MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

Board of Directors' Report

Ordinary General Meeting – September 23, 2016

MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

Société Anonyme des Bains de Mer
et du Cercle des Étrangers à Monaco (S.B.M.)

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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.

Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (S.B.M.)
Société anonyme au capital de 24 516 661 euros
Siège social : Place du Casino – 98000 MONACO
RCI Principauté de Monaco 56S00523

Board of Directors

Chairman

Mr. Jean-Luc BIAMONTI

Directors

Mr. Michel REY

Mr. Alexandre KEUSSEOGLOU

Mr. Thierry LACOSTE

Mr. Pierre SVARA

Mr. Michel DOTTA

Mr. William TIMMINS

Mr. Michael MECCA

UFIPAR S.A.S. (permanent representative: Mr. Nicolas BAZIRE)

Executive Management

Chairman and Chief Executive Officer

Mr. Jean-Luc BIAMONTI

Deputy CEO – Finance

Mr. Yves de TOYTOT

General Secretary – Human Resources Manager

Mrs. Agnès PUONS

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Permanent Members

Mr. André GARINO

Mr. Louis VIALE

Substitute Members

Mrs. Simone DUMOLLARD

Mrs. Bettina RAGAZZONI

Contractual Auditor

DELOITTE & ASSOCIÉS

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MESSAGE FROM THE CHAIRMAN

Ladies,
Gentlemen,
Shareholders,

The 2015/2016 fiscal year is characterised by a stabilisation in performance compared with the previous year, in terms of both consolidated revenue and operating income, which remains substantially in deficit due to an excessive cost structure. This stabilisation was achieved in spite of a reduced Hôtel de Paris operating scope with unfavourable impacts on operating result, in accordance with forecasts, amounting to €17 million for 2015/2016 fiscal year compared to almost €10 million for fiscal year 2014/2015, and the gradual absorption of non-recurring costs associated with the signing of gaming sector new agreements including this year for the first time slot machines staff (€7.6 million for the fiscal year 2014/2015 versus €11.3 million in 2015/2016). The latter are expected to decrease during fiscal 2016/2017 and beyond, leading to savings in 2018/2019.

In terms of investment, the fiscal year under review is characterised by:

- *the completion of the renovation of the Casino Café de Paris, allowing the Company to offer its clients a unique product on the Côte d'Azur opened 24 hours a day throughout the year, with two smoking terraces, one for slot machines and the other for table games;*
- *the continuing renovation work at the Hôtel de Paris, which is on schedule and within budget. The opening of the Rotonde wing (70 rooms and suites) will take place before the 2017 F1 Grand Prix;*
- *the progress of the excavations of the new Place du Casino real estate project, which are almost completed. The first stone of this new complex, named "One Monte-Carlo", was laid by His Serene Highness Prince Albert II of Monaco on July 5, 2016.*

The leasing sector continues to expand, with a 25% increase in consolidated revenue and an operating income exceeding €20 million for the first time.

Taking into account the Company's inadequate performance, with significant recurring losses, our priority remains the recovery of the gaming activities. A new director, Mr. Pascal Camia, was appointed in December 2015, and the activities were reorganised by site: Casino de Monte-Carlo, Casino Café de Paris, and Sun Casino, each being under the supervision of an operational manager. We have expanded our training program to all staff in this sector in order to improve the quality of service we offer to our clients. The new gaming management team has intensified its marketing initiatives, and we hope that these will soon bear fruit.

There is also a need to take a more rigorous approach in terms of cost control.

I would like to express my thanks to all the members of our staff who are working hard to satisfy our clients during this period of transition while significant work is under way on the Place du Casino.

Jean-Luc Biamonti
Chairman and Chief Executive Officer

Casino Café de Paris

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KEY FIGURES

Key figures related to the last three fiscal years

CONSOLIDATED FIGURES *(in million of euros)*	**2013/2014**	**2014/2015**	**2015/2016**
Consolidated revenue	472.5	452.4	461.4
Operating income before depreciation and amortization	40.2	20.1	19.9
Operating income	(11.8)	(31.5)	(31.0)
Consolidated net income attributable to the owners of the parent company	17.3	10.0	(29.1)
Comprehensive income attributable to the owners of the parent company	(10.0)	(36.4)	(32.6)
Cash generated from operations	44.3	21.1	23.8
Purchase of PP&E, intangible and financial assets	79.6	101.9	77.8
Equity	498.8	680.4	656.2
Net Debt/(Cash position)	15.6	(186.2)	(187.0)
Average number of employees	4,137	4,164	4,104
Market share price as of fiscal year's last day (in euros)	39.82	34.00	32.55
GAMING SECTOR FIGURES			
Casinos operated (number of permanent establishments at the end of the period)	4	4	4
Consolidated revenue (gross gaming revenue)	207.9	196.4	213.6
Operating income	5.9	(16.3)	(8.6)
HOTEL SECTOR FIGURES			
Hotels operated	5	5	5
Accomodation capacity (average number of rooms available)	1,223	1,148	1,080
Occupancy rate (average rate including Le Méridien Beach Plaza)	59.6%	64.2%	64.3%
Consolidated revenue	237.4	226.4	213.2
Operating income	(1.0)	(6.2)	(8.6)
RENTAL SECTOR FIGURES			
Consolidated revenue	26.1	28.9	36.1
Operating income	17.6	17.6	20.4

The key figures related to the last three fiscal years are extracted from the Group consolidated financial statements (statement of financial position, statement of income, cash flow statement) for fiscal years ended March 31, 2014, 2015 and 2016.

Pavillons de Monte-Carlo

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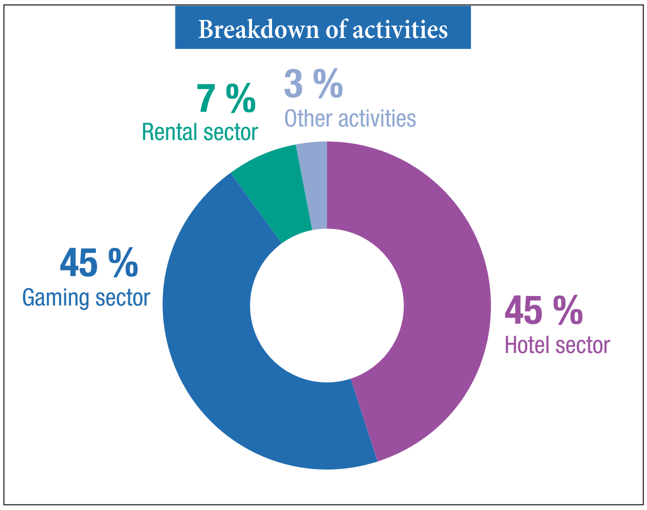
ANALYSIS OF THE FINANCIAL POSITION AND ACTIVITY OF S.B.M. GROUP DURING FISCAL YEAR 2015/2016

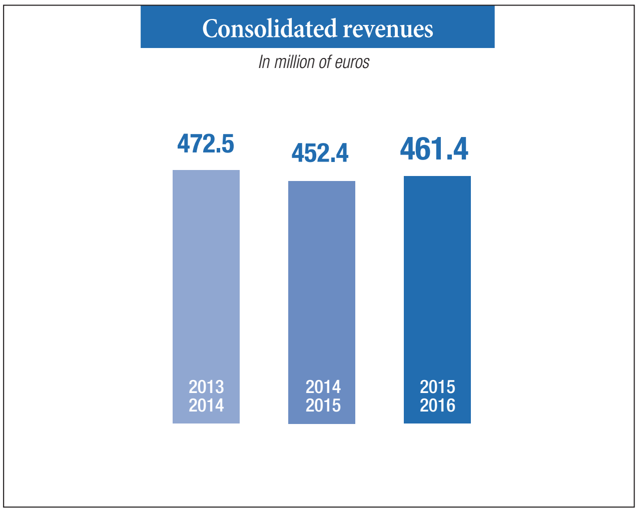
3.1 Presentation of fiscal year 2015/2016 results

3.1.1 Highlights of activity in fiscal year 2015/2016

S.B.M. Group reported consolidated revenue of €461.4 million for fiscal year 2015/2016 compared to €452.4 million in 2014/2015, for an increase of 2%.

Consolidated revenue by business segment *(in million of euros)*	**2013/2014**	**2014/2015**	**2015/2016**	**Variation** *(in million of euros)*
Gaming Sector	207.9	196.4	213.6	17.2
Hotel Sector	237.4	226.4	213.2	(13.3)
Rental Sector	26.1	28.9	36.1	7.2
Other Activities	14.7	14.8	13.6	(1.2)
Internal transfers	(13.7)	(14.1)	(15.0)	(0.9)
CONSOLIDATED REVENUES	**472.5**	**452.4**	**461.4**	**9.0**





The increase in activity impacted the gaming and rental sectors, whereas the hotel sector remained heavily penalized by the loss of revenue following the work undertaken at the Hôtel de Paris.

The gaming sector reported revenue of €213.6 million, versus €196.4 million in 2014/2015, an increase of 9%. Both table games and slot machines posted in fact a favorable evolution. Table games revenue finally increased by 5% for the full year, whereas first-half revenue was in decline of €25.5 million. The loss of business in the first months and the particularly unfavorable month of August were fully offset by the respective increases of €12.9 million and €17.2 million recorded in the third and fourth quarters. The trend observed in the slot machines sector since the 24/7 opening of the Café de Paris Casino in July 2014 continued during the fourth quarter, resulting in a 11% increase in slot machines receipts for the full year. It should be noted that the Café de Paris Casino was completely refurbished during the year, with the creation of a new outside terrace overlooking the Casino gardens.

Revenue in the hotel sector amounted to €213.2 million, compared to €226.4 million in 2014/2015. This decrease was primarily due to the reduced accommodation capacity of the Hôtel de Paris during the renovation work, with approximately 40 rooms available compared to 182 rooms previously until October 2014. Hôtel de Paris therefore posted a €18.3 million decline in revenue compared to fiscal 2014/2015. However, growth in revenue was recorded by several establishments, such as the Hôtel Hermitage, Le Méridien Beach Plaza or the Thermes Marins, this last establishment being closed for eight months last year due to renovations.

The rental sector, comprising the rental of boutiques and office space, and the activities of the Monte-Carlo Bay and Balmoral residences and the new villas du Sporting, reported revenue of €36.1 million, an increase of 25% compared to the previous year, with the gradual rental of the new villas du Sporting, the creation of new commercial spaces and the recording of the lump-sum contribution received from lessees for the construction of the Pavillons Monte-Carlo.

Finally, the other activities sector recorded annual revenue of €13.6 million, a decrease of €1.2 million compared to the previous year.

3.1.2 Analysis of fiscal year 2015/2016 operating results by sector

The developments in the various business sectors – gaming, hotels and rental – are analyzed below for the year ended March 31, 2016.

GAMING SECTOR

With receipts of €213.6 million in 2015/2016, the gaming sector reported a €17.2 million or +9% increase in revenue compared to last year, primarily due an improve in slot machines receipts at the Café de Paris Casino and, to a lesser extent, in table games.

The following table shows the development of gaming sector receipts by business segment.

The other activities segment mainly comprised the entrance fees to the Monte-Carlo Casino and, since fiscal 2014/2015, the catering and bar receipts recorded within the gaming establishments.

Gaming revenue *(in million of euros)*		2013/2014	2014/2015	2015/2016	%
49%	Table games	115.0	100.1	104.7	5%
46%	Slot machines	91.6	88.6	98.7	11%
5%	Other activities	1.3	7.7	10.2	32%
100%	**TOTAL GAMING SECTOR**	**207.9**	**196.4**	**213.6**	**9%**

The **table games** sector reported revenue of €104.7 million in fiscal 2014/2015, compared to €100.1 million the previous year, an increase of €4.6 million or +5%.

Despite a €9.9 million decline in revenue in the first half of 2015/2016 compared to the first half of 2014/2015, revenue for fiscal 2015/2016 rose by 5% compared to the previous year, with third and fourth quarter growth completely offsetting the loss of business in the first months.

It should be noted that the first half of 2014/2015, with revenue amounting €77.9 million, was marked by the particularly significant gains in April and August 2014, resulting in a first-half "hold" ratio (receipts/betting) of over 17%.

Despite a 2% "drop" (betting) increase in the first half of 2015/2016, the unfavorable evolution of the hold over the period at 11% resulted in a decline of receipts in the aforementioned first-half period. This low hold was primarily attributable to a particularly unfavorable month of August in 2015, with revenue of €1.7 million, compared to €27 million in August 2014.

The business trend in the second half of 2015/2016 was part of a reverse trend in terms of events, enabling the table games sector to benefit fully from the 12% drop increase over the period. Due to an exceptional month of March in 2016, the hold ratio in the second half of 2015/2016 equaled 20%, compared to 10% for the same period in fiscal 2014/2015, which had been penalized by the negative receipts recorded in November 2014.

In fiscal 2015/2016, the drop rose by nearly 6% and the hold stood at 14.4%, compared to 14.7% in the previous fiscal year.

The various gaming segments can be analyzed as follows:

- gross European games receipts, which account for the highest proportion of gaming revenue, with 66% this year, increased by +16% compared to 2014/2015, due to the positive impact of European Roulette, despite a slight decline in Punto Banco. The drop and hold ratios both improved;
- gross American games receipts at the Monte-Carlo Casino declined by -41% during the period, mainly due to the hold decrease (6.4% for the fiscal year, compared to 11.3% year-on-year), whereas the drop improved by 13%;
- the Sun Casino however reported an 8% increase in receipts with a particularly favorable 20.6% hold ratio.

The **slot machines** sector posted a sharp increase in its activity, with revenue of €98.7 million in fiscal 2015/2016, compared to €88.6 million for the previous year.

This 11% increase in receipts was essentially due to the 15% increase in the volume of bets, the payout ratio falling slightly over the period. The improvement in the volume of bets across all establishments was attributable to two positive impacts: the increase in both the number of players and the average bet amount.

The 24/7 opening and the intensified promotional policy helped to boost the casino's attendance during the season.

The opening of the new outside terrace overlooking the Spélugues Gardens in early December 2015, the gradual roll-out of new popular machines such as "Game of Thrones", and the creation of a new catering space within the Café de Paris Casino boosted attendance even further over the closing months of the year.

The other sites operating slot machines, i.e. the Monte-Carlo Casino, Sun Casino and Bay Casino, also reported slot machine revenue growth.

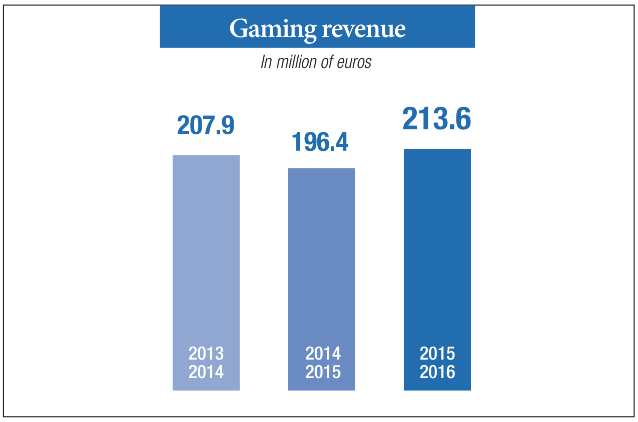
Receipts from **other activities** amounted to €10.2 million, compared to €7.7 million for fiscal 2014/2015, due to full-year operation of the catering and bar activities at the Monte-Carlo Casino and the Café de Paris Casino.

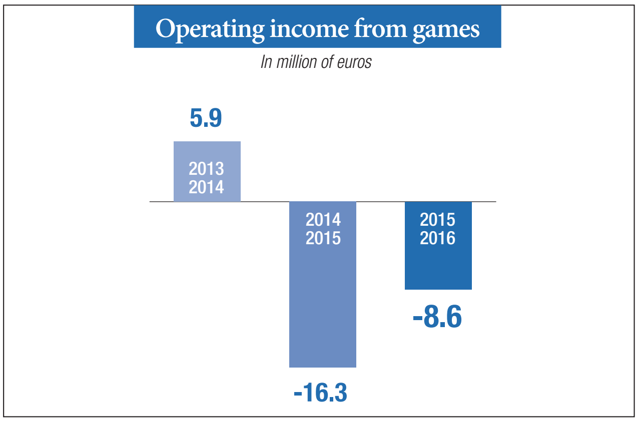
For the **entire gaming sector,** an operating loss before depreciation and amortization of -€1.8 million was recorded in fiscal 2015/2016, compared to an operating loss of -€8.4 million for the previous year.

This €6.6 million increase was primarily attributable to the sharp rise in revenue in the two aforementioned segments. However, the positive impact of improved revenue on operating income was partially absorbed by the costs of implementing the new table games collective agreement and the signing of the new slot machines collective agreement applicable as of April 1, 2016. The impact of the new games collective agreements amounted to €11.3 million for fiscal 2015/2016, compared to €7.6 million in the previous year, i.e.:

- €7.1 million for the table games sector, of which €3.2 million in additional provisions: €2.7 million in paid vacation entitlements and €0.5 million in pension commitments;
- €4.2 million for the slot machines sector, including additional provisions for pension commitments in the amount of €3.7 million and paid vacation provisions for €0.5 million.

After taking into account the depreciation and amortization charge, the Group reported an operating loss of -€8.6 million for the gaming sector in 2015/2016, compared to a loss of -€16.3 million the previous year.





HOTEL SECTOR

The ongoing extensive renovation of the Hôtel de Paris impacts heavily on its operating conditions, which invariably had a very substantial impact on the hotel sector's performance in terms of revenue and operating income.

It should be noted that an additional depreciation and amortization charge of €5.4 million related to the Hôtel de Paris had already been accounted for in fiscal 2013/2014, due to the revised asset depreciation plan of this establishment with the prospect of the future renovation program.

With respect to 2014/2015, the hotel sector results were even more heavily impacted by the Hôtel de Paris work, with:

- an additional expense following the revised depreciation plan for the Hôtel de Paris in the amount of €3.7 million, nevertheless lower than the €5.4 million incurred in 2013/2014;
- the consequences of the Hôtel de Paris closing for three months prior to its reopening at the end of 2014 with an accommodation capacity that was reduced to 40 rooms instead of the previous 182;
- i.e. a total impact on hotel sector operating income estimated at nearly €10 million.

Hotel sector operating income in 2014/2015 also absorbed the plan of termination of the Hôtel de Paris, or €4.1 million, thus bringing the total impact of the Hôtel de Paris project on the year's hotel sector operating income to €14 million.

With respect to 2015/2016, the impact of this work on hotel sector operating income was assessed at €17.4 million, due to:

- an additional expense following the revised depreciation plan for the Hôtel de Paris in the amount of €1 million, nevertheless lower than in the two previous years;
- the consequences of the Hôtel de Paris operations over the entire year with an accommodation capacity that was reduced to 40 rooms instead of the previous 182.

Even though the above assessment values a partial transfer of activity to the Hôtel Hermitage, it does not take into account the loss in business probably incurred by the other establishments that Hôtel de Paris clients used to frequent, such as the Monte-Carlo Beach seaside complex, the Thermes Marins Monte-Carlo or the other Carré d'Or restaurants.

The entire hotel sector therefore posted revenue of €213.2 million for fiscal 2015/2016, compared to €226.4 million last year, down -6% or -€13.2 million:

- the Hôtel de Paris revenue declined by €18.3 million, on top of the €11.5 million decrease already recorded last year;
- the Thermes Marins Monte-Carlo regain full operations in 2015/2016, following the establishment's partial eight-month closure the previous year to ensure the complete renovation of two of the four levels open to the public, resulting in a €4.3 million improvement in receipts over the period;
- the Hôtel Hermitage reported a €3.6 million increase in receipts, due to the transfer of certain clients from the Hôtel de Paris during its refurbishment, and the rate readjustment for suites.

The trends of the various activity segments can be analyzed as follows:

Hotel revenue *(in million of euros)*		**2013/2014**	**2014/2015**	**2015/2016**	**%**
41%	Accomodation	94.8	95.1	88.1	-7%
45%	Catering	113.1	103.8	95.4	-8%
14%	Other activities	29.5	27.5	29.6	8%
100%	**TOTAL HOTEL SECTOR**	**237.4**	**226.4**	**213.2**	**-6%**

Group **Accommodation** revenue stood at €88.1 million, compared to €95.1 million for fiscal 2014/2015.

This decline was primarily due to the reduced operations of the Hôtel de Paris throughout the year with a capacity of around 40 rooms, whereas the establishment had benefited from its 182 room capacity in the first six months of 2014/2015. The decrease in accommodation revenue at the Hôtel de Paris amounted thus to €12.4 million. This loss of receipts was partly offset by the Group's other establishments, in particular the Hôtel Hermitage, which benefited from the transfer of clients from the Hôtel de Paris as from the end of fiscal 2014/2015 and the reinforcement of commercial initiatives to promote its offering, resulting in an increase in activity by €3.4 million or around 13%. The improvements in accommodation revenue growth by the other establishments stood at +3% for the Monte-Carlo Bay Hotel & Resort and +4% for Le Méridien Beach Plaza.

The following are some of the accommodation indicators for the entire S.B.M. Group:

- the occupancy rate rose slightly to 64.3%, compared to 64.2% for fiscal 2014/2015, with a 3% improvement for Le Méridien Beach Plaza and a 4% decrease for the Monte-Carlo Bay Hotel & Resort. Being calculated on the number of rooms available for sale, the occupancy rate of the Hôtel de Paris also exceeded the previous year, given the limited capacity;
- average accommodation prices increased in all establishments, with the exception of the Hôtel de Paris which reported a significant decline, as a result of the reduced number of rooms available during the busy season (particularly the Grand Prix and the summer season) and the lack of available suites for these periods;
- finally, client segmentation by geographical origin remained consistent with last year, the share of French clients continuing to dominate with 20% of the market. Russian and American clients accounted for 13% and 12% of the Resort's clients, respectively.

The **catering** activity posted revenue of €95.4 million, compared to €103.8 million the previous year, for a decrease of €8.4 million. The decline was primarily due to the temporary closing of several restaurant facilities at the Hôtel de Paris (Grill, le Côté Jardin) or the Louis XV – Alain Ducasse, thus reducing catering revenue by around €6 million. Furthermore, the full-year impact of the assignment to the gaming sector of the catering and bar activities within the gaming establishments gave rise to a €0.7 million decrease in hotel sector catering receipts. For the record, these activities were assigned to the hotel sector until June 2014.

The other S.B.M. Group catering establishments posted contrasting trends.

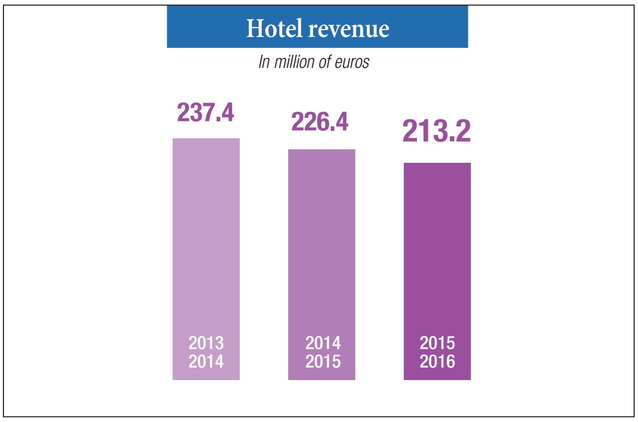
For the S.B.M. Group as a whole, the number of meals served totaled 991,000, representing a decrease by 47,000 meals compared to last year due to the aforementioned closings (38,000 less meals at the Hôtel de Paris and the Louis XV – Alain Ducasse). Similarly, attendance also declined at the Café de Paris, which was hindered by the Place du Casino work. The Monte-Carlo Bay Hotel & Resort did not benefit from the intense activity observed in 2014/2015. However, the reopening of the Thermes Marins Monte-Carlo and its restaurant l'Hirondelle contributed favorably to the sector's receipts. The average price for all establishments dropped by 6% compared to the previous year, due to the reduction in the number of meals with the highest average prices.

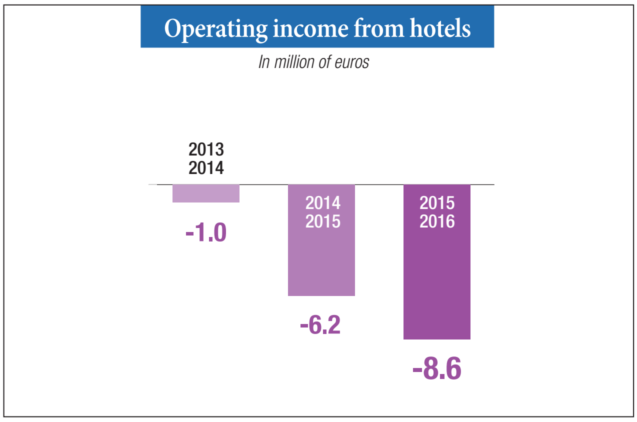
Revenue for the hotel sector's **other activities** posted a 8% increase, to stand at €29.6 million for fiscal 2015/2016, compared to €27.5 million the previous year. These activities regained the 2013/2014 level with in particular the reopening of the Thermes Marins Monte-Carlo which was closed for eight months for the complete renovation of two of the four levels open to the public. Conversely, the Monte-Carlo Beach seaside complex reported a decline in activity, particularly due to the absence of Hôtel de Paris clients.

Operating income before depreciation and amortization for the **entire hotel sector** totaled €17.9 million for fiscal 2015/2016, compared to €24.6 million for fiscal 2014/2015, for a decrease of €6.7 million.

Depreciation and amortization charges for the hotel sector decreased by €4.3 million, standing at €26.6 million for fiscal 2015/2016. This decrease was attributable to the reduction in the additional expense for the revised depreciation plan of the Hôtel de Paris, which stood at €1 million for 2015/2016, compared to €3.7 million in the previous year.

After taking into account depreciation and amortization charges, the hotel sector posted an operating loss of -€8.6 million for fiscal 2015/2016, compared to a loss of -€6.2 million the previous year. The negative impacts on hotel sector operating income arising from the Hôtel de Paris refurbishment project amounted to €17 million for fiscal 2015/2016, compared to nearly €14 million for fiscal 2014/2015. The operating losses inherent to the reduced accommodation capacity of the Hôtel de Paris are nevertheless in line with forecasts, which anticipated losses of more than €50 million over the total duration of the work.





RENTAL SECTOR

Revenue for the rental sector stood at €36.1 million for fiscal 2015/2016, compared to €28.9 million the previous year, for a growth rate of 25%.

Rental revenue *(in million of euros)*		**2013/2014**	**2014/2015**	**2015/2016**	**%**
53%	Commercial rental	15.1	15.6	19.0	22%
47%	Residential rental	11.1	13.3	17.1	29%
100%	**TOTAL RENTAL SECTOR**	**26.1**	**28.9**	**36.1**	**25%**

The **commercial rental** segment, which combines the boutique and office rental income streams, posted revenue of €19 million for fiscal 2015/2016, compared to €15.6 million the previous year. This €3.4 million improvement resulted from the creation of new commercial spaces and the full-year recognition of the lump-sum contribution from the lessees of the Pavillons Monte-Carlo for the construction of these pavilions.

The **residential rental** segment mainly comprises the exclusive Monte-Carlo Bay and Balmoral residences. Since 2014/2015, the segment also comprises the three villas du Sporting, each villa having a private pool and represents an unprecedented property development in the Principality of Monaco, surrounded by luxurious vegetation, in the shade of stone pines, cypresses, Atlas cedars and magnificent palm trees.

Residential rental revenue amounted to €17.1 million for fiscal 2015/2016, compared to €13.3 million for fiscal 2014/2015, up €3.8 million due to the gradual rental of the three aforementioned villas, but also the standard yearly rent indexing.

For the **rental sector as a whole,** operating income before depreciation and amortization stood at €32.3 million for fiscal 2015/2016, compared to €25.6 million the previous year, an increase of €6.7 million.

The sector's depreciation and amortization charge rose by €4 million during the year, with the full-year charge for the villas du Sporting and the Pavillons Monte-Carlo.

Taking into account the depreciation and amortization charge, operating income for the rental sector stood at €20.4 million, compared to €17.6 million for the previous year, for an increase of €2.7 million.

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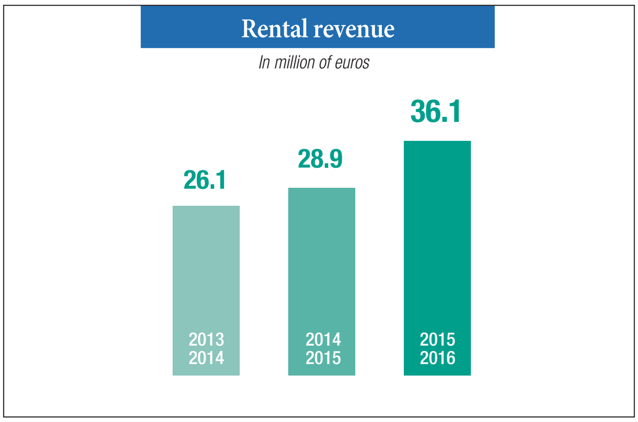
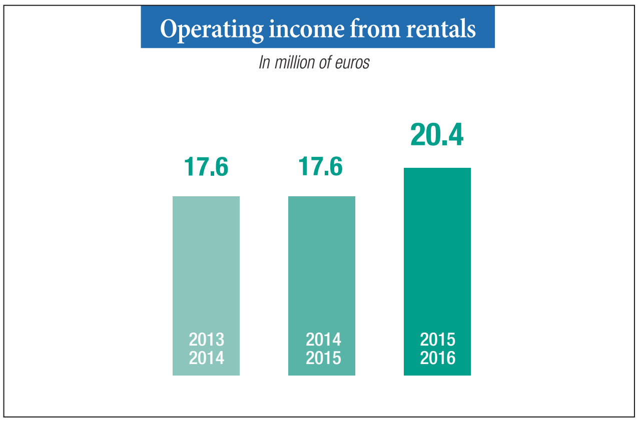




3.1.3 2015/2016 consolidated earnings and other financial aggregates

The table below presents the S.B.M. Group's consolidated statement of income for the years ended March 31, 2015 and March 31, 2016:

CONSOLIDATED STATEMENT OF INCOME

(in thousands of euros)		2014/2015 Fiscal year	2015/2016 Fiscal year
Revenue	Note 18	**452,385**	**461,386**
Cost of goods sold, raw materials & other supplies		(51,204)	(49,604)
Other external charges		(117,807)	(122,079)
Taxes and similar payments		(31,827)	(34,086)
Wages and salaries	Note 19	(222,615)	(232,644)
Depreciation and amortization	Note 4 & 5	(51,629)	(50,963)
Other operating income and expenses	Note 20	(8,819)	(3,035)
Operating income	Note 21	**(31,517)**	**(31,026)**
Income from cash and cash equivalents		25	515
Gross finance costs		(886)	(1,130)
Net finance costs	Note 22	**(860)**	**(615)**
Other financial income and expenses	Note 22	42,203	579
Income tax expense	Note 23		
Net income/(loss) of associates	Note 6	350	1,988
Consolidated net income		**10,175**	**(29,074)**
Non controlling interests (minority shares)		(136)	(74)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**10,040**	**(29,147)**
Average number of shares issued		18,282,389	24,516,661
Net earnings per share *(in euros)*		0.55	(1.19)
Net diluted earnings per share *(in euros)*		0.55	(1.19)

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)		2014/2015 Fiscal year	2015/2016 Fiscal year
Consolidated net income		10,175	(29,074)
Items that will not be reclassified subsequently to profit or loss			
• Actuarial gains and losses on employee benefits (IAS 19 revised)	Note 13	(6,136)	(3,487)
• Share of profit/(loss) of associates	Note 6	(46)	10
Items that may be reclassified subsequently to profit or loss			
• Gains and losses on the remeasurement of available-for-sale financial assets (IAS 39)	Note 6	(40,350)	
• Share of profit/(loss) of associates	Note 6	71	9
TOTAL COMPREHENSIVE INCOME		**(36,286)**	**(32,542)**
Of which attributable to the owners of the parent company		(36,415)	(32,614)
Of which attributable to non controlling interests (minority interests)		129	72

The decrease in "Costs of goods sold, raw materials & other supplies" for €1.6 million was primarily due to the aforementioned closings.

"Other external charges" increased by €4.3 million primarily due to the rise in invitations and offers within the Company (+€2.6 million) and, to a lesser extent, the business recovery of the Société des Thermes Marins Monte-Carlo, following the closure for renovations last year.

The change in "Taxes and similar payments" is attributable to the increase in the licensing fee on gross gaming receipts, because of higher gaming receipts during the year.

The €10 million increase for "Wages and salaries" is primarily due to:

- a €3.7 million increase in expenses resulting from the signing and application of the new table games and slot machines collective agreements:

  The impact of the new games collective agreements amounted to €11.3 million for fiscal 2015/2016, compared to €7.6 million for the previous year:

  - €7.1 million for the table games sector, of which €3.2 million in additional provisions: €2.7 million in paid vacation entitlements and €0.5 million in pension commitments;
  - €4.2 million for the slot machines sector including additional provisions for pension commitments in the amount of €3.7 million and paid vacation provisions for €0.5 million;
- impact of the change to fixed compensation for restaurants and bars empoyees who previously received 15% of the service paid, generating a €2 million rise in wages and salaries and revenue;
- other changes in wages and salaries in line with the development of the business and employees for a net increase of €3.3 million.

Lastly, "Depreciation and amortization" decreased by €0.7 million. The increase in the charge for the rental sector in the amount of €4 million (full-year operations of the Pavillons Monte-Carlo and the villas du Sporting) and the new administrative site were totally offset by a €4.3 million decrease in the charge for the hotel sector (Hôtel de Paris and Monte-Carlo Bay Hotel & Resort).

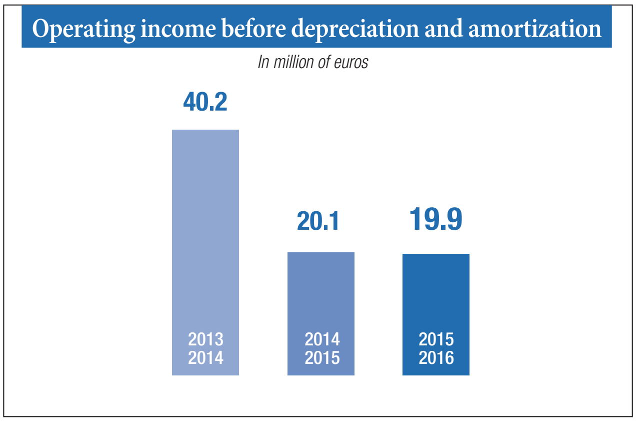
The S.B.M. Group's **operating loss** remained stable at -€31 million, compared to -€31.5 million for the previous year.

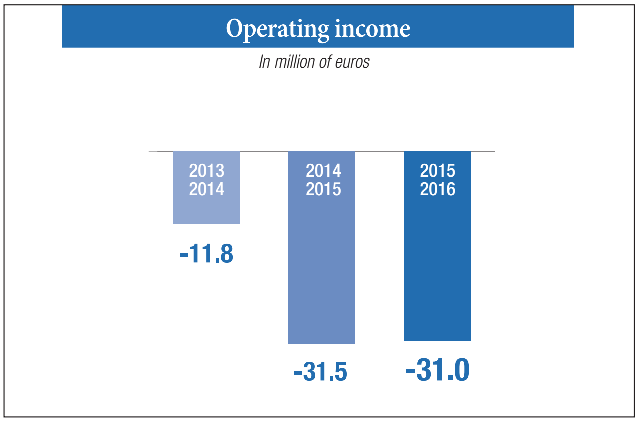
This loss is primarily attributable to the continued renovation of the Hôtel de Paris, whose negative impacts on operating income amounted to €17 million for fiscal 2015/2016, compared to nearly €10 million for fiscal 2014/2015. The operating losses inherent to the reduced accommodation capacity of the Hôtel de Paris are nevertheless in line with forecasts, which anticipated losses of more than €50 million over the total duration of the work.

Furthermore, operating income was impacted by the recognition of additional expenses for the new table games and slot machines collective agreements, which amounted to €11.3 million for fiscal 2015/2016, i.e. €7.1 million for the table games sector and €4.2 million for the slot machines sector, including €7.4 million in additional provisions for pension commitments and paid vacation. It should be noted that a €7.6 million expense had been recorded in fiscal 2014/2015 to take into account the impacts of the new table games collective agreement with regard to pension commitments.

Despite these factors, the S.B.M. Group managed to stabilize its operating income, with a substantial improvement in its operating performance in the various sectors, and mainly in the area of slot machines.

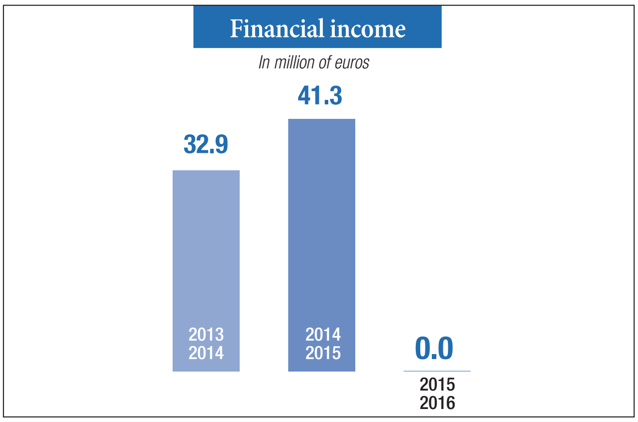
3

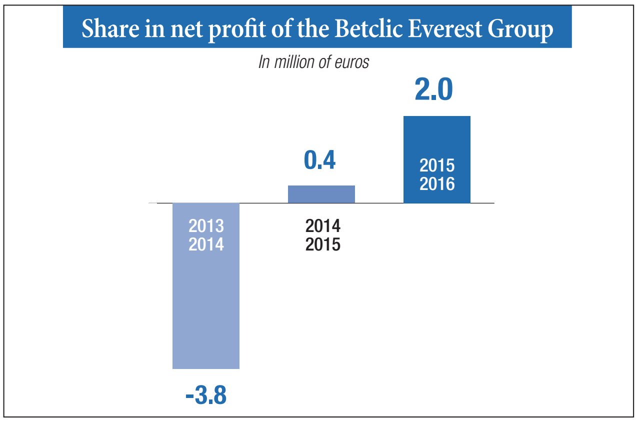




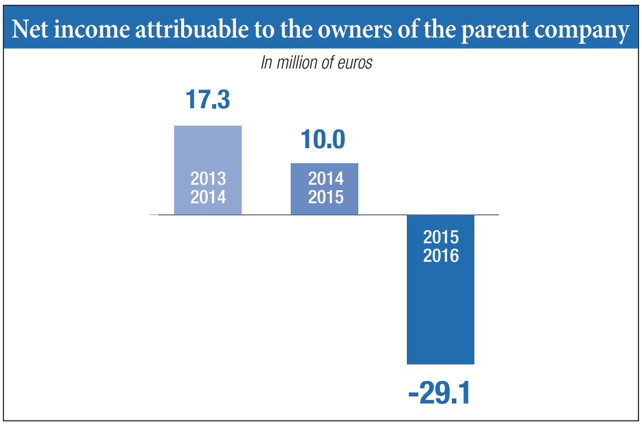
The **financial result** is balanced for the 2015/2016 fiscal year, compared to a profit of €41.3 million for the previous year. As a reminder, the Group benefitted from the sale of the last 400,000 shares of Wynn Resorts Ltd, which the Company held, during the first quarter of the 2014/2015 fiscal year, resulting in cash receipts of €43.9 million and a capital gain of €38.8 million.

Finally, the **equity-accounting consolidation of Betclic Everest Group,** an on-line gaming group in which the S.B.M. Group has a 50% stake, requires the recognition of 50% of its net income for the period in question, resulting in a share of profit €2 million compared to €0.4 million for the previous year. This improvement is explained by actions undertaken by Betclic Everest Group to rationalize its operating costs, and development of activities in betting on sports events.



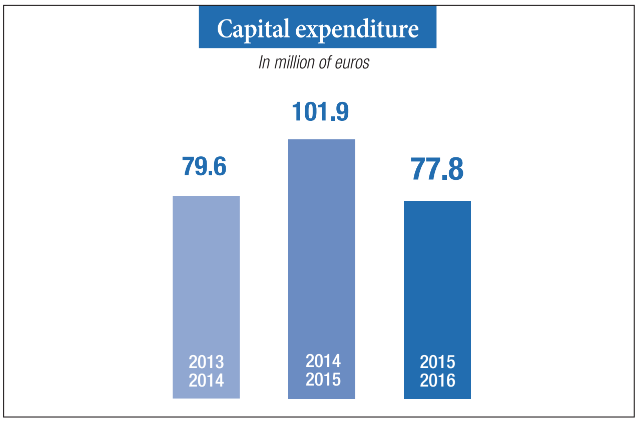


The **consolidated net result attributable to the owners of the parent company** amounts to a loss of -€29.1 million compared to a profit of €10 million for the 2014/2015 fiscal year.



Cash from operations amounted to €23.8 million for fiscal 2015/2016, compared to €21.1 million the previous year. After taking into account the €25 million decrease in the working capital requirement, mainly due to the collection of leasehold rights relating to the future commercial spaces forecast in connection with the real estate development in the heart of Monte-Carlo, net cash flows from operations amounted to €66.7 million for fiscal 2015/2016, compared to €40.2 million for fiscal 2014/2015.

In addition, the continued roll-out of the **investment** program represented a cash outflow of €77.8 million for fiscal 2015/2016 with respect to acquisitions of property, plant and equipment, intangible assets and long-term investments, compared to €101.9 million the previous year. After taking into account the gains on asset disposals, of which €43.9 million for the Wynn Resorts Ltd shares in 2014/2015 and the €9 million change in loans and advances granted, net cash flow used in investing activities amounted to €67.1 million for fiscal 2015/2016, compared to €52.5 million the previous year.



As of March 31, 2016, the S.B.M. Group's **net cash position** was positive at €187 million, compared to €186.2 million year on year.

3.1.4 Parent company results of Société des Bains de Mer

The financial statements of Société des Bains de Mer, the Parent company, present the following results:

Société des Bains de Mer – Parent company *(in million of euros)*	2013/2014	2014/2015	2015/2016	Variation *(in million of euros)*
Revenue	**418.7**	**396.4**	**399.4**	**3.0**
Operating income/(loss)	**(17.7)**	**(35.2)**	**(40.0)**	**(4.8)**
Financial income/(loss)	5.6	6.0	7.7	1.7
Exceptional income/(loss)	30.4	29.3	(6.1)	(35.4)
NET INCOME/(LOSS)	**18.3**	**0.1**	**(38.3)**	**(38.4)**

REVENUE

Revenue amounted to €399.4 million for fiscal 2015/2016, compared to €396.4 million the previous year, for an increase of €3 million.

OPERATING INCOME

Operating income was negative at -€40 million, compared to a loss of -€35.2 million in 2014/2015. The decline was due to a decrease in hotel revenue, particularly due to the Hôtel de Paris refurbishment and its full-year operation with a reduced capacity of 40 rooms, but also the impact of provisions for the new table games and slot machines collective agreements, in the amount of €11.3 million in fiscal 2015/2016, compared to €7.6 million in the previous year.

FINANCIAL INCOME OR LOSS

Financial investment income and borrowing costs are recorded in financial income or loss.

The item also includes the financial income generated by the financing of certain subsidiaries, such revenue being cancelled in the consolidated financial statements as part of the elimination of the S.B.M. Group's inter-company transactions.

NET EXCEPTIONAL ITEMS

A net exceptional loss of -€6.1 million was recorded for fiscal 2015/2016, compared to exceptional income of €29.3 million the previous year.

This €35.4 million decrease was mainly due to non-recurring capital gain on the sale of the Wynn Resorts Ltd shares for €38.8 million in fiscal 2014/2015.

NET INCOME OR LOSS

Parent company net loss for fiscal 2015/2016 amounted to -€38.3 million, compared to net income of €0.1 million the previous year, for a €38.4 million decrease.

3.1.5 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 during 2015/2016 fiscal year, or between your Company and its affiliated or non-affiliated companies with common Directors:

- transactions involving the affiliates 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 Anonyme Monégasque Hôtelière du Larvotto (S.H.L.);
  - Société Financière et d'Encaissement (S.F.E.);
  - Société Civile Particulière Soleil du Midi;
  - Société Civile Immobilière de l'Hermitage;
  - Société des Bains de Mer, USA, Inc.;
  - Société Monte-Carlo S.B.M. Singapore Pte. Ltd.;
  - S.à.r.l. Monte-Carlo SBM International;
  - S.A.R.L. Café Grand Prix;
  - Société Betclic Everest Group;
- and:
  - business relations with Société Monégasque pour l'Exploitation du Tournoi de Tennis (S.M.E.T.T.), in which the Company is a shareholder;
  - bank operations conducted with Banque J. Safra (Monaco) S.A., Mr. Jean-Louis Masurel being a Director, related to the lease granted by the Company for premises in the Belle Époque building;
  - wine purchases conducted on an arm's length basis with Société des Vins de Fontfroide, which is owned and managed by Mr. Jean-Louis Masurel, for non-material amounts;
  - advisory operations conducted on an arm's length basis with Société Arcos Investissement which is owned and managed by Mr. Jean-Louis Masurel, for non-material amounts;
  - civil leasing transactions conducted on an arm's length basis with Société Anonyme Monégasque Dotta Immobilier, whose Vice-President is Mr. Michel Dotta, for non-material amounts;
  - advisory operations conducted on an arm's length basis with Société PGL Conseil which is owned and managed by Mr. Pierre Letzelter, for non-material amounts.

3.2 Capital expenditure and future outlook

3.2.1 Capital expenditure

In recent years, the S.B.M. Group has pursued an active capital expenditure program, for a total of €262.8 million in the last three fiscal years, as shown in the table below, which groups together all capital expenditures, regardless of whether the projects have been completed and commissioned or are still in progress.

Capital expenditures *(in thousands of euros)*	**Year ended 03/31/2014**	**Year ended 03/31/2015**	**Year ended 03/31/2016**
Gaming sector	1,376	3,399	11,916
Hotel sector	19,349	32,700	31,060
Rental sector	50,297	49,032	32,496
Other activities and common services	9,650	14,966	6,573
TOTAL	**80,671**	**100,097**	**82,045**

GAMING SECTOR

Capital expenditure in the gaming sector amounted to €16.7 million over the last three fiscal years.

In fiscal 2015/2016, the S.B.M. Group pursued its slot machine renewal policy, with total capital expenditure of €3.8 million for the last three fiscal years. The objective is to maintain a competitive edge in terms of gaming offers and innovation and match the latest trends.

But the main capital expenditure in fiscal 2015/2016 relates to the program to extend and totally refurbish the Café de Paris Casino, particularly with the creation of a new 350 m^2 outside terrace located on the side of Avenue des Spélugues. The outside space created enables the installation of new machines accessible to all customers, and particularly smokers, and feature a bar and catering service.

The main points concerning the renovation program for existing spaces have been as follows:

- creation of a centrally positioned bar, a key architectural element that will be a focal point for the establishment;
- creation of a convivial catering space, a new offering requiring the construction of a below-ground kitchen;
- a true architectural enhancement of the existing outside terrace, with the addition of glass canopies in particular;
- a complete technical overhaul of the installations.

All these new installations, and particularly the new terrace, were opened to the public on December 4, 2015.

Furthermore, while the number of machines installed at the Café de Paris Casino did not significantly change, the completion of this works program has enabled the establishment to extend its games offering with table games (American games). The establishment now provides a complete offering in terms of events and a special environment that is highly popular with the clientele.

The total capital expenditure for this project was €10.6 million, of which €9.9 million in fiscal 2015/2016.

HOTEL SECTOR

Capital expenditure in the hotel sector amounted to €83.1 million over the last three fiscal years.

More than half of the capital expenditure in this sector over the last three fiscal years involved the Hôtel de Paris extensive renovation project (see chapter 3.2.2. below – “Main ongoing projects”).

Other capital expenditure projects concerned ongoing works such as the renovation of the rooms and suites of the Beaumarchais wing at the Hôtel Hermitage, the refurbishment of the Louis XV – Alain Ducasse restaurant at the Hôtel de Paris, or the major renovation of Thermes Marins Monte-Carlo, which required the establishment to close for eight months in fiscal 2014/2015. The renovation covered two of the four operational floors where the pool, fitness, catering, boutique and water therapy activities are located, and a technical upgrade, for a total of €9.9 million.

The objective of this renovation was to offer an upscale health and wellness center to an ever more demanding clientele and to position the establishment in a health offering that corresponds to the Principality of Monaco’s development plan. It is through these efforts that the Thermes Marins Monte-Carlo will regain the leading European positioning that it had at the time of its inauguration in 1995.

The significant capital expenditure in the hotel sector in recent years will provide the S.B.M. Group with an offering tailored to its clientele. The Group was nevertheless convinced that this approach had to be strengthened and the extensive renovation of the Hôtel de Paris is the best illustration.

RENTAL SECTOR

Major capital expenditure has also been incurred in the rental sector, amounting to €131.8 million over the last three fiscal years, in order to enhance the value of real estate assets, while attracting and strengthening the loyalty of a new international clientele in the Principality of Monaco.

This strategy, initiated in October 2005 with the opening of the Monte-Carlo Bay Residence (24 luxury apartments), and confirmed in May 2012 with the opening of the Balmoral Residence (7 apartments with a hotel service offering an exceptional view of Port Hercules), has grown in importance with the two aforementioned projects.

The villas du Sporting project was finalized in fiscal 2014/2015. Ideally located in the Sporting Monte-Carlo peninsula, the three villas du Sporting represent an absolutely unprecedented real estate development in Monaco, surrounded by luxurious vegetation, and shaded by stone pines, cypresses, Atlas cedars and magnificent palm trees. Each villa has a private swimming pool and direct access to the sea. The project represents a total investment of €31.8 million, including €22.2 million for the last three fiscal years. The first two villas were leased in fiscal 2014/2015 and the third in the first half of 2015/2016. The three villas are now leased.

With respect to the real estate development project in the heart of Monte-Carlo described in chapter 3.2.2 below, the expenses incurred during the last three fiscal years amounted to €107.1 million, of which €31.1 million for fiscal 2015/2016.

Rental sector capital expenditure amounted to €32.5 million in fiscal 2015/2016.

OTHER ACTIVITIES AND COMMON SERVICES

Capital expenditure for other activities and common services amounted to €31.2 million over the last three fiscal years.

Completion of the real estate project on the site previously occupied by the Sporting d'Hiver necessitated the transfer of the S.B.M. Group's head office functions that had been located at the complex. The Group's administrative and support functions (General Management, Strategic Marketing and Communication, Human Resources, Construction and Real Estate, Finance and Management, IT, Purchasing, etc.) were thus grouped on one site, in the Aigue-Marine building located in Monaco's Fontvieille district. Established on five levels, four of which are owned by the S.B.M. Group and the last leased, this head office transfer required a major adaptation work. The total project amounted to €14.1 million over the last three fiscal years. The team transfers were finalized in the summer of 2014, uniting all the teams for the first time on a single site, rather than the previous four sites.

The other capital expenditure also involves the software and management systems implemented by the S.B.M. Group support functions such as the Human Resources department (management of time and activities, payroll) and the IT Department (purchasing of licenses, etc.).

3.2.2 Main ongoing projects and future outlook

PURSUIT OF THE CAPITAL EXPENDITURE PROGRAM

Projects ongoing as of March 31, 2016 will continue in 2016/2017, under the capital expenditure program defined by the S.B.M. Group, and in line with past policy.

The main ongoing projects are as follows:

GAMING SECTOR

The main projects undertaken concern the renewal of the slot machine park. The installations in progress on the previous year's closing date will steadily continue.

HOTEL SECTOR

As previously stated, the extensive refurbishment of the Hôtel de Paris is the hotel sector's main ongoing project.

The refurbishment of the Hôtel de Paris will cover the entire establishment, with a reorganization of both client and service areas. The total accommodation capacity will be similar to the current capacity, but the surface area of the rooms and the number of suites will increase.

The program's other structural components include:

- an improvement to the roof which would house a new spa, fitness and swimming pool area reserved for the hotel's clientele, exceptional suites and a "roof-top villa" with a private garden and swimming pool;
- the creation of a garden courtyard at the center of the establishment;
- the development of boutique spaces;
- the opening of the Bar Américain and the future restaurant on the south-facing terrace offering a 180° view from the Monte-Carlo Casino to Port Hercule;
- the adoption of cutting-edge technologies and a direct underground link to the reception and conference equipment of the future building complex.

The refurbishment and innovations will enable the Hôtel de Paris to remain at the forefront in terms of an increasingly demanding palace client.

The hotel's historical façade, facing the Café de Paris Monte-Carlo, will remain intact. Legendary places, such as the lobby and the wine cellars, and emblematic establishments, such as the Bar Américain, the Salle Empire, the Louis XV – Alain Ducasse and the Grill, will be maintained.

Scheduled to extend over four years, the project will include demolition and excavation work, as well as the total reconstruction of the Rotonde and Alice wings. These two wings should be delivered and again marketed as from May 2017 for the Formula 1 Grand Prix.

Following a complete closure as from October 2014, the Hôtel de Paris was reopened at the end of December 2014 with a capacity reduced to around 40 rooms, as throughout fiscal 2015/2016. It was decided to keep the establishment partially open throughout the refurbishment to limit to a maximum the project's impact on employees and have an accommodation capacity for regular players.

The cost of the Hôtel de Paris renovation for the period 2014-2018 is around €300 million, including the estimated operating losses.

As of March 31, 2016, an amount of €47.9 million had already been invested in the project, of which €20.4 million for fiscal 2015/2016.

The project is on schedule and complies with the allocated budget.

RENTAL SECTOR

Similarly, the real estate development at the heart of Monte-Carlo, on the site previously occupied by the Sporting d'Hiver, represents the main project commitment for the rental sector, the key features of which are outlined below.

The Sporting d'Hiver building will be replaced by seven main buildings as part of a mixed-use development community planning project that will combine shops, prestigious residences, offices, leisure and cultural space. It will combine 4,600 m^2 of prestigious boutiques on three floors (basement, ground floor and mezzanine), luxury residences covering 12,900 m^2 on various floors, 2,500 m^2 in office space, 2,500 m^2 in conference areas with multimedia technologies, an exhibition hall of 400 m^2 and 350 parking spaces.

Among the priority tasks allocated to the architect include the design of an ensemble that will revitalize the neighborhood, transforming it into a place of vitality and conviviality, and serving as an example of green urbanism and sustainable development: creations at the landscaped site include 30% of additional space open to the public and, at its center, a new tree-lined pedestrian thoroughfare joining the avenue des Beaux-Arts and the Jardins Saint-James.

The total cost for completing this major real estate and urbanism project in the heart of Monte-Carlo is between €370 and €390 million over the 2013-2018 period.

As of March 31, 2016, an amount of €123.1 million had already been invested in the project, including:

- design costs and professional fees for €39.1 million;
- construction and development costs for the Monte-Carlo Pavilions in the Jardins des Boulingrins for €22.1 million;
- costs to purchase leasehold rights for €33 million;
- construction costs for €19.2 million.

The share of these investments for fiscal 2015/2016 amounted to €31.1 million.

Following the demolition of the former Sporting undertaken at the start of fiscal 2015/2016, the excavation work has continued at a satisfactory pace and is scheduled for completion at the end of September 2016.

To date, the bottom of the excavation has been reached, but the complete excavation of the 5,000m^2 will not be completed until the end of September 2016. The building's first stone was laid on July 5, 2016 by H.S.H. the Prince of Monaco. On this occasion, the name of the real estate development has been revealed: "One Monte-Carlo".

Given these various projects, the estimated capital expenditure for fiscal 2016/2017 should amount to approximately €215 million, of which nearly €185 million for the two major projects described above.

FUTURE OUTLOOK

The extensive refurbishment of the Hôtel de Paris and the real estate development in the heart of Monte-Carlo are two key components of the S.B.M. Group's development strategy.

With these projects, the S.B.M. Group seeks to generate an additional annual operating income, before depreciation and amortization, exceeding €50 million by 2019.

These projects represent an unprecedented investment effort, with a cost estimated at between €500 and €540 million over the 2015-2018 period, excluding operating losses related to the partial closing of the Hôtel de Paris.

Hôtel Hermitage Monte-Carlo

4

SYNTHESIS OF 2015/2016 FINANCIAL STATEMENTS AND STATUTORY AUDITORS AND CONTRACTUAL AUDITOR'S REPORTS

Complete Parent Company Financial Statement and Consolidated Financial Statement (annual financial statements and notes associated to financial statements) are presented in chapter 20.3 of the "Document de Référence" registered in French language on July 8, 2016 with the French Financial Markets Authority *(Autorité des Marchés Financiers).*

The following information relates to synthesis financial statements (statement of financial position, statement of income, cash flow statement, statement of changes in equity), and associated statutory auditors and contractual auditor's reports.

4.1 Annual financial statements in accordance with Monegasque accounting standards – synthesis

4.1.1 Balance sheet as of March 31, 2016 – in accordance with generally accepted accounting principles in Monaco

ASSETS

	2015/2016 fiscal year			2014/2015 fiscal year
(in thousands of euros)	Gross	Depreciation, amortization and provisions	Net	Net
CURRENT ASSETS OR ASSETS RECOVERABLE IN LESS THAN 1 YEAR	**264,690**	**40,024**	**224,666**	**245,901**
Cash in hand	19,539		19,539	15,756
Banks: deposit on demand	2,671		2,671	1,789
Other assets on demand	54		54	36
Banks: time deposits	95,000		95,000	
Marketable securities	52,557		52,557	162,793
Operating receivables	10,489	1,697	8,792	27,059
Other receivables	10,830	358	10,472	13,834
Investment accounts				
Affiliate accounts	69,233	37,969	31,264	20,730
Assets withheld	4,318		4,318	3,905
INVENTORY	**10,492**	**24**	**10,468**	**10,524**
ADVANCE PAYMENTS OR GUARANTEES	**505**		**505**	**324**
Payments on account on orders	505		505	324
ASSETS TO MATURE IN OVER 1 YEAR				
Loans				
NON-CURRENT ASSETS	**833**		**833**	**782**
Deposits and guarantees paid	833		833	782
PARTICIPATING INTERESTS	**284,062**	**48,273**	**235,790**	**249,691**
Affiliates	283,958	48,241	235,718	249,604
Other participating interests	104	32	72	88
FIXED ASSETS	**1,351,319**	**764,155**	**587,164**	**555,904**
Intangible assets:				
◆ Concessions, patents & similar	29,678	24,322	5,357	5,531
◆ Leasehold rights	18	18		
◆ Assets in progress	919		919	641
Property, plant & equipment:				
◆ Land	84,411		84,411	81,657
◆ Revaluation reserves as of 03/31/1979	35,611	35,611		
◆ Land development	2,491	2,491		
◆ Buildings	782,849	475,573	307,276	322,855
◆ Industrial and technical plant	202,569	173,129	29,440	31,630
◆ Other PP&E	65,534	53,011	12,523	12,666
◆ PP&E in progress	147,238		147,238	100,924
Total assets	**1,911,901**	**852,475**	**1,059,426**	**1,063,126**
CHARGES TO BE AMORTIZED	**56**		**56**	**56**
ACCRUED INCOME & DEFERRED CHARGES	**5,895**		**5,895**	**6,667**
Prepaid expenses	5,842		5,842	5,631
Other suspense accounts	54		54	1,036
Foreign exchange differences				
GRAND TOTAL	**1,917,852**	**852,475**	**1,065,377**	**1,069,849**
CLEARING ACCOUNTS				
Directors' shares held as management			7	5
Deposits and guarantees given (BEG operations)			107,681	90,186
Deposits received			5,160	2,786
Other guarantees received			76,181	71,500
Trade payables			180,865	133,421
Third-party receivables for bank guarantees given				
Opening of credit facility and confirmed unused overdrafts			5,000	5,000
Variable-rate hedge			100,000	100,000
			474,894	**402,898**

LIABILITIES & STOCKHOLDERS' EQUITY

(in thousands of euros)	2015/2016 fiscal year	2014/2015 fiscal year
LIABILITIES PAYABLE IN LESS THAN 1 YEAR	**137,016**	**131,603**
Bank overdrafts		
Bills payable	6,955	7,254
Operating liabilities	60,959	63,201
Affiliate accounts	17,007	14,223
Employee accounts	31,180	27,698
Borrowings	477	86
Other liabilities	4,898	4,528
Liabilities withheld	15,540	14,613
ADVANCE COLLECTIONS OR GUARANTEES	**24,225**	**20,290**
Advances received	15,901	12,591
Deposits and guarantees received	8,324	7,699
LIABILITIES TO MATURE IN OVER 1 YEAR	**30,569**	**27,833**
Operating liabilities		
Liabilities withheld	30,569	27,833
PROVISIONS FOR CONTINGENCIES	**4,547**	**3,762**
Other provisions for contingencies	4,547	3,762
ACCRUED LIABILITIES & DEFERRED INCOME	**131,441**	**110,448**
Revenues to be recorded in future fiscal years	123,915	102,167
Other accrued liabilities and deferred income	149	207
Foreign exchange differences	35	99
Investment grant		
◆ *gross*	*17,535*	*17,535*
◆ *amortization*	*(10,193)*	*(9,560)*
STOCKHOLDERS' EQUITY		
Common stock, additionnal paid-in capital and reserves	**430,791**	**430,805**
Common stock: 24,516,661 shares of €1	24,517	24,517
Additional paid-in capital on shares	214,650	214,650
Revaluation reserves:		
◆ Revaluation surplus 03/31/1990	167,694	167,694
◆ Revaluation reserve 03/31/1979	23,931	23,944
Reserves:	**162,243**	**161,605**
◆ Statutory reserve	2,452	1,816
◆ Optional reserve	148,799	148,799
◆ Contingency reserve	10,992	10,990
◆ Long-term capital gains		
Results:	**144,545**	**183,504**
◆ Retained earnings	182,862	183,389
◆ Net income for the period	(38,317)	115
Total stockholders' equity	**737,579**	**775,913**
GRAND TOTAL	**1,065,377**	**1,069,849**
CLEARING ACCOUNTS		
Directors' shares held as management	7	5
Deposits and guarantees given (BEG operations)	107,681	90,186
Deposits received	5,160	2,786
Other guarantees received	76,181	71,500
Trade payables	180,865	133,421
Third-party receivables for bank guarantees given		
Opening of credit facility and confirmed unused overdrafts	5,000	5,000
Variable-rate hedge	100,000	100,000
	474,894	**402,898**

4

4.1.2 Statement of income – in accordance with generally accepted accounting principles in Monaco

(in thousands of euros)	2015/2016 Fiscal year	2014/2015 Fiscal year
MAIN ACTIVITY		
Gaming receipts	223,912	208,763
Services rendered	181,788	193,119
Sales of bought-in goods	6,500	6,690
Other receipts	3,309	753
Less: intra-group transfers	(12,815)	(12,183)
Total income from main activity	**402,694**	**397,143**
To be deducted:		
◆ Cost of purchase of bought-in goods	(4,261)	(4,414)
◆ Purchases of raw materials and supplies	(137,392)	(137,013)
◆ License fees, duties and taxes other than income tax	(34,075)	(31,775)
◆ Wages and salaries	(194,691)	(186,600)
◆ Other operating expenses	(21,518)	(21,075)
◆ Depreciation and amortization charges	(44,990)	(45,758)
Provisions:		
◆ Charges	(16,925)	(23,118)
◆ Write-backs	11,155	17,063
Total expenses from main activity	**(442,697)**	**(432,690)**
Share in proceeds from joint ventures	(254)	(213)
Net income/(loss) from main activity	**(40,258)**	**(35,760)**
RELATED ACTIVITIES		
Financial net income/(loss)	558	(829)
Revenues from participating interests	7,238	6,700
Provisions:		
◆ Charges	(46)	(29)
◆ Write-backs		213
Net income/(loss) from related activities	**7,749**	**6,056**
EXCEPTIONAL INCOME/(EXPENSES)		
Various exceptional expenses	(9,183)	36,157
Provisions:		
◆ Charges	(7,717)	(7,401)
◆ Write-backs	10,797	496
Net exceptional items	**(6,103)**	**29,251**
Losses from prior years	**295**	**568**
NET INCOME/(LOSS) FOR THE PERIOD	**(38,317)**	**115**

4.1.3 Statutory Auditors' report

Year ended March 31st, 2016

André Garino
Expert-Comptable
2, rue de la Lüjerneta
98000 Principauté de Monaco

Louis Viale
Expert-Comptable
12 avenue de Fontvieille
98000 Principauté de Monaco

Dear Shareholders,

In accordance with the legal requirements in article 25 of the law n° 408 of January 20th, 1945 and with the terms of our appointment in accordance with article 8 of the aforementioned law and the annual general shareholder meeting held on September 19th, 2014 for the years 2014/2015, 2015/2016 and 2016/2017, we submit to you our report on the Financial Statements for the year ended March 31st, 2016.

The Financial Statements and other internal documents approved by the Board of Directors were made available for the purpose of our audit in a timely manner.

Our audit, which was designed to allow us to express an opinion on these Financial Statements, was performed in accordance with professional auditing standards. It includes an examination of the balance sheet as of March 31st, 2016 and of the Statement of Profit and Loss for the year 2015/2016.

The total balance sheet is €1,065,377 thousand. The net loss for the fiscal year ending March 2016, is €38,317 thousand. The Shareholders' equity is worth €737,579 thousand.

These documents were prepared under the same accounting principles and methods as last year.

We examined the various components of the assets and liabilities together with methods used for their valuation and the matching of revenues and expenses.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require us to plan and perform the audit to obtain a reasonable assurance that the Financial Statements are free of material misstatement.

An audit requires examining the evidence supporting the amounts and disclosures in the Financial Statements, on a test basis or by other selection methods. It also includes assessing the assumptions made by the management regarding the accounting policies and estimates as well as the overall presentation of the Financial Statements.

In our opinion, the Financial Statements attached to this report and submitted to your approval give a true and fair view of the company's position and its assets and liabilities as of March 31st, 2016 and the result of the transactions for the twelve months then ended. The Financial Statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

We also examined the note to the Financial Statements included in the Board of Directors' report, the proposed allocation of the year net income and the compliance with legal and statutory provisions applying to the running of the Company. We do not have any further comments.

Monaco, July 6th, 2016

The Statutory Auditors

André GARINO **Louis VIALE**

4.1.4 Statutory Auditors' Special Report

Year ended March 31st, 2016

André Garino
Expert-Comptable
2, rue de la Lüjerneta
98000 Principauté de Monaco

Louis Viale
Expert-Comptable
12 avenue de Fontvieille
98000 Principauté de Monaco

Dear Shareholders,

In accordance with the legal requirements of the article 24 of the Law n° 408 dated January 20th, 1945, we are submitting you a report on the transactions covered by the article 23 of the Sovereign Ordinance dated March 5th, 1895, for the year ending March 31st, 2016 with respect to the shareholders' meetings held in that period.

OPERATIONS SPECIFIED IN THE ARTICLE 23 OF THE SOVEREIGN ORDINANCE OF MARCH 5TH, 1895

We remind you that this involves all businesses or markets (transactions) implying a series of successive services (goods, supplies, etc.) similar in nature, conducted with the company or on its behalf, and in which a member of the Board of your Direction is either directly or indirectly interested.

The execution of these transactions during the fiscal year 2015/2016 is described in the special report disclosed by your Board of direction. We have checked the information included in that report and have no further remark.

GENERAL MEETINGS HELD DURING THE FISCAL YEAR

During the course of the fiscal year was held:

- on September 18th, 2015, the Annual General Meeting approving the financial statements for the year ending March 31st, 2015.

For this General Meeting, we have checked:

- the respect of the legal and statutory requirements regarding its organization;
- the execution of the approved resolution.

We do not have any remark.

Monaco, July 6th, 2016

The Statutory Auditors

André GARINO **Louis VIALE**

4.2 Annual financial statements in accordance with French accounting standards – synthesis

4.2.1 Balance sheet as of March 31, 2016 – in accordance with generally accepted accounting principles in France

ASSETS

(in thousands of euros)		2015/2016 Fiscal year Gross	2015/2016 Fiscal year Depreciation, amortization and provisions	2015/2016 Fiscal year Net	2014/2015 Fiscal year Net
NON-CURRENT ASSETS					
Intangible assets	Note 3	**30,615**	**24,340**	**6,276**	**6,172**
Concessions, patents & similar		29,678	24,322	5,357	5,531
Leasehold rights		18	18		
Intangible assets in progress		919		919	641
Property, plant & equipment	Note 4	**1,320,704**	**739,814**	**580,889**	**549,732**
Land		122,513	38,102	84,411	81,657
Buildings		782,849	475,572	307,277	322,855
Industrial and technical plant		202,569	173,129	29,440	31,630
Other PP&E		65,534	53,011	12,523	12,667
PP&E under construction		143,959		143,959	98,878
Payments on account		3,279		3,279	2,046
Long-term investments	Note 5	**289,655**	**48,630**	**241,025**	**254,336**
Participating interests		288,156	48,241	239,915	253,279
Other financial investments		8	8		
Loans		563	358	205	187
Other financial assets		929	24	905	870
Total non-current assets		**1,640,975**	**812,784**	**828,190**	**810,240**
CURRENT ASSETS					
Inventory		10,492	24	10,468	10,524
Payments on account – advances paid		505		505	324
Operating receivables		10,573	1,697	8,876	27,288
Other operating receivables		4,727		4,727	8,808
Other receivables		74,827	37,969	36,858	26,605
Cash and cash equivalent		169,856		169,856	180,373
Prepaid expenses		5,842		5,842	5,631
Total current assets		**276,822**	**39,691**	**237,132**	**259,553**
Deferred charges & unrealized foreign exchange losses		56		56	56
TOTAL ASSETS		**1,917,852**	**852,475**	**1,065,377**	**1,069,849**

LIABILITIES & STOCKHOLDERS' EQUITY

(in thousands of euros)		2015/2016 Fiscal year	2014/2015 Fiscal year
STOCKHOLDERS' EQUITY			
Common stock		24,517	24,517
Additional paid-in capital		214,650	214,650
Revaluation reserves		191,625	191,638
Statutory reserve		2,452	1,816
Long-term net capital gains reserve			
Contingency reserve		10,992	10,990
Optional reserve		148,799	148,799
Retained earnings		182,862	183,388
Net income/(loss)	Note 8	(38,317)	115
Investment grants	Note 9	7,342	7,975
Total stockholders' equity	Note 7	**744,921**	**783,888**
PROVISIONS FOR CONTINGENCIES & LOSSES			
Provisions for contingencies		4,547	3,762
Provisions for losses		34,689	30,556
Total provisions for contingencies & losses	Note 10	**39,236**	**34,318**
LIABILITIES			
Bank borrowings			86
Other borrowings		8,801	7,699
Payments on account – advances received		15,901	12,591
Trade payables and related accounts		19,407	24,820
Tax and employee-related liabilities		73,166	71,316
Other operating liabilities		8,169	7,637
Amounts payable on PP&E		9,772	6,271
Other liabilities		22,054	18,958
Prepaid income		123,915	102,166
Total liabilities	Notes 11 & 12	**281,186**	**251,543**
Unrealized foreign exchange gains		35	99
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		**1,065,377**	**1,069,849**

4.2.2 Statement of income – in accordance with generally accepted accounting principles in France

(in thousands of euros)		2015/2016 Fiscal year	2014/2015 Fiscal year
OPERATING INCOME			
Net revenues		399,384	396,373
Write-back of depreciation, amortization and provisions	Note 15	11,155	17,063
Expense reclassifications		573	942
Other income		3,309	753
Total operating income		**414,421**	**415,130**
OPERATING EXPENSES			
Purchases of bought-in goods		(3,240)	(3,466)
Changes in inventory of bought-in goods		(1,021)	(948)
Purchases of raw materials and other supplies		(22,233)	(22,989)
Changes in inventory of raw materials and other supplies		944	288
Other purchases and external charges		(116,437)	(114,700)
Share in proceeds from joint ventures		(254)	(213)
Duties and taxes other than income tax		(34,017)	(31,747)
Wages and salaries		(134,978)	(127,917)
Employee welfare contributions and similar charges		(59,718)	(58,681)
Depreciation and amortization on fixed assets		(44,990)	(45,758)
Charges to provisions on current assets		(8,955)	(12,791)
Charges to provisions for contingencies and losses		(7,971)	(10,327)
Other charges	Note 15	(21,515)	(21,065)
Total operating expenses		**(454,384)**	**(450,314)**
NET INCOME/(LOSS) FROM OPERATIONS		**(39,963)**	**(35,184)**
FINANCIAL INCOME			
From participating interests and marketable securities		7,238	6,700
Other interest and similar income		732	297
Foreign exchange gains		123	190
Net proceeds from sale of short-term investment securities		76	15
Write-back of provisions			213
Total financial income		**8,169**	**7,415**
FINANCIAL EXPENSES			
Interest and similar charges		(293)	(1,202)
Foreign exchange losses		(80)	(136)
Net charges on sales of short-term investment securities			
Charges to provisions		(46)	(29)
Total financial expenses		**(419)**	**(1,367)**
NET INCOME/(LOSS) FROM FINANCIAL ITEMS	Note 16	**7,749**	**6,048**
EXCEPTIONAL INCOME			
From non-capital transactions		268	232
From capital transactions		1,872	46,737
Write-back of provisions		10,797	496
Total exceptional income		**12,937**	**47,465**
EXCEPTIONAL EXPENSES			
On non-capital transactions		(87)	
On capital transactions		(11,236)	(10,812)
Charges to provisions		(7,717)	(7,401)
Total exceptional expenses		**(19,040)**	**(18,214)**
NET EXCEPTIONAL ITEMS	Note 17	**(6,103)**	**29,251**
CORPORATE INCOME TAX			
NET INCOME FOR THE PERIOD		**(38,317)**	**115**

4.2.3 Cash flow statement for the period ended March 31, 2016 – in accordance with generally accepted accounting principles in France

(in thousands of euros)	2015/2016 Fiscal year	2014/2015 Fiscal year
OPERATING ACTIVITIES		
Cash flow before disposal of fixed assets	18,003	16,505
Changes in working capital requirements	37,691	20,044
CASH FLOW FROM OPERATING ACTIVITIES	**55,694**	**36,549**
INVESTING ACTIVITIES		
Purchases of PP&E and intangible assets	(77,524)	(95,843)
Investment grants		
Changes in long-term investments and deferred charges	5,559	1,889
Proceeds from disposal of assets	1,239	46,041
Changes in amounts payable on PP&E	3,502	(2,097)
CASH FLOW USED IN INVESTING ACTIVITIES	**(67,224)**	**(50,010)**
FINANCING ACTIVITIES		
Draw-downs on credit facility		
Credit line repayments	(86)	(40,095)
Dividends paid	(3)	(726)
Share capital increase		215,632
Changes in stable financing activities	1,102	1,739
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**1,013**	**176,549**
CHANGE IN CASH AND CASH EQUIVALENTS	**(10,518)**	**163,087**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**180,373**	**17,286**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**169,856**	**180,373**

4.2.4 Contractual Auditor's and Statutory Auditors' report on the financial statements prepared in accordance with French accounting regulations

Year ended March 31st, 2016

Deloitte & Associés
185, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine

Louis Viale
12 avenue de Fontvieille
98000 Principauté de Monaco

André Garino
2, rue de la Lüjerneta
98000 Principauté de Monaco

To the Stockholders,

We have audited the accompanying financial statements, prepared in accordance with French accounting regulations, of Société des Bains de Mer et du Cercle des Étrangers à Monaco, which comprise the statement of financial position as of March 31, 2016, and the income statement and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors. Management is responsible for the preparation and fair presentation of these financial statements in accordance with French accounting regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of March 31, 2016 and the results of its operations for the year then ended, in accordance with French accounting regulations.

Neuilly-sur-Seine and Monaco, July 6th, 2016

The Contractual Auditor
Deloitte & Associés
François-Xavier AMEYE

The Statutory Auditors
Louis VIALE
André GARINO

4.3 Company results over the last five fiscal years

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
I - STOCKHOLDERS' EQUITY					
Common stock *(in thousands of euros)*	18,160	18,160	18,160	24,517	24,517
Number of ordinary shares	18,160,490	18,160,490	18,160,490	24,516,661	24,516,661
II - OPERATIONS AND INCOME FOR THE YEAR *(in thousands of euros)*					
Revenues before income tax	354,433	373,295	418,694	396,373	399,384
Net income/(loss) after income tax, but before depreciation, amortization & provisions	57,046	28,338	70,868	58,649	9,410
Net income/(loss) after income tax, depreciation, amortization & provisions	(7,433)	(30,387)	18,335	115	(38,317)
Dividends paid to stockholders	182	182	182		
III - PER SHARE DATA (1) *(in euros)*					
Net income/(loss) after income tax, but before depreciation, amortization & provisions	3.14	1.56	3.90	3.21	0.38
Net income/(loss) after income tax, depreciation, amortization & provisions	(0.41)	(1.67)	1.01	0.01	(1.56)
Dividend per share	0.01	0.01	0.01		
III - EMPLOYEES					
Average number of employees	3,143	3,172	3,252	3,274	3,195
Total payroll for the year (2) *(in thousands of euros)*	121,090	126,127	124,656	127,917	134,978
Employee benefits for the year (social security, social welfare, etc.) (3) *(in thousands of euros)*	53,819	56,100	58,339	58,681	59,718

(1) 6,356,171 shares have been issued following a capital increase with preferential subscription rights of shareholders as of March 24, 2015.
(2) Excluding funds and pools.
(3) Including retirement expenses.

4.4 Group consolidated financial statements – synthesis

4.4.1 Consolidated statement of financial position as of March 31, 2016

ASSETS

(in thousands of euros)		March 31, 2015	March 31, 2016
Goodwill	Note 4	**32**	**32**
Intangible assets	Note 4	**6,188**	**6,293**
Property, plant & equipment	Note 5	**633,927**	**663,631**
Equity investments		72,280	82,673
Other non-current financial assets		32,819	23,268
Non-current financial assets	Note 6	**105,099**	**105,941**
Non-current assets		**745,246**	**775,897**
Inventory	Note 7	11,597	11,574
Trade receivables	Note 8	44,733	28,552
Other receivables	Note 9	24,458	21,232
Other financial assets	Note 10	11	26
Cash and cash equivalents	Note 11	186,895	187,546
Current assets		**267,694**	**248,930**
Assets held for sale	Note 6		
TOTAL ASSETS		**1,012,940**	**1,024,827**

LIABILITIES & EQUITY

(in thousands of euros)		March 31, 2015	March 31, 2016
Common stock		24,517	24,517
Additional paid-in capital		214,650	214,650
Reserves		455,688	465,711
Reserves related to the change in fair value of financial assets registred in equity		(24,856)	(19,937)
Consolidated net income for the period		10,040	(29,147)
Equity attributable to owners of the parent company		**680,039**	**655,794**
Non controlling interests (minority interests)		321	378
Equity		**680,359**	**656,171**
Financial liabilities and borrowings	Note 12	3,846	5,315
Employee benefits	Note 13	44,576	50,869
Provisions	Note 14	2,119	2,498
Other non-current liabilities	Note 15	99,474	120,003
Total non-current liabilities		**830,375**	**834,858**
Trade payables	Note 16	31,367	26,451
Other payables	Note 17	146,853	158,543
Provisions	Note 14	201	585
Financial liabilities	Note 12	4,145	4,392
Total current liabilities		**182,566**	**189,970**
TOTAL LIABILITIES & EQUITY		**1,012,940**	**1,024,827**

4.4.2 Consolidated statement of income

(in thousands of euros)		2014/2015 Fiscal year	2015/2016 Fiscal year
Revenue	Note 18	**452,385**	**461,386**
Cost of goods sold, raw materials & other supplies		(51,204)	(49,604)
Other external charges		(117,807)	(122,079)
Taxes and similar payments		(31,827)	(34,086)
Wages and salaries	Note 19	(222,615)	(232,644)
Depreciation and amortization	Note 4 & 5	(51,629)	(50,963)
Other operating income and expenses	Note 20	(8,819)	(3,035)
Operating income	Note 21	**(31,517)**	**(31,026)**
Income from cash and cash equivalents		25	515
Gross finance costs		(886)	(1,130)
Net finance costs	Note 22	**(860)**	**(615)**
Other financial income and expenses	Note 22	42,203	579
Income tax expense	Note 23		
Net income/(loss) of associates	Note 6	350	1,988
Consolidated net income		**10,175**	**(29,074)**
Non controlling interests (minority shares)		(136)	(74)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**10,040**	**(29,147)**
Average number of shares issued		18,282,389	24,516,661
Net earnings per share *(in euros)*		0.55	(1.19)
Net diluted earnings per share *(in euros)*		0.55	(1.19)

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)		2014/2015 Fiscal year	2015/2016 Fiscal year
Consolidated net income		**10,175**	**(29,074)**
Items that will not be reclassified subsequently to profit or loss			
◆ Actuarial gains and losses on employee benefits (IAS 19 revised)	Note 13	(6,136)	(3,487)
◆ Share of profit/(loss) of associates	Note 6	(46)	10
Items that may be reclassified subsequently to profit or loss			
◆ Gains and losses on the remeasurement of available-for-sale financial assets (IAS 39)	Note 6	(40,350)	
◆ Share of profit/(loss) of associates	Note 6	71	9
TOTAL COMPREHENSIVE INCOME		**(36,286)**	**(32,542)**
Of which attributable to the owners of the parent company		(36,415)	(32,614)
Of which attributable to non controlling interests (minority interests)		129	72

4.4.3 Consolidated cash flow statement

(in thousands of euros)		**2014/2015 Fiscal year**	**2015/2016 Fiscal year**
OPERATING ACTIVITIES			
Consolidated net income attributable to owners of the parent company		10,040	(29,147)
Non controlling interest (minority interest)		136	74
Amortization		51,629	50,963
Net income/(loss) of associates		(350)	(1,988)
Portion of investment grant recorded in profit or loss		(696)	(633)
Changes in provisions		1,530	3,570
Gains and losses on changes in fair value		(1,513)	861
Other income and expenses calculated		(1,880)	46
Capital gains and losses on disposal		(37,843)	5
Cash generated from operations		**21,052**	**23,751**
Net finance costs (excluding change in fair value) and income tax expense		967	(246)
Cash generated from operations before net finance costs and income tax expense		**22,020**	**23,505**
Tax paid			
Decrease/(Increase) in WCR relating to operations	Note 28	18,192	43,160
CASH FLOW FROM OPERATING ACTIVITIES		**40,212**	**66,665**
INVESTING ACTIVITIES			
Purchase of PP&E, intangible and financial assets	Notes 4, 5 & 6	(101,893)	(77,840)
Gains on disposal of PP&E and intangible assets	Notes 4, 5 & 6	46,042	1,254
Impact of changes in scope of consolidation			
Change in loans and advances granted	Note 6	3,313	9,490
CASH FLOW USED IN INVESTING ACTIVITIES		**(52,538)**	**(67,095)**
FINANCING ACTIVITIES			
Dividends paid		(757)	(19)
Minority contributions and changes in scope of consolidation			
Share capital increase		215,632	
Changes in stable financing activities (including credit line)	Note 12	(39,430)	855
Net interest received (paid)	Note 22	(967)	246
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**174,477**	**1,082**
CHANGE IN CASH AND CASH EQUIVALENTS		**162,152**	**652**
Cash and cash equivalents at beginning of the period		**24,733**	**186,895**
Cash restated at fair value		11	(1)
Cash and cash equivalents at the end of the period		**186,895**	**187,546**
Cash and cash equivalents – Assets		186,895	187,546
Bank – Liabilities			

4.4.4 Consolidated statement of changes in equity

(in thousands of euros)	Common stock	Additional paid-in capital	Items recognized directly in equity	Reserves and retained earnings	Equity attributable to the owners of the parent company	Non controlling interests (minority interests)	Equity
APRIL 1ST, 2014	**18,160**	**5,374**	**18,579**	**456,414**	**498,528**	**223**	**498,751**
Dividend paid				(727)	(727)	(30)	(757)
Share capital increase	6,357	209,275			215,633		215,633
Other comprehensive income			(46,454)		(46,454)	(7)	(46,461)
Net income for the period				10,040	10,040	136	10,175
Other variation related to associates			3,019		3,019		3,019
MARCH 31, 2015	**24,517**	**214,650**	**(24,856)**	**465,728**	**680,039**	**321**	**680,359**
Dividend paid				(3)	(3)	(16)	(19)
Share capital increase							
Other comprehensive income			(3,468)		(3,468)	(1)	(3,468)
Other variation			(14)		(14)		
Net income for the period				(29,147)	(29,147)	74	(29,074)
Other variation related to associates			8,386		8,386		8,386
MARCH 31, 2016	**24,517**	**214,650**	**(19,951)**	**436,578**	**655,793**	**378**	**656,184**

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4.4.5 Contractual Auditor's and Statutory Auditors' report on the consolidated financial statements

Year ended March 31st, 2016

Deloitte & Associés	**Louis Viale**	**André Garino**
185, avenue Charles-de-Gaulle	12 avenue de Fontvieille	2, rue de la Lüjerneta
92200 Neuilly-sur-Seine	98000 Principauté de Monaco	98000 Principauté de Monaco

To the Stockholders,

We have audited the accompanying consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), of Société des Bains de Mer et du Cercle des Étrangers à Monaco, which comprise the statement of financial position as of March 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors. Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as of March 31, 2016 and the results of its operations and cash flows for the year then ended, in accordance with IFRSs as adopted by the European Union.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have also verified the information on the Group given in the reference document corresponding to 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 6th, 2016

The Contractual Auditor	The Statutory Auditors	
Deloitte & Associés		
François-Xavier AMEYE	**Louis VIALE**	**André GARINO**

4.5 Statutory Auditors and Contractual Auditor's fees

	Contractual Auditor				Statutory Auditors (detail per auditor below)			
	Amount excluding taxes		%		Amount excluding taxes		%	
(in euros)	2015/2016	2014/2015	15/16	14/15	2015/2016	2014/2015	15/16	14/15
Audit								
Statutory audit, certification, and review of company and consolidated financial statements								
Issuer	295,000	310,000	93	89	78,530	77,000	93	93
Fully consolidated subsidiaries					5,700	5,550	7	7
Other procedures and services directly related to the statutory audit								
Issuer	20,652	39,137	7	11				
Fully consolidated subsidiaries								
Sub-total	**315,652**	**349,137**	**100**	**100**	**84,230**	**82,550**	**100**	**100**
Other services rendered by the networks for the fully consolidated subsidiaries								
Legal, tax and employee-related								
Acquisition audits								
Sub-total								
TOTAL FEES PAID	**315,652**	**349,137**	**100**	**100**	**84,230**	**82,550**	**100**	**100**

Fees related to fully consolidated subsidiaries for statutory auditors that are not involved at issuer level are not mentioned in the table below.

Those fees amounted to €102,100 for fiscal year 2015/2016 and €101,800 for fiscal year 2014/2015.

	Statutory Auditor Mr. André Garino				Statutory Auditor Mr. Louis Viale			
	Amount excluding taxes		%		Amount excluding taxes		%	
(in euros)	2015/2016	2014/2015	15/16	14/15	2015/2016	2014/2015	15/16	14/15
Audit								
Statutory audit, certification, and review of company and consolidated financial statements								
Issuer	52,630	51,600	100	100	25,900	25,400	82	82
Fully consolidated subsidiaries					5,700	5,550	18	18
Sub-total	**52,630**	**51,600**	**100**	**100**	**31,600**	**30,950**	**100**	**100**

4

Casino de Monte-Carlo

5

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE TERMS AND CONDITIONS GOVERNING THE PREPARATION AND ORGANIZATION OF THE BOARD'S WORK AND THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The report of the Chairman of the Board of Directors on the terms and conditions governing the preparation and organization of the Board's work and the internal control and risk management procedures is presented on chapter 16.5.1 of the "Document de Référence" registered in French language on July 8, 2018 with the French Financial Markets Authority *(Autorité des Marchés Financiers).*

The Contractual Auditor and Statutory Auditors' report on the report of the Chairman of the Board of Directors is presented on chapter 16.5.2 of the same document.

Hôtel de Paris Monte-Carlo

6

ORDINARY GENERAL MEETING HELD ON SEPTEMBER 23, 2016

6.1 Agenda

- Report of the Board of Directors
- Report of the Chairman of the Board of Directors
- Reports of the Statutory Auditors and Contractual Auditor on financial statements as of March 31, 2016
- Approval of the fiscal 2015/2016 Parent company financial statements
- Approval of the fiscal 2015/2016 Group consolidated financial statements
- Discharge of all Directors from any liabilities with respect to the performance of their mandate
- Final discharge of Directors whose term of office ended during the fiscal year
- Appropriation of earnings for the year ended March 31, 2016
- Renewal of a Director’s term of office
- Real estate issues
- Authorization granted by the General Meeting to the members of the Board of Directors to deal with the company personally or in an official capacity pursuant to Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws
- Authorization granted to the Board of Directors for the buyback of the company shares

6.2 Board of Directors' Report

The purpose of this report is to draw your attention to the main points and issues of the draft resolutions submitted by the Board of Directors to the Ordinary General Meeting of Shareholders, due to deliberate on September 23, 2016. Therefore, this report is not comprehensive and should by no means replace your careful reading of the submitted resolutions before exercising your voting right.

The Ordinary General Meeting to be held on September 23, 2016 shall be asked to vote on nine resolutions.

Overview of the resolutions

APPROVAL OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (1st AND 2nd RESOLUTIONS)

The first two resolutions enable you, after familiarizing yourself with the report of your Board of Directors and the reports of the Contractual Auditor and Statutory Auditors, to indicate whether you approve or disapprove the Company's financial statements and the consolidated financial statements for year ended March 31, 2016 as well as the transactions reflected in such financial statements and summarized in such reports.

The **first resolution** submitted to you concerns the approval of the Company's financial statements for the financial year ended March 31, 2016, which show a loss of -€38,316,947.38.

The **second resolution** asks the Meeting to vote in order to indicate its approval (if appropriate) of the consolidated financial statements; said financial statements show a Net Consolidated Loss (Group share) of -€29,147,000.

DISCHARGE TO ALL CURRENT DIRECTORS (3rd RESOLUTION)

You are asked to grant discharge to all current Directors with respect to their management during the 2015/2016 financial year.

FINAL DISCHARGE OF DIRECTORS WHOSE TERM OF OFFICE ENDED DURING THE FISCAL YEAR 2015/2016 (4th RESOLUTION)

You are asked to grant final discharge to Messrs Jean-Louis Masurel, Willly de Bruyn and Pierre Letzelter, Directors whose terms of office ended as of September 18, 2015.

ALLOCATION OF PROFITS/LOSSES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016 (5th RESOLUTION)

The **fifth resolution** concerns the allocation of profits/losses.

The proposed profit/loss allocation is as follows:

- after noting that the company's net losses for the year ended March 31, 2016 amount to -€38,316,947.38 and that the retained earnings amount to €182,862,193.51

  hence, net income available for appropriation amounts to €144,545,246.13;
- propose to allocate the total net income available for appropriation, i.e. €144,545,246.13 to retained earnings.

RENEWAL OF MR. WILLIAM TIMMINS' TERM OF OFFICE AS A DIRECTOR (6th RESOLUTION)

Mr. William Timmins' term of office as a Director expires at the close of this Shareholders' General Meeting.

The **sixth resolution** is to propose that you renew his term.

In accordance with Article 6 of the Bylaws, Mr. William Timmins' term of office would expire at the Shareholders' Ordinary General Meeting to be held following August 19, 2019.

PROPERTY ISSUES (7th RESOLUTION)

The **seventh resolution** enables you to authorize the sale for the benefit of the State of Monaco of part of the subsoil of plot section D No.199 of the Spélugues site with an approximate surface area of 2,408 m² for the purposes of the assignee constructing an underground car park on five levels, estimated to contain 405 car parking spaces and 123 motorbike spaces. The price of assignment of the said subsoil has been valued at €20 million.

Payment by the State of Monaco shall be made by provision to the Company of 90 car parking spaces and 27 motorbike parking spaces located mostly in the upper levels of the said car park. For a term of 90 years, the leasehold formalizing this provision shall represent economic consideration equivalent to the price of the assignment of the subsoil for the Company, as holder of the leasehold.

Signature of the authentic deeds of assignment for the subsoil and of the leasehold shall occur concomitantly.

We asked you to authorize said sale in accordance with the terms thereof.

AUTHORIZATION ENABLING MEMBERS OF THE BOARD OF DIRECTORS TO ENTER INTO CONTRACTS WITH THE COMPANY PERSONALLY OR IN AN OFFICIAL CAPACITY PURSUANT TO ARTICLE 23 OF THE ORDER OF MARCH 5, 1895 AND ARTICLE 20 OF THE BYLAWS (8th RESOLUTION)

The **eighth resolution** asks you to:

- approve the transactions carried out over the course of the 2015/2016 financial year that fall within the scope of application of Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws;
- renew the authorization granted to the Members of the Board of Directors to enter into contracts with the Company personally or in an official capacity in accordance with said articles.

In chapter 3.1.5 of this document, we reported on the transactions that took place, directly or indirectly, between your Company and its Directors or your Company and affiliated and unaffiliated companies with the same directors.

Pursuant to Article 23 of the Order of March 5, 1895, we kindly ask you to ratify said transactions.

AUTHORIZATION TO BUYBACK THE COMPANY'S SHARES (9th RESOLUTION)

The **ninth resolution** asks you to renew your authorization to buyback Company shares.

The Ordinary General Meeting held on September 18, 2015 gave such an authorization for an 18-month period as from the date of said Meeting, i.e. until March 18, 2017. This option has not been exercised.

However, the Meeting is asked to renew this authorization and thereby permit the Board of Directors to acquire a maximum of 5% of the Company's share capital.

The objectives pursued are identical to those that were indicated on September 18, 2015, i.e.:

- holding and subsequently using the shares in exchange or as payment within the framework of external growth (including the acquisition and increase of shareholding);
- ensuring active operation and market liquidity through an investment service provider, acting independently pursuant to a liquidity agreement that complies with a charter of ethics recognized by the French Financial Markets Authority *(Autorité des Marchés Financiers);*
- holding shares in order to enable the Company to honour its obligations in respect of debt securities that may be converted into shares or other securities granting access to existing shares;
- holding shares that may be allocated to employees and affiliate companies within the framework of stock options or free allocation of existing shares;
- carrying out any other practice as may be permitted or recognized by French law or by the French Financial Markets Authority *(Autorité des Marchés Financiers),* or pursuing any other objective that complies with the applicable laws and regulations.

Consequently, we ask you to adopt the following share buyback program:

- authorization to purchase Company shares, under the conditions set forth herebelow, and representing a maximum of 5% of the existing share capital as of the date of this General Meeting;
- the maximum purchase price must not exceed €60 per share, it being hereby specified that in the event of capital transactions, including but not limited to, capitalization of reserves and allocation of free shares and/or splitting or pooling of shares, this maximum price shall be adjusted accordingly;
- maximum amount of funds to be used for the buyback program shall not to exceed €45 million;
- authorization valid for an 18-month period as from September 23, 2016;
- shares to be acquired or transferred by any means, including, but not limited to, on the market or by private sale, including block purchases or transfers, through derivative financial instruments traded on a regulated market or by private sale, in accordance with the applicable laws as of the date of the transactions in question, and at such time as the Board of Directors or any person acting on the authority of the Board of Directors deems appropriate.

As from the date hereof such authorization would replace and invalidate the remaining term of any unused portion of any authorization that may have been granted by the Shareholders' General Meeting for the same purpose.

We kindly ask you to authorize the share buyback program that we have submitted to you for approval.

6.3 Resolutions submitted to the Ordinary General Meeting

FIRST RESOLUTION

APPROVAL OF THE FINANCIAL STATEMENTS OF SOCIÉTÉ DES BAINS DE MER FOR THE YEAR ENDED MARCH 31, 2016

The Shareholders' General Meeting, having listened to the Board of Directors' report and the reports of the Contractual Auditor and the Statutory Auditors, approves the financial statements of Société des Bains de Mer:

- the balance sheet and profit and loss account for the financial year ended March 31, 2016, as presented to the General Meeting, showing a net loss of -€38,316,947.38.
- the transactions completed during the financial year, as shown in the balance sheet or summarized in the reports of the Board of Directors or the Statutory Auditors.

SECOND RESOLUTION

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

The Shareholders' General Meeting, after listening to the report of the Board of Directors and the reports of the Contractual Auditor and Statutory Auditors, approves the consolidated financial statements for the financial year ended March 31, 2016, as presented to it, and the transactions reflected in the financial statements and summarized in these reports.

THIRD RESOLUTION

DISCHARGE TO ALL CURRENT DIRECTORS

The Shareholders' General Meeting granted discharge to the current Directors with respect of their management during the financial year.

FOURTH RESOLUTION

FINAL DISCHARGE OF DIRECTORS WHOSE TERM OF OFFICE ENDED DURING THE FISCAL YEAR 2015/2016

The Shareholders' General Meeting granted final discharge to Messrs Jean-Louis Masurel, Willly de Bruyn and Pierre Letzelter.

FIFTH RESOLUTION

ALLOCATION OF PROFITS/LOSSES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

The Shareholders' General Meeting, having read the Board of Directors' and the Statutory Auditors' reports:

■ notes that the loss for the 2015/2016 financial year amount to	-€38,316,947.37
■ notes that the retained earnings amount to	€182,862,193.51
Hence, net income available for appropriation amounts to	€144,545,246.13
■ decides to appropriate the resulting total:	
• retained earnings	€144,545,246.13

SIXTH RESOLUTION

RENEWAL OF MR. WILLIAM TIMMINS' TERM OF OFFICE AS A DIRECTOR

The Shareholders' General Meeting renews Mr. William Timmins' term of office as a Director.

In accordance with Article 12 of the Bylaws, Mr. William Timmins' term of office will expire at the Shareholders' Ordinary General Meeting to be held following August 19, 2019.

SEVENTH RESOLUTION

PROPERTY ISSUES

The Shareholders' General Meeting authorizes the sale for the benefit of the State of Monaco of part of the subsoil of plot section D No.199 of the Spélugues site with an approximate surface area of 2,408 m² for the purposes of the assignee constructing an underground car park on five levels, estimated to contain 405 car parking spaces and 123 motorbike spaces. The price of assignment of the said subsoil has been valued at €20 million.

Payment by the State of Monaco shall be made by provision to the Company of 90 car parking spaces and 27 motorbike parking spaces located mostly in the upper levels of the said car park. For a term of 90 years, the leasehold formalizing this provision shall represent economic consideration equivalent to the price of the assignment of the subsoil for the Company, as holder of the leasehold.

Signature of the authentic deeds of assignment for the subsoil and of the leasehold shall occur concomitantly.

EIGHTH RESOLUTION

AUTHORIZATION ENABLING MEMBERS OF THE BOARD OF DIRECTORS TO ENTER INTO CONTRACTS WITH THE COMPANY PERSONALLY OR IN AN OFFICIAL CAPACITY PURSUANT TO ARTICLE 23 OF THE ORDER OF MARCH 5, 1895 AND ARTICLE 20 OF THE BYLAWS

The Shareholders' General Meeting approves the transactions that were carried out over the course of the 2015/2016 financial year and that fall within the scope of application of Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws.

It renews the authorization granted to Members of the Board of Directors enabling them to enter into contracts with the Company personally or in an official capacity in accordance with said articles.

NINTH RESOLUTION

AUTHORIZATION TO BUYBACK COMPANY SHARES

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

- the maximum purchase price shall not exceed €60 per share, bearing in mind that in the event of share capital transactions, particularly through the capitalization of reserves and allotment of bonus shares, and/or share splits or reserve splits, this price shall be adjusted accordingly;
- the maximum amount of funds intended for this buyback program may not exceed €45 million;
- this authorization is valid for a period of 18 months as from September 23, 2016;
- 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 derivative financial instruments traded on a regulated market or in a private transaction, in accordance with the regulations prevailing on the date of the transactions considered, and at times that the Board of Directors or the person acting on behalf of the Board shall see fit.

The Shareholders' General Meeting decides that this share buyback program is as follows:

- retention and subsequent tender of shares within the scope of an exchange offer or for payment in external growth transactions (including new investments or additional investments);
- maintaining an active and liquid market in the Company's shares through an independent investment services provider, pursuant to a liquidity agreement in accordance with an ethics charter recognized by the French Financial Markets Authority *(Autorité des Marchés Financiers);*
- possession of shares enabling the Company to fulfil obligations relating to debt securities exchangeable for shares or other marketable securities granting entitlement to existing shares;
- possession of shares that may be allotted to the Company's personnel and that of affiliates 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.

As from the date hereof this authorization shall replace and invalidate the remaining term of any unused portion of any authorization that may have been granted by the Shareholders' General Meeting for the same purpose.

The Shareholders' General Meeting grants full powers to the Board of Directors, with the possibility of delegating such powers, to deliberate and implement this authorization, clarify, if need be, the terms and conditions and approve them, place orders for trades, enter into all agreements, prepare all disclosure documents, allocate, and where appropriate reallocate, the purchased share to the various objectives, perform all formalities and make all declarations with regard to all authorities and, generally, do all that necessary.

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MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

CASINOS

Casino de Monte-Carlo
Casino Café de Paris
Sun Casino
Bay Casino

HOTELS & RESTAURANTS

Hôtel de Paris Monte-Carlo
Hôtel Hermitage Monte-Carlo
Monte-Carlo Beach
Monte-Carlo Bay Hotel & Resort
Brasserie Café de Paris
Buddha Bar Monte-Carlo
Le Méridien Beach Plaza

LEISURE & ENTERTAINMENTS

Salle Garnier - Opéra de Monte-Carlo
La Rascasse
Monte-Carlo Beach Club
Thermes Marins Monte-Carlo
Salle des Étoiles
Jimmy'z Monte-Carlo
Monte-Carlo Country Club
Monte-Carlo Golf Club
La Promenade Monte-Carlo Shopping

RESIDENTIAL

Les villas du Sporting
Les Résidences du Sporting
Le Balmoral

Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (S.B.M.)
Société anonyme au capital de 24 516 661 euros
Siège social : Place du Casino – 98000 MONACO – RCI Principauté de Monaco 56S00523

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