	2,350
Operating liabilities	49,625	49,133
Affiliate accounts	7,600	761
Employee accounts	24,976	28,595
Borrowings	30,323	198
Other liabilities	5,429	3,836
Liabilities withheld	12,789	14,442
ADVANCE COLLECTIONS OR GUARANTEES	**15,102**	**17,439**
Advances received	10,136	12,506
Deposits and guarantees received	4,966	4,933
LIABILITIES TO MATURE IN OVER 1 YEAR	**22,021**	**22,476**
Operating liabilities		
Liabilities withheld	22,021	22,476
PROVISIONS FOR CONTINGENCIES	**8,069**	**3,687**
ACCRUED LIABILITIES & DEFERRED INCOME	**40,368**	**24,198**
Revenues to be recorded in future fiscal years	26,019	9,117
Other accrued liabilities and deferred income	1,813	1,437
Foreign exchange differences	21	26
Investment grant		
- Gross	17,535	17,535
- Amortization	(5,020)	(3,918)
STOCKHOLDERS' EQUITY		
Common stock, additional paid-in capital and reserves	**215,141**	**215,075**
Common stock: 18,128,220 shares of €1	18,128	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:	**160,789**	**160,003**
- Statutory reserve	1,813	1,806
- Optional reserve	148,799	148,799
- Contingency reserve	10,177	9,398
- Long-term capital gains		
Results:	**197,373**	**196,323**
- Retained earnings	183,497	157,361
- Net income for the period	13,877	38,962
TOTAL STOCKHOLDERS' EQUITY	**573,303**	**571,401**
GRAND TOTAL	**790,281**	**738,515**
CLEARING ACCOUNTS		
Director payables for deposited shares	5	5
Third-party payables for bank guarantees	6,760	7,211
Other obligation received	45,000	
Trade payables	50,965	36,558
Bank guarantees given	97	97
Opening of credit facility and confirmed unused overdrafts	135,000	165,000
Variable-rate hedge	61,000	77,000
	298,827	**285,871**

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

in thousands of euros	2009/2010 FISCAL YEAR	2008/2009 FISCAL YEAR
MAIN ACTIVITY		
Gaming receipts	210,688	220,233
Services rendered	149,382	165,061
Sales of bought-in goods	5,403	5,778
Other receipts	1,939	1,395
Less: intra-group transfers	(10,801)	(10,655)
Total income from main activity	**356,612**	**381,812**
To be deducted:		
- Cost of purchase of bought-in goods	(3,446)	(3,674)
- Purchases of raw materials and supplies	(115,484)	(126,608)
- License fees, duties and taxes other than income tax	(27,844)	(29,094)
- Wages and salaries	(146,549)	(149,660)
- Other operating expenses	(14,095)	(24,873)
- Depreciation and amortization charges	(39,192)	(40,649)
Provisions:		
- Charges	(16,069)	(14,086)
- Write-backs	13,536	21,032
Total expenses from main activity	**(349,143)**	**(367,612)**
Share in proceeds from joint ventures		
NET INCOME/(LOSS) FROM MAIN ACTIVITY	**7,469**	**14,200**
RELATED ACTIVITIES		
Financial net income/(loss)	2,495	6,486
Revenues from participating interests	6,218	1,875
Provisions:		
- Charges	(26)	(19)
- Write-backs	11	62
NET INCOME/(LOSS) FROM RELATED ACTIVITIES	**8,698**	**8,404**
EXCEPTIONAL INCOME/(EXPENSES)		
Various exceptional expenses	879	15,865
Provisions:		
- Charges	(5,402)	(282)
- Write-backs	14	790
NET EXCEPTIONAL ITEMS	**(4,510)**	**16,372**
LOSSES FROM PRIOR YEARS	**2,220**	**(15)**
NET INCOME/(LOSS) FOR THE PERIOD	**13,877**	**38,962**

STATUTORY AUDITORS' GENERAL REPORT

YEAR ENDED MARCH 31, 2010

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, 2010.

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, 2010 and the statement of income for the year 2009-2010.

Total assets amounted to €790,281 thousand. The statement of income shows a net income for the year of €13,877 thousand. Stockholders' equity amounted to €573,303 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, 2010 and income statement for the year 2009-2010 presented for your approval give a true and fair view of the financial position of the Company as of March 31, 2010 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, 2010

THE STATUTORY AUDITORS

André GARINO

Louis VIALE

STATUTORY AUDITORS' SPECIAL REPORT

YEAR ENDED MARCH 31, 2010

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 2009-2010 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 25, 2009, the Extraordinary General Meeting to:
  - acknowledge that share capital was effectively increased from €18,062,000 to €18,128,000;
  - authorize the Board of Directors to increase share capital to a maximum of €18,168,000 and therefore amend Article 5 of the Bylaws;
  - authorize the Company to buy back its own shares and therefore amend Article 41 of the Bylaws.
- On September 25, 2009, the Annual General Meeting to approve the financial statements for the year ended March 31, 2009, approve the appointment of a director and define the purpose, terms and conditions governing the Company's buyback of its own shares.

With respect to these meetings, we verified that:

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

We did not identify any irregularities

Monaco, July 27, 2010

THE STATUTORY AUDITORS

André GARINO | Louis VIALE

BALANCE SHEET AS OF MARCH 31, 2010 IN ACCORDANCE WITH

IN THOUSANDS

ASSETS		2009/2010 FISCAL YEAR GROSS	2009/2010 FISCAL YEAR Depreciation amortization provisions	2009/2010 FISCAL YEAR NET	2008/2009 FISCAL YEAR NET
NON-CURRENT ASSETS					
Intangible assets	Note 3	**21,256**	**18,776**	**2,481**	**2,241**
Concessions, patents & similar		19,574	18,758	816	1,134
Leasehold rights		18	18		
Intangible assets in progress		1,664		1,664	1,107
Property, plant & equipment	Note 4	**1,032,613**	**567,838**	**464,774**	**445,487**
Land		119,969	38,106	81,863	81,855
Buildings		633,834	359,400	274,434	273,874
Industrial and technical plant		182,245	130,304	51,941	51,871
Other PP&E		54,134	40,028	14,106	14,558
PP&E under construction		38,881		38,881	17,846
Payments on account		3,549		3,549	5,483
Long-term investments	Note 5	**228,324**	**8,349**	**219,975**	**66,597**
Participating interests		204,610	7,993	196,617	43,316
Other equity investments		22,870	8	22,862	22,862
Loans		593	317	275	203
Other long-term investments		251	31	220	216
TOTAL NON-CURRENT ASSETS		**1,282,193**	**594,963**	**687,230**	**514,325**
CURRENT ASSETS					
Inventory		12,739	93	12,646	12,673
Payments on account - advances paid		1,437		1,437	1,420
Operating receivables		7,872	2,286	5,586	5,604
Other operating receivables		4,845		4,845	3,552
Other receivables		43,154	36,234	6,921	11,987
Cash at bank & in hand and marketable securities		66,199		66,199	183,996
Prepaid expenses		5,419		5,419	4,957
TOTAL CURRENT ASSETS		**141,664**	**38,613**	**103,051**	**224,190**
DEFERRED CHARGES & UNREALIZED FOREIGN EXCHANGE LOSSES					
TOTAL ASSETS		**1,423,857**	**633,576**	**790,281**	**738,515**

LIABILITIES & STOCKHOLDERS' EQUITY		2009/2010 FISCAL YEAR NET	2008/2009 FISCAL YEAR NET
STOCKHOLDERS' EQUITY			
Common stock		18,128	18,062
Additional paid-in capital		5,374	5,374
Revaluation reserves		191,638	191,638
Statutory reserve		1,813	1,806
Long-term net capital gains reserve			
Contingency reserve		10,177	9,398
Optional reserve		148,799	148,799
Retained earnings		183,497	157,361
Net income/(loss)	Note 8	13,877	38,962
Investment grants	Note 9	12,515	13,617
TOTAL STOCKHOLDERS' EQUITY	Note 7	**585,818**	**585,018**
PROVISIONS FOR CONTINGENCIES & LOSSES			
Provisions for contingencies		8,069	3,687
Provisions for losses		24,367	24,928
TOTAL PROVISIONS FOR CONTINGENCIES & LOSSES	Note 10	**32,436**	**28,615**
LIABILITIES			
Bank borrowings		30,323	198
Other borrowings		4,966	4,933
Payments on account - advances received		10,136	12,506
Trade payables and related accounts		17,570	24,755
Tax and employee-related liabilities		52,151	57,597
Other operating liabilities		4,133	3,661
Amounts payable on PP&E		11,866	6,055
Other liabilities		14,842	6,034
Prepaid income		26,019	9,117
TOTAL LIABILITIES	Notes 11 & 12	**172,006**	**124,855**
UNREALIZED FOREIGN EXCHANGE GAINS		**21**	**26**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		**790,281**	**738,515**

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

in thousands of euros		2009/2010 FISCAL YEAR	2008/2009 FISCAL YEAR
OPERATING INCOME			
Net revenues		356,325	380,539
Write-back of depreciation, amortization and provisions	Note 15	13,536	21,032
Expense reclassifications		55	261
Other income		1,939	1,427
TOTAL OPERATING INCOME		**371,854**	**403,259**
OPERATING EXPENSES			
Purchases of bought-in goods		(3,354)	(3,641)
Changes in inventory of bought-in goods		(92)	(33)
Purchases of raw materials and other supplies		(18,202)	(20,235)
Changes in inventory of raw materials and other supplies		40	(196)
Other purchases and external charges		(96,861)	(106,574)
Share in proceeds from joint ventures			
Duties and taxes other than income tax		(27,823)	(29,106)
Wages and salaries		(100,393)	(101,824)
Employee welfare contributions and similar charges		(46,146)	(47,829)
Depreciation and amortization on fixed assets		(39,192)	(40,649)
Charges to provisions on current assets		(8,523)	(11,615)
Charges to provisions for contingencies and losses		(7,546)	(2,471)
Other charges	Note 15	(14,074)	(24,900)
TOTAL OPERATING EXPENSES		**(362,166)**	**(389,073)**
NET INCOME/(LOSS) FROM OPERATIONS		**9,688**	**14,186**
FINANCIAL INCOME			
From participating interests and marketable securities		8,980	3,096
Other interest and similar income		399	4,159
Foreign exchange gains		231	129
Net proceeds from sale of short-term investment securities		267	1,779
Write-back of provisions		11	62
TOTAL FINANCIAL INCOME		**9,888**	**9,224**
FINANCIAL EXPENSES			
Interest and similar charges		(1,067)	(607)
Foreign exchange losses		(97)	(195)
Net charges on sales of short-term investment securities			
Charges to provisions		(26)	(19)
TOTAL FINANCIAL EXPENSES		**(1,190)**	**(821)**
NET INCOME/(LOSS) FROM FINANCIAL ITEMS	Note 16	**8,698**	**8,404**
EXCEPTIONAL INCOME			
From non-capital transactions		28	23
From capital transactions		1,310	20,701
Write-back of provisions		14	790
TOTAL EXCEPTIONAL INCOME		**1,352**	**21,514**
EXCEPTIONAL EXPENSES			
On non-capital transactions			
On capital transactions		(459)	(4,859)
Charges to provisions		(5,402)	(282)
TOTAL EXCEPTIONAL EXPENSES		**(5,861)**	**(5,142)**
NET EXCEPTIONAL ITEMS	Note 17	**(4,510)**	**16,372**
CORPORATE INCOME TAX			
NET INCOME FOR THE PERIOD		**13,877**	**38,962**

STATEMENT OF CASH FLOWS

in thousands of euros	2009/2010 FISCAL YEAR	2008/2009 FISCAL YEAR
OPERATING ACTIVITIES		
Cash flow before disposal of fixed assets	61,053	62,984
Changes in working capital requirements	14,518	(14,112)
CASH FLOW FROM OPERATING ACTIVITIES	**75,571**	**48,872**
INVESTING ACTIVITIES		
Purchases of PP&E and intangible assets	(59,179)	(35,240)
Investment grants		
Changes in long-term investments and deferred charges	(158,393)	(4,190)
Proceeds from disposal of assets	208	19,583
Changes in amounts payable on PP&E	5,812	2,002
CASH FLOW USED IN INVESTING ACTIVITIES	**(211,552)**	**(17,846)**
FINANCING ACTIVITIES		
Draw-downs on credit facility	30,125	
Credit line repayments		(6)
Dividends paid	(12,040)	(22,581)
Share capital increase	66	
Changes in stable financing activities	32	698
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**18,184**	**(21,890)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(117,797)**	**9,136**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**183,996**	**174,860**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**66,199**	**183,996**

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, 2010, which totaled €790,281,000 and the statement of income for the period ended March 31, 2010 which recorded a profit of €13,877,000.

The 12-month fiscal year covers the period from April 1, 2009 to March 31, 2010.

NOTE 1 - ACCOUNTING RULES AND METHODS

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

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

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

1.1 - Change in accounting method

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

1.2 - Accounting policies

- ***Intangible assets***

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

Amortization is calculated according to the straight-line method:

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

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

a - Gross value

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

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

b - Legal regime for certain real-estate assets

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

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

In these terms of reference, it is stated that at the end of the current gaming rights concession, or in the event of further renewals at the end of the last extension, Société des Bains de Mer will hand over free of charge to the concession granting authority the Monte-Carlo Casino including its terraces and Square. Based on capitalized assets as of March 31, 2010, the estimated residual value of these properties upon expiry of the current concession would be around €5.8 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 and gardens
- 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***

In December 2009, Wynn Resorts, Limited paid a dividend of $4 per share to stockholders registered as of November 19, 2009. This distribution generated financial income of €3.4 million, net of a 30% tax withholding, which had a favorable impact on the financial statements for the period ended March 31, 2010.

Following the sales of 1,200,000 shares in past years, which covered the initial investment of €38.1 million and generated a capital gain of €61.9 million, Société des Bains still held 1,800,000 shares of Wynn Resorts, Limited as of March 31, 2010, equivalent to approximately 1.5% of the share capital.

A new tranche of 217,491 shares was sold in April 2010, for an amount of $20 million, or €15 million, which generated a capital gain of €12.2 million recorded in the financial statements for the accounting period beginning April 1, 2010. Following this sale, the Group held 1.3% of the share capital of Wynn Resorts, Limited.

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.

- ***Belle Epoque building***

The Société des Bains de Mer General Meeting of stockholders held on September 25, 2009 approved the amendment to the long lease covering the Belle Epoque building, extending the lease term for the residential portion of the building (two apartments with balcony) to September 30, 2094, with a unilateral undertaking to extend the lease a further eleven years for a term expiring on September 30, 2105.

In accordance with the amendment's provisions, the Group received an initial payment of €20 million with respect to the compensation receivable. This compensation is recognized in profit or loss and amortized over the term of the lease.

- ***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 removed and the transaction completed on May 19, 2009. 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.

As stipulated in the agreements, the S.B.M. Group has also granted 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.

Backed by the funds necessary for its development, Mangas Gaming acquired a controlling interest from the founders of Bet-at-home on May 19, 2009. Bet-at-home, a company listed in Frankfurt, is a sports betting and on-line gaming operator present in Central and Eastern European markets. This agreement included a public offering for the Bet-at-home minority stockholders and Mangas Gaming now holds almost 50% of this company.

On July 7, 2009, Mangas Gaming formally purchased the 25% block of minority ordinary shares still owned by the founders and managers of Betclic.

On July 31, 2009, Mangas acquired all the business activities of Expekt, one of the main on-line sports betting operators, present in the Scandinavian and North European markets; Expekt is also a major player in the on-line poker sector.

Finally, on April 7, 2010, Mangas Gaming acquired control of the Everest Gaming group, a major player in the on-line poker sector. Created over 12 years ago, Everest Gaming is one of the few on-line poker companies with its own technical platform. Everest Poker offers its customers a gaming experience that is ideally suited to local requirements with one of the most renowned poker rooms in Europe.

Mangas Gaming now holds 60% of Everest Gaming's share capital, the balance being held by the current stockholder, GigaMedia, a company listed on the NASDAQ.

Under the terms of the transaction, the acquisition price of the 60% stake will be based on the valuation of Everest Gaming in early 2012. Mangas Gaming made an advance payment of $100 million on April 7, 2010, with a price supplement payable in 2012 based on the fair value measured at this date. Société des Bains de Mer and its subsidiary Monte-Carlo SBM International have agreed to guarantee the payment of the price supplement to GigaMedia for a maximum amount of $60 million. They have also obtained a counter-guarantee for a maximum amount of €20 million from Mangas Lov, a subsidiary of Financière Lov, through a demand guarantee backed by a Mangas Lov pledge of 20,000 Mangas Gaming shares, which represents nearly 10% of the Mangas Gaming share capital, the entire package coming into force on April 7, 2010.

GigaMedia retains a 40% interest with a total or partial option to sell to Mangas Gaming beginning in 2013. As of 2015, Mangas Gaming will have an option to sell the remaining interest held by GigaMedia. The exercise price of the purchase and sale options will be based on the Everest Gaming valuation as then determined.

NOTE 3 - INTANGIBLE ASSETS

in thousands of euros	March 31, 2009	Increases	Decreases	March 31, 2010
GROSS VALUES				
Concessions and similar rights	19,299	281	(7)	19,574
Other	18			18
Assets under development	1,107	557		1,664
TOTAL GROSS VALUES	20,425	838	(7)	21,256
AMORTIZATION AND PROVISIONS	18,184	599	(7)	18,776
TOTAL NET VALUES	**2,241**	**240**		**2,481**

NOTE 4 - PROPERTY, PLANT & EQUIPMENT

in thousands of euros	March 31, 2009	Increases	Decreases	March 31, 2010
GROSS VALUES				
Land	119,961	8		119,969
Buildings	616,439	20,711	(3,315)	633,834
Industrial and technical plant	171,662	14,496	(3,913)	182,245
Other property, plant & equipment	53,087	4,024	(2,977)	54,134
Payments on account on PP&E under construction (1)	23,329	19,101		42,430
TOTAL GROSS VALUES	984,478	58,340	(10,206)	1,032,613
DEPRECIATION AND PROVISIONS				
Land	38,106			38,106
Buildings	342,565	20,047	(3,212)	359,400
Industrial and technical plant	119,791	14,233	(3,720)	130,304
Other property, plant & equipment	38,529	4,313	(2,815)	40,028
TOTAL DEPRECIATION AND PROVISIONS	538,992	38,593	(9,747)	567,838
TOTAL NET VALUES	**445,487**	**19,747**	**(459)**	**464,774**

(1) Including €20,076,000 with respect to work at the Hôtel Hermitage.

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, 2010.

- 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 €86,896,000 as of March 31, 2010 and the annual charge totaled €1,524,000.

NOTE 5 - LONG-TERM INVESTMENTS

in thousands of euros	Net value March 31, 2009	Gross value March 31, 2010	Write-down March 31, 2010	Net value March 31, 2010
LONG-TERM INVESTMENTS				
Participating interests & related receivables	43,316	204,610	7,993	196,617
Other equity investments	22,862	22,870	8	22,862
Loans	203	593	317	275
Other long-term investments	216	251	31	220
TOTAL	**66,597**	**228,324**	**8,349**	**219,975**

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

The heading “Participating interests & related receivables” mainly comprises convertible bonds in the amount of €119,000,000 subscribed from the subsidiary Monte-Carlo SBM International.

The heading “Other equity investments” comprises the acquisition cost of the Wynn Resorts securities in the amount of €22,862,000 (counter-value as of March 31, 2010 of $27,000,000 for the 1.8 million shares at $15). The Wynn Resorts share is listed on the NASDAQ and its closing price as of March 31, 2010 was $75.83 (code: WYNN).

NOTE 6 - ACCRUED INCOME

Accrued income is included in the following balance sheet items:

in thousands of euros	March 31, 2009	March 31, 2010
LONG-TERM INVESTMENTS		
Loans to participating interests		2,763
RECEIVABLES		
Operating receivables	110	122
Sundry receivables	140	
MARKETABLE SECURITIES & CASH AT BANK AND IN HAND		
Marketable securities		
Cash at bank and in hand	214	
TOTAL	**465**	**2,885**

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, 2009	**18,062**	**5,374**	**191,638**	**317,365**	**38,962**	**13,617**	**585,018**
Prior year appropriation				38,962	(38,962)		
Dividends & bonus percentage of profits				(12,040)			(12,040)
Share capital increase	66						66
Net income for the period					13,877		13,877
Other changes						(1,102)	(1,102)
AS OF MARCH 31, 2010	**18,128**	**5,374**	**191,638**	**344,286**	**13,877**	**12,515**	**585,818**

Following the capital increase authorized by the Extraordinary General Meeting of September 19, 2008, resulting in the issue of 66,080 new shares, the common stock of Société des Bains de Mer comprises 18,128,220 shares each with a par 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 stated-owned shares may not be assigned or sold pursuant to Monegasque law no. 807 of June 23, 1966.

The Monegasque State owned 69.1% of the common stock as of March 31, 2010 and 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		2009/2010 Fiscal year
ORIGINAL APPROPRIATION		
Net income for the year		13,877
Retained earnings		183,497
TOTAL TO BE APPROPRIATED		**197,373**
PROPOSED APPROPRIATION		
Cumulative preferred dividend	0,01€ x 18,160,490 shares	182
Statutory reserve		3
Contingency reserve		277
Board of Directors		411
Retained earnings		196,500
TOTAL PROPOSED APPROPRIATION		**197,373**

NOTE 9 - INVESTMENT GRANTS

in thousands of euros	Net value March 31, 2009	Grant received	Added back to profit or loss	Net value March 31, 2010
TOTAL	**13,617**		**(1,102)**	**12,515**

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 Government of the Prince 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 €1,102,000 was recognized in exceptional items for fiscal year 2009/2010.

NOTE 10 - PROVISIONS FOR CONTINGENCIES AND LOSSES

in thousands of euros	March 31, 2009	Increases	Write-back used	Write-back not used	March 31, 2010
PROVISIONS FOR CONTINGENCIES AND LOSSES					
Provisions for litigation	1,214	1,324	(66)	(475)	1,997
Other contingency provisions	2,473	4,382	(302)	(482)	6,071
Pension commitments and related commitments (1)	24,928	1,891		(2,452)	24,367
Other loss provisions					
TOTAL	**28,615**	**7,597**	**(368)**	**(3,409)**	**32,436**

(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, 2010 are as follows:

- retirement age: 62
- adjustment rate: salaries 3% 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 (4.21% at 15 years)
- life expectancy tables: TVTD 88/90 for retirement termination payments – TPRV 93 for pension commitments

These obligations are valued at €25.5 million as of March 31, 2010. 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 €1.1 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 €75,000 for fiscal year 2009/2010.

NOTE 11 - BORROWINGS

in thousands of euros	March 31, 2009	March 31, 2010
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	1,496	32,284
Due date more than 1 year	3,635	3,005
TOTAL	**5,131**	**35,289**

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 from third parties.

NOTE 12 - OTHER LIABILITIES

in thousands of euros	March 31, 2009	March 31, 2010
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	114,431	115,165
Due date more than 1 year	5,293	21,552
TOTAL	**119,724**	**136,717**

NOTE 13 - ACCRUED EXPENSES

Accrued expenses are included in the following balance sheet items:

in thousands of euros	March 31, 2009	March 31, 2010
Trade payables and related accounts	10,644	7,490
Tax and employee-related liabilities	25,388	25,267
Other liabilities	2,662	2,689
Amounts payable on PP&E and related accounts	1,346	2,953
TOTAL	**40,041**	**38,399**

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)	191,617	5,000
Various receivables	41,189	140
Other liabilities	7,741	

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

Irrecoverable trade receivables were recognized in fiscal year 2009/2010 under “Other expenses” for €2.3 million, compared to €10.2 million in the previous year. The provisions previously set aside in the same amounts were written back.

NOTE 16 - NET INCOME FROM FINANCIAL ITEMS

The item primarily comprises the partial repayment of the withholding tax applied to the previous distribution performed by Wynn Resorts, Limited in December 2007, which generated a €0.3 million gain, to which should be added a €3.4 million dividend distribution

NOTE 17 - EXCEPTIONAL ITEMS

Exceptional items in 2009 included the sale of 200,000 Wynn Resorts, Limited shares for $22 million or €17.3 million, generating a €14.8 million capital gain.

In addition, current account advances to Monaco Sports Partenaires were written down for €5 million in fiscal year 2009/2010.

NOTE 18 - HUMAN RESOURCES

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

	March 31, 2010	March 31, 2010
Managers	477	484
Supervisors	139	138
Employees	2,507	2,392
TOTAL	**3,123**	**3,014**

NOTE 19 - FINANCIAL INSTRUMENTS

- ***Foreign exchange instruments***

As virtually all the Group’s operations are conducted in euros, there is little foreign exchange risk. However, commercial activities originating from issuer markets in the dollar zone (United States 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, 2010, the Group held 1.8 million shares at a share price of $75.83. This financial asset is no longer subject to foreign exchange hedging.

- ***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, 2010, the hedged notional amount was €61 million.

• Fair value of financial instruments

in thousands of euros	March 31, 2009	March 31, 2010
Foreign exchange instruments		
Interest rate instruments	(612)	(417)
TOTAL	**(612)**	**(417)**

NOTE 20 - OFF-BALANCE SHEET COMMITMENTS

in thousands of euros	March 31, 2009	March 31, 2010
COMMITMENTS GIVEN		
Deposits and guarantees	97	97
COMMITMENTS RECEIVED		
Shares deposited by directors	5	5
Deposits and guarantees (1)	7,211	6,760
RECIPROCAL COMMITMENTS		
Firm capital expenditure orders (2)	30,275	41,466
Other firm orders (3)	6,283	9,310
Opening of credit facility and confirmed unused overdrafts	165,000	135,000

(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 (€22,113,000), the Casino building (€10,472,000), the Monte-Carlo Beach Hotel (€2,960,000) and the Hôtel de Paris (€2,189,000).

(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	01/31/1985	02/25/2043
- Société Civile Immobilière Belle Epoque	10/30/1995	10/29/2035
- Port View Limited with a unilateral undertaking to extend the lease until September 30, 2105.	04/25/1996	09/30/2094

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

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

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

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

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

NOTE 21 – SUBSIDIARIES AND INVESTMENTS

Detailed financial information on subsidiaries and affiliates (in thousands of euros)	Common stock	Other share-holders' equity (before appropriation of earnings)	% of common stock held	Net income or loss from prior year	Gross value of investments	Net book value of investments	Loans & related receivables	Deposits & guarantees	Dividends paid
Société Anonyme Monégasque des Thermes Marins Monte-Carlo (S.T.M.) - Monaco	2,000	(3,649)	96.00	(392)	2,352				
Société Anonyme Monégasque d'Entreprise de Spectacles (S.A.M.E.S.) - Monaco	150	328	99.20	70	38	38			57
Société Anonyme Monégasque Générale d'Hôtellerie (SOGETEL) - Monaco	1,000	2,087	97.00	371	955	955			2,425
Société Financière et d'Encaissement (S.F.E.) - Monaco	1,000	213	97.00	30	822	822			
S.B.M. Incorporated New York (Etats-Unis)	641	(774)	100.00	13	641				
Société Civile Particulière Soleil du Midi - Monaco	2		99.00		13,360	13,360	149		
Société Civile Immobilière de l'Hermitage - Monaco	150	63	1.00	(36)	138	138	32,884		
Monaco Sports Partenaires	150		40.00	0	60	60	9,940		
S.à.r.l. Monte-Carlo SBM International - Luxembourg	1,000		100.00	(1,747)	1,000	1,000	142,263		

CONTRACTUAL AUDITOR'S AND STATUTORY AUDITORS' REPORT

on the financial statements prepared in accordance with French accounting regulations. Year ended March 31, 2010

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, 2010.

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, as was the case at the 2009 year-end closing. 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, 2010 and the results of its operations for the year then ended, in accordance with French accounting regulations.

Neuilly-sur-Seine and Monaco, July 27, 2010

The Contractual Auditor

Deloitte & Associés

François-Xavier AMEYE

The Statutory Auditors

Louis VIALE

André GARINO

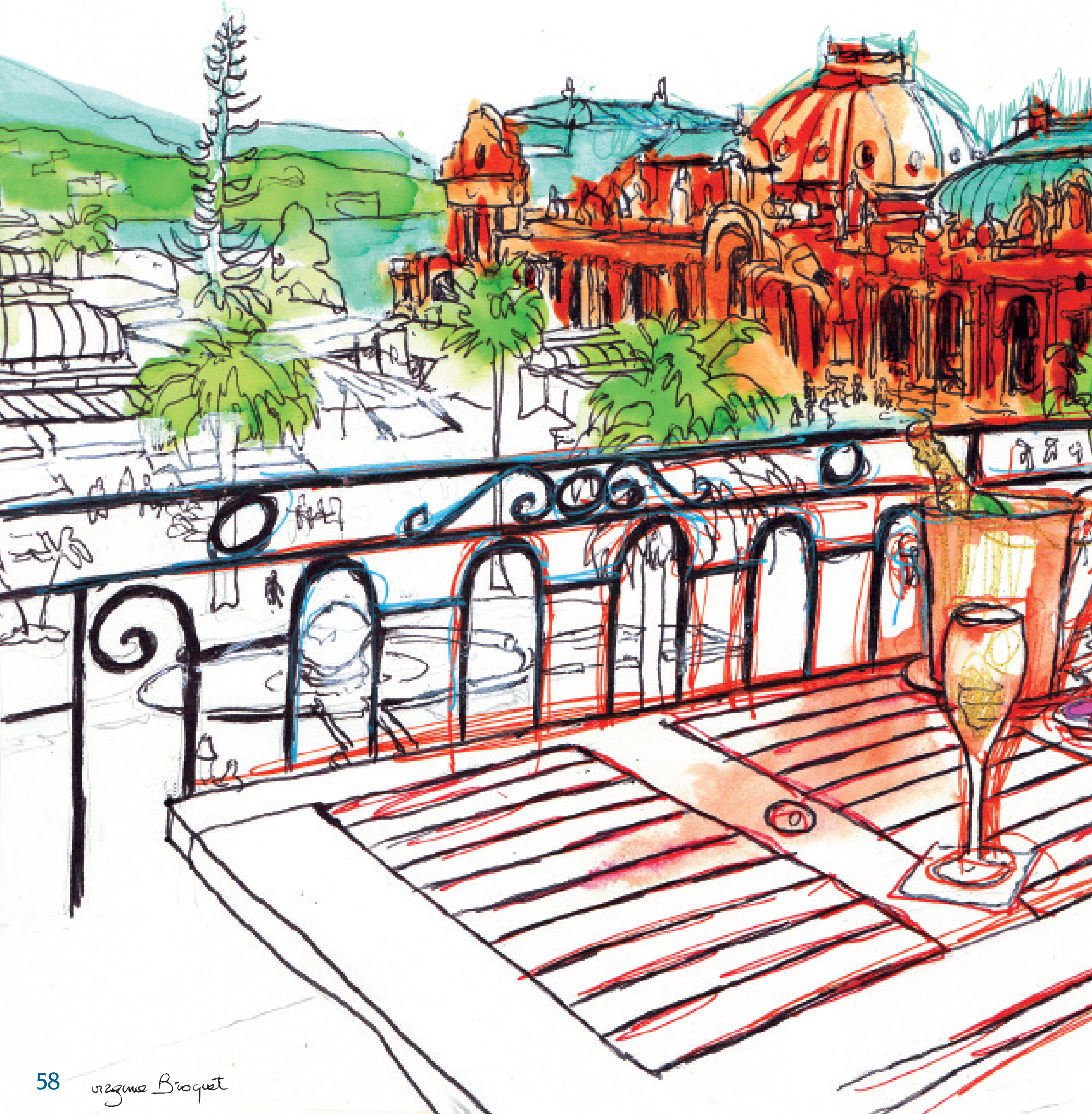
COMPANY RESULTS OVER THE LAST FIVE FISCAL YEARS

	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
Stockholders' equity					
Common stock (in thousands of euros)	18,128	18,062	18,062	18,029	18,000
Number of ordinary shares	18,128,220	18,062,140	1,806,214	1,802,920	1,800,000
Operations and income for the year (in thousands of euros)					
Revenues before income tax	356,325	380,539	435,690	374,474	352,776
Net income/(loss) after income tax, but before depreciation, amortization & provisions	61,005	72,114	129,262	86,583	70,928
Net income/(loss) after income tax, depreciation, amortization & provisions	13,877	38,962	90,528	51,508	34,517
Dividends paid to stockholders	182	10,877	19,868	12,620	8,550
Per share data (1) (in euros)					
Net income/(loss) after income tax, but before depreciation, amortization & provisions	3.37	3.99	71.57	48.02	39.40
Net income/(loss) after income tax, depreciation, amortization & provisions	0.77	2.18	50.12	28.57	19.18
Dividend per share (included the cumulative preferred dividend)	0.01	0.60	11.00	7.00	4.75
Employees					
Number of employees as of March 31	2,990	2,878	2,982	2,877	2,844
Total payroll for the year (2) (in thousands of euros)	100,393	101,824	104,582	95,338	92,644
Employee benefits for the year (social security, social welfare, etc.) (3) (in thousands of euros)	46,146	47,829	48,752	46,007	44,544

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

(2) excluding funds and pools

(3) including retirement expenses


virginie Broquet

GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2010

IN THOUSANDS OF EUROS

ASSETS		2009/2010	2008/2009
Goodwill	Note 4		
Intangible assets	Note 4	**2,487**	**2,249**
Property, plant & equipment	Note 5	**513,593**	**488,092**
Equity investments		131,511	
Available-for-sale financial assets		101,333	27,080
Other non-current financial assets		71,153	3,328
Non-current financial assets	Note 6	**303,997**	**30,407**
NON-CURRENT ASSETS		**820,077**	**520,748**
Inventory	Note 7	13,473	13,569
Trade receivables	Note 8	17,829	18,051
Other receivables	Note 9	17,957	15,767
Other financial assets	Note 10	107	62
Cash and cash equivalents	Note 11	70,344	196,005
CURRENT ASSETS		**119,710**	**243,454**
Assets held for sale			
TOTAL ASSETS		**939,787**	**764,202**

LIABILITIES & EQUITY		2009/2010	2008/2009
Common stock		18,128	18,062
Additional paid-in capital		5,374	5,374
Reserves		540,749	512,223
Reserves related to the change in fair value of financial assets registred in equity		79,858	4,149
Consolidated net income for the period		1,074	40,566
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**645,183**	**580,374**
Minority interests		145	208
EQUITY		**645,329**	**580,582**
Financial liabilities and borrowings	Note 12	66,726	3,443
Employee benefits	Note 13	24,431	24,988
Provisions	Note 14	3,883	1,430
Other non-current liabilities	Note 15	35,233	17,829
TOTAL NON-CURRENT LIABILITIES		**775,601**	**628,271**
Trade payables	Note 16	21,294	27,420
Other payables	Note 17	107,329	106,167
Provisions	Note 14	3,068	1,066
Financial liabilities	Note 12	32,495	1,278
Bank	Notes 11 & 12		
TOTAL CURRENT LIABILITIES		**164,186**	**135,931**
TOTAL LIABILITIES & EQUITY		**939,787**	**764,202**

CONSOLIDATED STATEMENT OF INCOME

IN THOUSANDS OF EUROS

		2009/2010	2008/2009
Revenue	Note 18	**374,071**	**400,035**
Cost of goods sold, raw materials & other supplies		(36,856)	(39,844)
Other external charges		(93,099)	(100,087)
Taxes and similar payments		(27,823)	(29,106)
Wages and salaries	Note 19	(162,252)	(164,393)
Depreciation and amortization	Notes 4 & 5	(39,992)	(41,599)
Other operating income and expenses	Note 20	(2,477)	(5,991)
Operating income	Note 21	**11,572**	**19,015**
Income from cash and cash equivalents		558	6,167
Gross finance costs		(904)	(1,549)
Net finance costs	Note 22	**(346)**	**4,619**
Other financial income and expenses	Note 22	(1,535)	17,019
Income tax expense			
CONSOLIDATED NET INCOME		**9,692**	**40,653**
Minority interest share		(13)	(87)
Net profit/(loss) of associates		(8,605)	
CONSOLIDATED NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**1,074**	**40,566**
Number of shares issued		**18,128,220**	**18,062,140**
Net earnings per share (in euros)		**0,06**	**2,25**
Net diluted earnings per share (in euros)		**0,06**	**2,25**

STATEMENT OF COMPREHENSIVE INCOME

	2009/2010	2008/2009
CONSOLIDATED NET INCOME ATTRIBUTABLE EQUITY HOLDERS OF THE PARENT	**1,074**	**40,566**
Actuarial gains and losses (IAS 19)		
Other comprehensive income:		
- Gains and losses on the remeasurement of available-for-sale financial assets (IAS 39)	74,253	(99,841)
- financiers disponibles à la vente (IAS 39)		
- Share of profit/(loss) of associates	1,456	
TOTAL COMPREHENSIVE INCOME	**76,783**	**(59,276)**

CONSOLIDATED STATEMENT OF CASH FLOWS

IN THOUSANDS OF EUROS

		2009/2010	2008/2009
OPERATING ACTIVITIES			
Consolidated net income attributable to equity holders of the parent		1,074	40,566
Minority interest share		13	87
Amortization		39,992	41,599
Net profit/(loss) of associates		8,605	
Portion of investment grant recorded in profit or loss		(1,102)	(1,119)
Changes in provisions		3,803	(722)
Gains and losses on changes in fair value		(54)	1,754
Other income and expenses calculated		5,015	(38)
Capital gains and losses on disposal		253	(14,754)
Cash generated from operations		**57,598**	**67,374**
Net finance costs (excluding change in fair value) and income tax expense		400	(6,576)
Cash generated from operations before net finance costs and income tax expense		**57,998**	**60,797**
Tax paid			
Decrease / (increase) in WCR relating to operations		4,736	(11,436)
CASH FLOW FROM OPERATING ACTIVITIES		**62,735**	**49,361**
INVESTING ACTIVITIES			
Purchase of PP&E and intangible assets		(59,348)	(35,420)
Gains on disposal of PP&E and intangible assets		218	18,814
Impact of changes in scope of consolidation		(139,827)	
Change in loans and advances granted		(8,241)	(4,223)
CASH FLOW USED IN INVESTING ACTIVITIES		**(207,198)**	**(20,830)**
FINANCING ACTIVITIES			
Dividends paid		(12,116)	(22,582)
Minority contributions and changes in scope of consolidation			
Share capital increase		66	
Changes in stable financing activities (including credit line)	Note 12	31,363	235
Net interest received (paid)	Note 22	(400)	6,576
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**18,913**	**(15,771)**
CHANGE IN CASH AND CASH EQUIVALENTS		**(125,550)**	**12,760**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**196,005**	**183,373**
Cash restated at fair value		(111)	(128)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**70,344**	**196,005**
Cash and cash equivalents - Assets		70,344	196,005
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, 2007	**18,029**	**5,374**	**134,731**	**455,484**	**613,619**	**39**	**613,658**
Dividend paid				(14,163)	(14,163)		(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)		(22,581)
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**
Dividend paid				(12,040)	(12,040)	(75)	(12,116)
Share capital increase	66				66		66
Change in fair value of financial assets			75,709		75,709		75,709
Net income for the period				1,074	1,074	13	1,087
March 31, 2010	**18,128**	**5,374**	**79,858**	**541,822**	**645,183**	**146**	**645,328**

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 capital increase approved by the Extraordinary General Meeting of September 19, 2008, which resulted in the issue of 66,080 new shares, the share capital of Société des Bains de Mer comprised 18,128,220 shares each with a par 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.

The State of Monaco, which holds 69.1% of the share capital as of March 31, 2010, is the sole declared stockholder 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 2009/2010 were approved by the Board of Directors at its meeting held on June 24, 2010.

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 following standards and interpretations are now applicable by the Group for the 2009/2010 fiscal year:

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

The application of IAS 1 resulted in the following changes to the Group financial statements:

- the statement of income has been completed by a "statement of comprehensive income," which combines net income for the year and other income and expenses recorded in equity (this information had previously been presented in the statement of changes in equity)
- the statement of changes in equity, in which the items presented under reserves and retained earnings now include the items previously presented in reserves and the comprehensive income for the period.

The Group has decided to maintain the current line item headings of its financial statements.

The application of IFRS 8, *Operating Segments*, had no material impact on the presentation of the Group financial statements.

The application of other interpretations and standards entering into force in Europe, applicable to fiscal periods beginning on or after January 1, 2009, had no impact on the presentation of the Group financial statements.

The Group decided not to proceed with the early adoption of IFRS 3 revised and IAS 28 revised.

• ***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.

S.à.r.l. Café Grand Prix, acquired during the year, and Monte-Carlo SBM International, both wholly owned, were fully consolidated for the first time.

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

The affiliates which respond to these criteria, but do not have a material impact if consolidated, are not consolidated.

Such is the case for the subsidiary S.B.M. Inc. in the US, 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.

• 2.2.2. Companies consolidated as of March 31, 2010

NAME	HEAD OFFICE	% INTEREST	METHOD
Société Anonyme Monégasque des Thermes Marins Monte-Carlo (S.T.M.)	2 avenue de Monte-Carlo MC 98000 – MONACO	96.00 %	Fully consolidated
Société Anonyme Monégasque d'Entreprise de Spectacles (S.A.M.E.S.)	Les Terrasses du Casino MC 98000 – MONACO	99.20 %	Fully consolidated
Société Anonyme Monégasque Générale d'Hôtellerie (SOGETEL)	38 avenue Princesse Grace MC 98000 – MONACO	97.00 %	Fully consolidated
Société Financière et d'Encaissement (S.F.E.)	Sporting d'Hiver – place du Casino MC 98000 – MONACO	97.00 %	Fully consolidated
Société Civile Particulière Soleil du Midi	Sporting d'Hiver – place du Casino MC 98000 – MONACO	100.00 %	Fully consolidated
Société Civile Immobilière de l'Hermitage	Sporting d'Hiver – place du Casino MC 98000 – MONACO	100.00 %	Fully consolidated
Société à Responsabilité Limitée Café Grand Prix	1 quai Antoine 1er MC 98000 – MONACO	100.00 %	Fully consolidated
S.à.r.l. Monte-Carlo SBM International	121 avenue de la Faïencerie L-1511 Luxembourg, Luxembourg	100.00 %	Fully consolidated
Groupe Mangas Gaming	5 rue François 1er 75008 PARIS	50.00 %	Equity method

• 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, SARL Café Grand Prix and the Mangas Gaming Group's companies, 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***

In December 2009, Wynn Resorts, Limited paid a dividend of $4 per share to stockholders registered as of November 19, 2009. This distribution generated financial income of €3.4 million, net of a 30% tax withholding, which had a favorable impact on the financial statements for the period ended March 31, 2010.

Following the sales of 1,200,000 shares in past years, which covered the initial investment of €38.1 million and generated a capital gain of €61.9 million, Société des Bains still held 1,800,000 shares of Wynn Resorts, Limited as of March 31, 2010, equivalent to approximately 1.5% of the share capital.

A new tranche of 217,491 shares was sold in April 2010, for an amount of $20 million, or €15 million, which generated a capital gain of €12.2 million recorded in the financial statements for the accounting period beginning April 1, 2010. Following this sale, the Group held 1.3% of the share capital of Wynn Resorts, Limited.

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.

- ***Belle Epoque building***

The Société des Bains de Mer General Meeting of stockholders held on September 25, 2009 approved the amendment to the long lease covering the Belle Epoque building, extending the lease term for the residential portion of the building (two apartments with balcony) to September 30, 2094, with a unilateral undertaking to extend the lease a further eleven years for a term expiring on September 30, 2105.

In accordance with the amendment's provisions, the Group received an initial payment of €20 million with respect to the compensation receivable. This compensation is recognized in profit or loss and amortized over the term of the lease.

- ***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 removed and the transaction completed on May 19, 2009. 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.

As stipulated in the agreements, the S.B.M. Group has also granted 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.

Backed by the funds necessary for its development, Mangas Gaming acquired a controlling interest from the founders of Bet-at-home on May 19, 2009. Bet-at-home, a company listed in Frankfurt, is a sports betting and on-line gaming operator present in Central and Eastern European markets. This agreement included a public offering for the Bet-at-home minority stockholders and Mangas Gaming now holds almost 50% of this company.

On July 7, 2009, Mangas Gaming formally purchased the 25% block of minority ordinary shares still owned by the founders and managers of Betclic.

On July 31, 2009, Mangas acquired all the business activities of Expekt, one of the main on-line sports betting operators, present in the Scandinavian and North European markets; Expekt is also a major player in the on-line poker sector.

Finally, on April 7, 2010, Mangas Gaming acquired control of the Everest Gaming group, a major player in the on-line poker sector. Created over 12 years ago, Everest Gaming is one of the few on-line poker companies with its own technical platform. Everest Poker offers its customers a gaming experience that is ideally suited to local requirements with one of the most renowned poker rooms in Europe.

Mangas Gaming now holds 60% of Everest Gaming's share capital, the balance being held by the current stockholder, GigaMedia, a company listed on the NASDAQ.

Under the terms of the transaction, the acquisition price of the 60% stake will be based on the valuation of Everest Gaming in early 2012. Mangas Gaming made an advance payment of $100 million on April 7, 2010, with a price supplement payable in 2012 based on the fair value measured at this date. Société des Bains de Mer and its subsidiary Monte-Carlo SBM International have agreed to guarantee the payment of the price supplement to GigaMedia for a maximum amount of $60 million. They have also obtained a counter-guarantee for a maximum amount of €20 million from Mangas Lov, a subsidiary of Financière Lov, through a demand guarantee backed by a Mangas Lov pledge of 20,000 Mangas Gaming shares, which represents nearly 10% of the Mangas Gaming share capital, the entire package coming into force on April 7, 2010.

GigaMedia retains a 40% interest with a total or partial option to sell to Mangas Gaming beginning in 2013. As of 2015, Mangas Gaming will have an option to sell the remaining interest held by GigaMedia. The exercise price of the purchase and sale options will be based on the Everest Gaming valuation as then determined.

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, 2008	20	23,469	627	95	23,692
Acquisitions		681		1,015	1,695
Asset disposals / removals		(22)			(22)
Gross values as of March 31, 2009	20	24,127	627	1,110	25,365
Amortization / impairment as of April 1, 2008	20	22,192	627		22,320
Amortization / impairment		819			819
Asset disposals / removals		(22)			(22)
Amortization as of March 31, 2009	20	22,989	627		23,117
NET VALUES AS OF MARCH 31, 2009		**1,138**		**1,110**	**2,249**
Gross values as of April 1, 2009	20	24,127	627	1,110	25,865
Entry into the consolidation scope	90	12			12
Acquisitions		284	90	554	929
Asset disposals / removals		(7)			(7)
Gross values as of March 31, 2010	110	24,417	718	1,664	26,799
Amortization / impairment as of April 1, 2009	20	22,989	627		23,616
Entry into the consolidation scope		10			10
Amortization / impairment	90	693			693
Asset disposals / removals		(7)			(7)
Amortization / impairment as of March 31, 2010	110	23,685	627		24,313
NET VALUES AS OF MARCH 31, 2010		**732**	**90**	**1,664**	**2,486**

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

"Intangible assets" primarily comprises:

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

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

in thousands of euros	Land	Buildings	Industrial and technical plant	Other property plant & equipment	Payments on account PP&E under construction	Total
Gross values as of April 1, 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 April 1, 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**
Gross values as of March 31, 2009	158,461	616,748	174,693	56,741	25,635	1,032,280
Entry into the consolidation scope		456	23	65		544
Acquisitions	8	20,774	14,660	4,188	25,380	65,010
Asset disposals / removals		(3,315)	(3,988)	(3,491)		(10,794)
Gross values as of March 31, 2010	158,469	634,663	185,389	57,504	51,016	1,087,040
Amortization as of March 31, 2009	38,106	342,657	122,253	41,171		544,188
Entry into the consolidation scope		217	14	53		284
Amortization charges		20,121	14,404	4,774		39,299
Asset disposals / removals		(3,212)	(3,795)	(3,317)		(10,324)
Amortization as of March 31, 2010	38,106	359,783	132,876	42,682		573,447
NET VALUES AS OF MARCH 31, 2010	**120,363**	**274,880**	**52,513**	**14,822**	**51,016**	**513,593**

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, 2010, the estimated residual value of these properties upon expiry of the current concession would be around €5.8 million.

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

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

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

b - Assets held under finance leases

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

NOTE 6 - EQUITY INVESTMENTS / NON CURRENT FINANCIAL ASSETS

in thousands of euros	Equity investments (1)	Available for-sale financial assets (2)	Long-term loans	Other financial assets (3)	Total non-current financial assets
Gross values as of April 01, 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 April 01, 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**
Gross values as of March 31, 2009		27,728	382	3,208	31,319
Acquisitions	138,660		48	71,653	71,701
Disposals				(9)	(9)
Reclassifications			(11)		(11)
Changes in value	(7,149)	74,253		1,159	75,412
Gross values as of March 31, 2010	131,511	101,982	419	76,012	178,413
Impairment as of March 31, 2009		649	236	26	911
Impairment / reversal of impairment			11	5,004	5,015
Impairment as of March 31, 2010		649	247	5,031	5,926
NET VALUES AS OF MARCH 31, 2010	**131,511**	**101,333**	**172**	**70,981**	**172,486**

(1) The “Equity investments” column represents the 50% interest in Mangas Gaming acquired on May 19, 2009.

- **Acquisition cost for Mangas Gaming shares**

  The total price for the 104,949 shares acquired by the Group amounts to €138,660,000 and breaks down as follows:

  - Initial capital increase: €69,999,000
  - Cost for setting up a non-interest bearing current account: €5,360,000
  - Subsequent Capital Increase scheduled for 2012, with an estimated fair value of: €63,301,000

  The liability corresponding to the estimated price supplement payable in 2012 will be presented in “Amounts owed to participating interests” under “Financial liabilities and borrowings.”

- **Net assets acquired**

  The identification and valuation of items acquired pursuant to IFRS 3 is based on the consolidated financial statements of Mangas Gaming for the period ended April 30, 2009, which is very close to the acquisition date. Included are the following accounting items, an integral part of the agreements signed between the Group and the Financière Lov group:

  - Monte-Carlo SBM International, consolidated in the Group, contributed €69,999,000 to the capital increase of Mangas Gaming in May 2009
  - The Group has also pledged to subscribe a new capital increase in 2012, based on the performances of the Betclic Group, to be assessed in terms of gross gaming revenue and EBITDA in 2011. The amount of the capital increase, which, in substance, represents a price supplement, will be capped at €70 million, with an estimated fair value of €63,301,000
  - 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. The economic benefit corresponding to the absence of interest was valued at 5,360,000.

The acquisition cost allocation was determined as follows:

in thousands of euros	Net carrying amount	Difference	Fair value
Goodwill	20,670	(20,670)	
Intangible assets	16,841	8,601	25,442
Property, plants & equipment	1,588		1,588
Other non-current assets an liabilities	(39,575)		(39,575)
Current assets an liabilities	47,585		47,585
Cash and cash equivalents	89,939		89,939
NET VALUE	**137,047**	**(12,069)**	**124,978**
50 % share acquired			**62,489**
Goodwill			**76,171**
Acquisition cost			**138,660**

- **Condensed financial statements of Mangas Gaming**

  The financial statements approved by the S.B.M. group as of March 31, 2010 can be summarized as follows:

in thousands of euros	Assets	Liabilities	Equity attributable to equity holders of the parent (*)	Net gaming income	Net attributable to equity holders of the parent (*)
Agregates prepared in accordance with IFRS	343 407	212 492	110 680	144 922	(17 210)

* These amounts correspond to the period from May 1, 2009 to March 31, 2010, which generated a positive operating income of €10.5 million before the net change in depreciation, amortization and provisions and before the recognition of expenses incurred for acquisitions.

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

- The recognition of the equity and debt of the subsidiary, S.B.M. U.S.A. Incorporated, for a gross value of €641,000, fully written down as of March 31, 2010
- The recording of 1,800,000 Wynn Resorts shares at their fair value , i.e. €101,264,000. The Wynn Resorts share price, as listed on the NASDAQ, stood at $75.83 as of March 31, 2010, whereas the unit acquisition price was $15 in June 2003. The 1,800,000 shares represent approximately 1.5% of the Wynn Resorts, Limited share capital.

The changes in fair value with respect to the interest in Wynn Resorts over the period were revalued and recognized directly in equity for €74,253,000.

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

- The recognition of current account advances granted to Monaco Sports Partenaires for a gross value of €9,940,000, of which €5,000,000 was written down in fiscal year 2009/2010
- The recording of the €70 million current account advance to Mangas Gaming, pursuant to the agreements, at its fair value, i.e. €65,799,000.

NOTE 7 - INVENTORY

in thousands of euros	Inventory
Gross value as of March 31, 2009	13,705
Write-down as of March 31, 2009	136
NET VALUE AS OF MARCH 31, 2009	**13,569**
Gross value as of March 31, 2010	13,584
Write-down as of March 31, 2010	111
NET VALUE AS OF MARCH 31, 2010	**13,473**

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

NOTE 8 - TRADE RECEIVABLES

in thousands of euros	Trade receivables
Gross value as of March 31, 2009	55,994
Write-down as of March 31, 2009	37,943
NET VALUE AS OF MARCH 31, 2009	**18,051**
Gross value as of March 31, 2010	54,653
Write-down as of March 31, 2010	36,824
NET VALUE AS OF MARCH 31, 2010	**17,829**

Trade receivables primarily involve the Gaming Sector.

NOTE 9 - OTHER RECEIVABLES

in thousands of euros	Payments on account	Other operating receivables (1)	Sundry receivables	Prepaid expenses	Total
Gross value as of March 31, 2009	1,451	4,342	4,264	7,044	17,101
Write-down as of March 31, 2009			1,334		1,334
NET VALUE AS OF MARCH 31, 2009	**1,451**	**4,342**	**2,930**	**7,044**	**15,767**
Gross value as of March 31, 2010	1,498	5,602	1,994	10,128	19,223
Write-down as of March 31, 2010		5	1,261		1,266
NET VALUE AS OF MARCH 31, 2010	**1,498**	**5,598**	**733**	**10,128**	**17,957**

(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 value as of March 31, 2009	132			132
Write-down as of March 31, 2009	70			70
NET VALUE AS OF MARCH 31, 2009	**62**			**62**
Gross value as of March 31, 2010	177			177
Write-down as of March 31, 2010	70			70
NET VALUE AS OF MARCH 31, 2010	**107**			**107**

(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, 2009	March 31, 2010
MARKETABLE SECURITIES, CASH AT BANK AND IN HAND AND NET CASH POSITION		
Marketable securities (1)	54,155	46,060
Term and sight deposits	141,851	24,285
TOTAL CASH ASSETS	**196,005**	**70,344**
Creditor banks		
CASH POSITION	**196,005**	**70,344**
(1) including gain (loss) in fair value	117	7

NOTE 12 - BORROWINGS, FINANCIAL LIABILITIES AND CREDITOR BANKS

in thousands of euros	March 31, 2009	March 31, 2010
ANALYSIS BY CATEGORY		
Borrowings with credit institutions	198	30,323
Borrowings relating to finance leases	549	250
Amounts owed to participating interests (1)		64,917
Other liabilities and deposits	3,362	3,283
Fair value of derivative instruments (2)	612	447
Bank accounts showing a credit balance		
TOTAL	**4,721**	**99,220**
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	1,278	32,495
Due date of between 1 and 5 years	3,443	66,726
Due date more than 5 years		
TOTAL	**4,721**	**99 220**

(1) Represents the estimated price supplement payable in 2012 with respect to the interest in Mangas Gaming.

(2) See Note 24 Financial instruments.

To ensure its financing, the Group set up a credit facility with a pool of financial institutions. With a term of 10 years and four months as of December 1, 2004, this credit facility calls for a maximum principal amount of €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, 2010 break down as follows:

in thousands of euros	Available	Used	Not used
Floating-rate revolving credit facility	160,000	30,000	130,000
Confirmed overdrafts	5,000		5,000
TOTAL	**165,000**	**30,000**	**135,000**
ANALYSIS BY REPAYMENT DUE DATES			
Due date less than 1 year	25,000	20,000	5,000
Due date of between 1 and 5 years	140,000	10,000	130,000
Due date more than 5 years			

NOTE 13 - EMPLOYEE BENEFITS

in thousands of euros	March 31, 2009	Expense for the year	Payments	Other changes	March 31, 2010
Termination benefits	9,294	1,249	(1,232)		9,312
Retirement benefits	15,532	630	(1,187)		14,975
Long-service benefits	161	22	(39)		144
TOTAL	**24,988**	**1,901**	**(2,458)**		**24,431**

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, 2010 are as follows:

- retirement age: 62
- adjustment rate: salaries 3% 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 (4,21% 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 2009/2010
ACTUARIAL OBLIGATION OPENING BALANCE	23,220
Cost of services rendered	538
Interest expense	1,287
Actuarial (gains)/losses	2,966
Benefits paid	(2,458)
ACTUARIAL OBLIGATION CLOSING BALANCE	25,554
Actuarial obligation closing balance	25,554
Unrecognized actuarial gains/(losses)	(1,124)
PROVISION PRESENTED ON THE BALANCE SHEET	24,431

The expense for the year breaks down as follows:

in thousands of euros	Fiscal year 2009/2010
Cost of services rendered	538
Interest expense	1,287
Amortization of actuarial (gains)/losses	75
EXPENSE FOR THE YEAR	1,901

NOTE 14 - PROVISIONS

The change in non-current provisions for contingencies and losses for the period from March 31, 2009 to March 31, 2010 breaks down as follows:

in thousands of euros	March 31, 2009	Entry into the consolidation scope	Charge	Write-back used	Reprise not used	March 31, 2010
CURRENT PROVISIONS						
Litigations	950					950
Other contingencies	480		2,764		(311)	2,933
Losses						
TOTAL	**1,430**		**2,764**		**(311)**	**3,883**

The change in current provisions for contingencies and losses for the period from March 31, 2009 to March 31, 2010 breaks down as follows:

in thousands of euros	March 31, 2009	Entry into the consolidation scope	Charge	Write-back used	Reprise not used	March 31, 2010
CURRENT PROVISIONS						
Litigations	264		1,324	(66)	(475)	1,047
Other contingencies	802	95	1,597	(303)	(171)	2,021
Losses						
TOTAL	**1,066**	**95**	**2,921**	**(369)**	**(645)**	**3,068**

NOTE 15 - OTHER NON-CURRENT LIABILITIES

In thousands of euros	March 31, 2009	March 31, 2010
Deferred income due in more than one year	5,330	21,616
Investment grant	12,499	13,617
TOTAL	**17,829**	**35,233**

"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 Government of the Prince 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 €1,102,000 was recognized in profit or loss for fiscal year 2009/2010.

The grant balance to be recognized in future fiscal years, i.e. €12,515,000 breaks down as follows:

- €1,038,000 to be recognized in fiscal year 2010/2011, presented under "Other liabilities – Accruals and deferred income"
- €11,477 ,000 to be recognized in 2011/2012 and subsequent fiscal years ("Other non-current liabilities").

NOTE 16 - TRADE PAYABLES

In thousands of euros	March 31, 2009	March 31, 2010
Trade payables	16,055	12,784
Purchase invoice accruals	11,364	8,510
TOTAL	**27,420**	**21,294**

NOTE 17 - OTHER PAYABLES

In thousands of euros	March 31, 2009	March 31, 2010
Payments on account	22,999	21,171
Tax and employee-related liabilities	61,612	56,635
Other operating liabilities	4,042	4,498
Amounts payable on PP&E	6,213	12,714
Other liabilities	5,482	7,542
Accruals and deferred income (1)	5,820	4 770
TOTAL	**106,167**	**107,329**

(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, 2009	March 31, 2010
ANALYSIS BY BUSINESS SEGMENT		
Games	210,734	200,372
Hotels	174,870	154,813
Other	26,773	31,365
Internal transfers	(12,343)	(12,479)
TOTAL	**400,035**	**374,071**

NOTE 19 - WAGES AND SALARIES

In thousands of euros	March 31, 2009	March 31, 2010
WAGES AND SALARIES		
Wages and salaries	111,146	110,209
Social security contributions and other related charges	51,563	50,142
Employee benefits (1)	1,684	1,901
TOTAL	**164,393**	**162,252**

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

NOTE 20 - OTHER OPERATING INCOME AND EXPENSES

In thousands of euros	March 31, 2009	March 31, 2010
COST NET OF IMPAIRMENT OF CURRENT ASSETS		
Losses on uncollectible receivables	(10,267)	(2,273)
Write-back of previously recognized provisions	15,677	7,480
Provisions for impairment for the year	(9,938)	(5,763)
TOTAL COST NET OF IMPAIRMENT OF CURRENT ASSETS	(4,527)	(556)
GAIN (LOSS) ON DISPOSALS AND RETIREMENTS OF PP&E AND INTANGIBLE ASSETS		
Gains on disposal	190	218
Net values of asset disposals and retirements	(337)	(471)
GAIN (LOSS) ON DISPOSALS AND RETIREMENTS OF PP&E AND INTANGIBLE ASSETS	(147)	(253)
PORTION OF INVESTMENT GRANT RECORDED IN PROFIT OR LOSS	1,119	1,102
OTHER INCOME	1,821	2,093
OTHER EXPENSES	(4,256)	(4,863)
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(5,991)**	**(2,477)**

NOTE 21 - OPERATING INCOME

In thousands of euros	March 31, 2009	March 31, 2010
ANALYSIS BY BUSINESS SEGMENT		
Games	29,911	26,683
Hotels	7,430	(4,722)
Other (including central costs not allocated to operational sectors)	(18,325)	(10,390)
TOTAL	**19,015**	**11,572**

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, 2009	March 31, 2010
Income received	6,296	668
Change in fair value of marketable securities	(128)	(111)
TOTAL INCOME FROM CASH AND CASH EQUIVALENTS	**6,167**	**558**
Expenses and interest paid	281	(1,069)
Change in fair value of interest rate derivative instruments	(1,830)	165
TOTAL GROSS FINANCE COSTS	**(1,549)**	**(904)**
Exchange differences	(100)	136
Gain or loss on foreign exchange derivatives		
Change in fair value of foreign exchange derivatives		
Capital gains on disposal of available-for-sale financial assets	14,901	
Dividends collected	1,818	3,811
Changes in fair value of financial assets and equity derivatives	204	(5 000)
Other	196	(482)
TOTAL OTHER FINANCIAL INCOME/EXPENSES	**17,019**	**(1,535)**

ADDITIONAL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 - HUMAN RESSOURCES

The average number of employees of the consolidated companies as of March 31, 2010 breaks down as follows:

	March 31, 2009	March 31, 2010
Managers	516	523
Supervisor	179	183
Employees	2,926	2,798
TOTAL	**3,621**	**3,503**

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 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, 2010, the Group held 1.8 million shares at a share price of $75.83. This financial asset is no longer subject to foreign exchange hedging.

• *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, 2010, the hedged notional amount was €61 million

• *Fair value of financial instruments*

The fair value of the financial instruments contracted by the Company as of March 31, 2010 breaks down as follows:

in thousands of euros	March 31, 2009	March 31, 2010
Exchange rate instruments		
Interest rate instruments	(612)	(447)
TOTAL	**(612)**	**(447)**

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 thalasso therapy and spa-center and all the related hotel services provided in the following establishments: Hôtel de Paris, Hôtel Hermitage, Monte-Carlo Bay Hotel & Resort, Café de Paris, Sporting Monte-Carlo, Sporting d'Hiver, Thermes Marins de Monte-Carlo, Monte-Carlo Casino and Monte-Carlo Beach, all of which are located in the Principality of Monaco except for the Monte-Carlo Beach, located in French territory.
- the Other activities segment, which includes all the leasing activities (boutiques, office space, Bay hotel complex) and the Café de Paris drugstore.

• *Revenue by segment*

in thousands of euros		Games	Hotels	Other	Total
REVENUE					
2008/2009 fiscal year	Income before intragroup elimination	210.734	174.870	26.773	412.378
	Intragroup transactions		(12.274)	(69)	(12.343)
	Revenue	210.734	162.597	26.705	400.035
2009/2010 fiscal year	Income before intragroup elimination	200.372	154.813	31.365	386.550
	Intragroup transactions		(12.442)	(37)	(12.479)
	Revenue	200.372	142.371	31.328	374.071
y/y-1 change	amount	(10.362)	(20.226)	4.623	(25.965)
y/y-1 change	%	(4.90)%	(12.40)%	17.30%	(6.50)%

• *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					
2008/2009 fiscal year	38,781	34,291	17,658	(30,115)	60,615
2009/2010 fiscal year	34,543	21,162	22,625	(26,766)	51,564
y/y-1 change amount	(4,238)	(13,129)	4,967	3,349	(9,051)
AMORTIZATION AND DEPRECIATION					
2008/2009 fiscal year	(8,871)	(26,861)	(4,168)	(1,699)	(41,599)
2009/2010 fiscal year	(7,860)	(25,884)	(4,221)	(2,027)	(39,992)
y/y-1 change amount	1,011	978	(53)	(328)	1,608
OPERATING INCOME/(LOSS)					
2008/2009 fiscal year	29,910	7,430	13,489	(31,814)	19,016
2009/2010 fiscal year	26,683	(4,722)	18,404	(28,793)	11,572
y/y-1 change amount	(3,227)	(12,151)	4,914	3,021	(7,444)

• *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, 2009	43,949	334,561	97,560	14,270	490,341
As of March 31, 2010	47,969	349,258	100,825	18,028	516,080
y/y-1 change amount	4,020	14,696	3,265	3,758	25,739
INVESTMENTS					
2008/2009 fiscal year	4,459	21,065	7,262	5,487	38,274
2009/2010 fiscal year	11,977	41,487	7,636	5,395	66,496

NOTE 26 - PER SHARE EARNINGS AND DIVIDENDS

	March 31, 2009	March 31, 2010
Number of shares issued at the year-end	18,062,140	18,128,220
Net earnings per share (in €)	2.25	0.06
Diluted net earnings per share (in €)	2.25	0.06
Dividend paid during the year, including any interim dividends (in €) (1)	11.00	0.60
Dividend proposed for the year, including any interim dividends (in €)		0.01

(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 69.1% of the share capital of Société des Bains de Mer as of March 31, 2010, 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. €20,815,000 for fiscal year 2009/2010
- contribution to artistic, cultural and sporting events in Monaco and particularly financial support for the expenses

generated by the opera and ballet season and the *Printemps des Arts*, in the amount of €8,140 ,000 for fiscal year 2009/2010

- 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 €7,221,000 for 2009/2010
- 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 and the firm Bredin Prat for legal advisory services.

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 €2,154,000 during fiscal 2009/2010, compared to €3,933,000 in the previous period.

In thousands of euros	March 31, 2009	March 31, 2010
Remuneration, benefits and special allowances	1,039	843
Share of profits	2,713	1,163
Directors' fees	180	149
TOTAL	**3,933**	**2,154**

Employer contributions on remuneration paid is estimated at €146,000 with respect to fiscal year 2009/2010.

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, 2009	March 31, 2010
COMMITMENTS GIVEN		
Deposits and guarantees	97	97
COMMITMENTS RECEIVED		
Shares deposited by directors	146	146
Deposits and guarantees (1)	8,591	6,860
RECIPROCAL COMMITMENTS		
Firm capital expenditure orders (2)	30,275	56,225
Other firm orders (3)	7,999	13,062
Opening of credit facility and authorized unused overdrafts	165,000	135,000

(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
- Port View Limited with a unilateral undertaking to extend the lease until September 30, 2105	04/25/1996	09/30/2094

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	69,288	63,173	6,115	
TOTAL	**69,288**	**63,173**	**6,115**	

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	7,006	7,006		
TOTAL COMMITMENTS RECEIVED	**7,006**	**7,006**		
INTERCOMPANY COMMITMENTS				
Opening of credit facility and confirmed unused overdrafts	135,000	5,000	130,000	
TOTAL INTERCOMPANY COMMITMENTS	**135,000**	**5,000**	**130,000**	

NOTE 30 - LEASE COMMITMENTS

• *Assets held under finance leases*

As of March 31, 2010, assets held under finance leases and restated in the balance sheet totaled €234,000 in net value, compared to €522,000 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, 2010:

- due in less than 1 year	€207,000
- due between 1 and 5 years	€52,000
- due in more than 5 years	none
- total discounted payments	€259,000

• *Operating leases*

As of March 31, 2010, the discounted minimum future payments of operating leases are as follows:

- due in less than 1 year	€11,792,000
- due between 1 and 5 years	€28,448,000
- due in more than 5 years	€61,789,000
- total discounted payments	€102,029,000

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, 2010

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, 2010.

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, as was the case at the 2009 year-end closing. 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 consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as of March 31, 2010 and the results of its operations and cash flows for the year then ended, in accordance with IFRS as adopted by the European Union.

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

Neuilly-sur-Seine and Monaco, July 27, 2010

The Contractual Auditor

Deloitte & Associés

François-Xavier AMEYE

The Statutory Auditors

Louis VIALE

André GARINO


Virginie Broquet

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 23, 2010. 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, 2010, the Board of Directors comprised six 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, 2010

The Board of Directors met twelve times during the fiscal year ended March 31, 2010. 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 nine times during the fiscal year ended March 31, 2010 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 five-teen times during the fiscal year ended March 31, 2010 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 2009/2010 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**

  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 contractual 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 2010/2011 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, 2010

Stockholders,

As Contractual Auditor and Statutory Auditors of Société des Bains de Mer et du Cercle des Etrangers Monaco, and at your request, we hereby present you with our report on the report prepared by the Chairman of your Company for the year ended March 31, 2010 on the terms and conditions governing the preparation and organization of the Board's work and the internal control procedures.

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

It is our responsibility to report to you our observations on the information set out in the Chairman's report on the internal control 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, 2010

The Contractual Auditor

Deloitte & Associés

François-Xavier AMEYE

The Statutory Auditors

Louis VIALE

André GARINO

DECLARATION BY THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT

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

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

Monaco, July 23, 2010.

Jean-Luc Biamonti
Chairman of the Board of Directors

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, 2010, and the statement of income for the year then ended, which shows a net income of €13,876,566.20
- 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 and grant final discharge to Mr. Marco Piccinini.

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 2009/2010 amounts to	€13,876,566.20
• note that retained earnings amount to	€183,496,737.55
hence, net income available for appropriation amounts to	€197,373,303.75
• decide to appropriate the total to:	
◆ the cumulative preferred dividend of € 0.01 x 18,160,490 shares	€181,604.90
◆ the statutory reserve	€3,227.00
◆ the contingency reserve fund, i.e. 2% of net income for the year	€277,531.32
◆ the Board of Directors	€410,848.84
◆ retained earnings	€196,500,091.69

The rights to the cumulative preferred dividend will be paid by the Company's Securities Department starting from October 11, 2010, with the last trading day for dividends being set at September 30, 2010.

FOURTH RESOLUTION

he Stockholders approve the appointment of Mr. Michel Dotta as Director.

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

FIFTH RESOLUTION

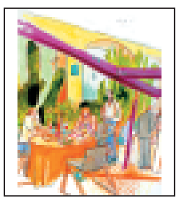
The Stockholders approve the transactions performed during fiscal year 2009/2010 that are governed by Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws.

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.

Descente de l'Aile Midi
Hôtel Hermitage
Ink and coloured wash
p. 2 - 21 x 29 cm

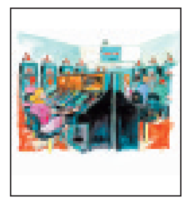
Paradis en Cuisine
Hôtel de Paris
Ink and coloured wash
p. 14 - 23 x 26,5 cm

Chambre on the Beach
Monte-Carlo Beach
Ink and coloured wash
p. 27 - 22 x 21 cm

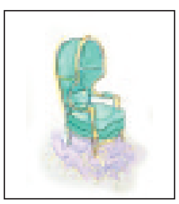


Dégustation à La Trattoria
Sporting Monte-Carlo
Ink and coloured wash
p. 4 - 23 x 29,5cm

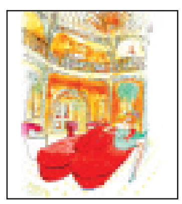
Vaporeuse
Terrace Casino Café de Paris
Ink and coloured wash
p. 16 - 23 x 26,5 cm



Les jeux sont faits
Casino of Café de Paris
Ink and coloured wash
p. 29 - 21,5 x 17 cm



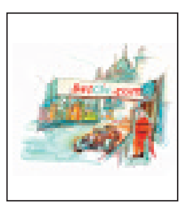
Le Fauteuil Baldaquin
Hôtel Hermitage
Ink and coloured wash
p. 6 - 18 x 24 cm



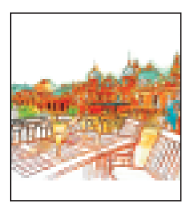
Capeline et Sofa
Hôtel Hermitage
Ink and coloured wash
p. 18 - 21 x 27 cm

Le Buddha à Monte-Carlo
Buddha Bar Monte-Carlo
Ink and coloured wash
p. 32/33 - 40,5 x 28 cm

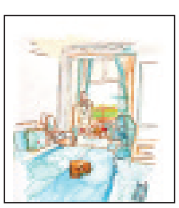
La Ballade de l'Allée François Blanc
Casino of Monte-Carlo
Ink and coloured wash
p. 8 - 20 x 28 cm



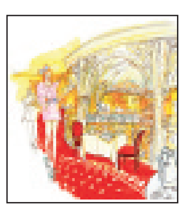
Betclic, vrooom ...
Grand Prix F1 of Monaco
Ink and coloured wash
p. 20 - 25 x 20 cm



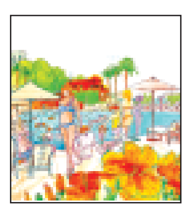
Champagne
Place du Casino
Ink and coloured wash
p. 58/59 - 40,5 x 28 cm



Room Service, Aile Midi
Hôtel Hermitage
Ink and coloured wash
p. 10 - 22 x 27 cm

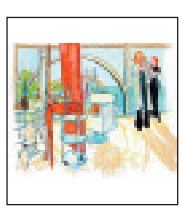


Continental Breakfast
Hôtel Hermitage
Ink and coloured wash
p. 22 - 30 x 26,5 cm



Bikini au Beach
Monte-Carlo Beach
Ink and coloured wash
p. 86/87 - 40,5 x 28 cm

Rien Ne Va Plus
Casino of Monte-Carlo
Ink and coloured wash
p. 12 - 26 x 27 cm



Beauty
Thermes Marins de Monte-Carlo
Ink and coloured wash
p. 25 - 26 x 21 cm

La robe d'Eva
Hôtel de Paris
Ink and coloured wash
p. 99 - 15 x 25 cm

Illustrations of Virginie Broquet.

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

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