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

Annual Report
2010 / 2011

SOCIETE ANONYME DES BAINS DE MER

ET DU CERCLE DES ETRANGERS A MONACO

ANNUAL GENERAL MEETING

SEPTEMBER 9, 2011

Note:

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

FISCAL YEAR

2010 - 2011


LE CABARET

BOARD OF DIRECTORS

Chairman	Mr.	Jean-Luc BIAMONTI	
Directors	Messrs.	Willy de BRUYN	(beginning of term 03/24/2011)
		Michel DOTTA	
		Alexandre KEUSSEOGLOU	
		Thierry LACOSTE	
		Patrick LECLERCQ	(end of term 06/06/2011)
		Pierre LETZELTER	(beginning of term 06/08/2011)
		Jean-Louis MASUREL	
		Yves PIAGET	(end of term 09/24/2010)
		Jean-François PRAT	(deceased 03/26/2011)
		Michel REY	
		Pierre SVARA	
		William TIMMINS	(beginning of term 03/24/2011)

GENERAL MANAGEMENT

Chief Executive Officer	Mr.	Bernard LAMBERT

STATUTORY AUDITORS

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

CONTRACTUAL AUDITOR

DELOITTE & ASSOCIES

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MESSAGE FROM THE CHAIRMAN

Ladies,
Gentlemen,
Shareholders,

We are gathered at this General Meeting to examine a financial year that has been particularly difficult for your Company. The past year was clearly one of significant loss, driven by an economic decline in our most traditional customer bases, the adverse events affecting the gaming sector and its top players, and your Company's inflexible cost structure.

A comparison of the hotel sector performance between the fiscal years 2008/2009 and 2010/2011 is indicative of our problems. Given that revenues that were about equal, operating income fell from a profit of €7.4 million to a loss of €6.5 million.

Faced with a worsening economic situation in Europe, your Board of Directors has asked General Management to present in the coming weeks a plan to reignite the gaming business and reduce your Company's cost structure. A return to profitability can only be achieved through stringent cost cutting measures across the board. In order to achieve these objectives, a rapid change in our mindset is required. The history of your company, exceptional as it undoubtedly is, cannot be a reason to resist these necessary changes.

During the fiscal year, we continued to invest significantly in the quality of the establishments that have made your Company's reputation. Major work was carried out at the Hôtel Hermitage, the Monte-Carlo Beach and the Casino de Monte-Carlo – including new terraces that should appeal to our clientele and their passion for games of chance. The success of the newly opened Buddha Bar is also noteworthy. In future, we will have to be even more vigilant regarding our investments and their returns.

Development of the on-line gaming activity has been more demanding than expected. This is primarily due to the substantial taxation now imposed in our main market – France. Added to this is the difficulty of creating pan-European synergies in the face of regulations adopted on a purely national basis. A continuing objective for your Company will be to ensure the BetClic Everest Group becomes one of the major players in the European online gaming business in the coming years.

As you are aware, your Board of Directors has been strengthened with the arrival of Mr. William Timmins, who was co-opted on March 24, 2011. We would ask that you ratify this appointment. Having made his name in the gaming sector, Mr. Timmins will devote his experience and training to improving the sector's operations, among other issues.

It is also my pleasure to inform you that on March 24 and June 8, 2011, respectively, Messrs. Willy de Bruyn and Pierre Letzelter were appointed as Directors by the Principality Government. The knowledge and expertise of Mr. Willy de Bruyn in the hotel and casino business has been demonstrated in Monaco and abroad, while Mr. Pierre Letzelter has enjoyed a brilliant career in the cosmetics and luxury goods industry. They will actively contribute to the development of your company's activities.

On behalf of everyone, I would like to welcome all three of these new colleagues.

I would like to thank Mr. Patrick Leclercq, whose term of office as a Government-appointed Director ended on June 6, 2011. A former State Minister of the Principality of Monaco, Mr. Leclercq helped your Company through his extensive operational knowledge of the Principality's institutions. Your Board of Directors also valued his interest in quality and environment issues, matters of particular importance to your Company.

I ask that we remember Jean-François Prat, a Director since May 16, 2002, who died in Paris on March 26, 2011. Born in Monaco, Jean-François was instrumental in making Bredin-Prat one of the top legal firms in Paris. During his nine years on our Board, he contributed his legal skills, business experience and analytical mind. His ability to simplify the most complex problems never ceased to impress us all. Jean-François was also a member of the Board's Human Resources Commission. It was in this capacity, in area beyond his formal professional experience, that we were able to appreciate his open mind, his availability and his understanding. We extend our deepest condolences to his family.

Finally, together with the Board members and our Chief Executive Officer, I wish to thank the personnel of Société des Bains de Mer and its subsidiaries for their work and efforts during fiscal 2010/2011.

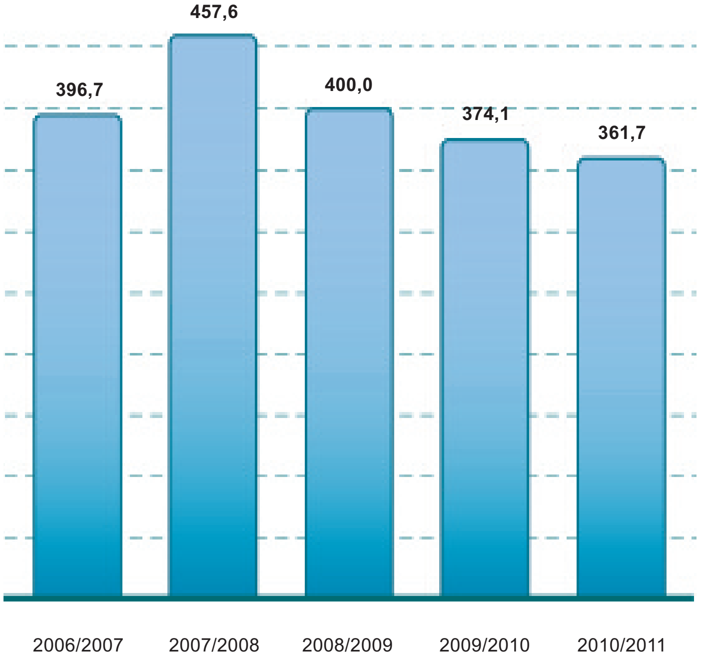
Jean-Luc Biamonti
Chairman of the Board of Directors

KEY FIGURES

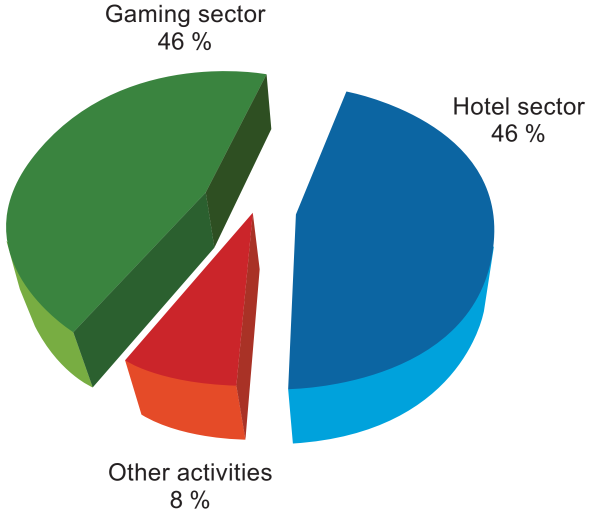
The following information relates to the group comprising the Société des Bains de Mer and its subsidiaries.

CONSOLIDATED REVENUES

in millions of euros

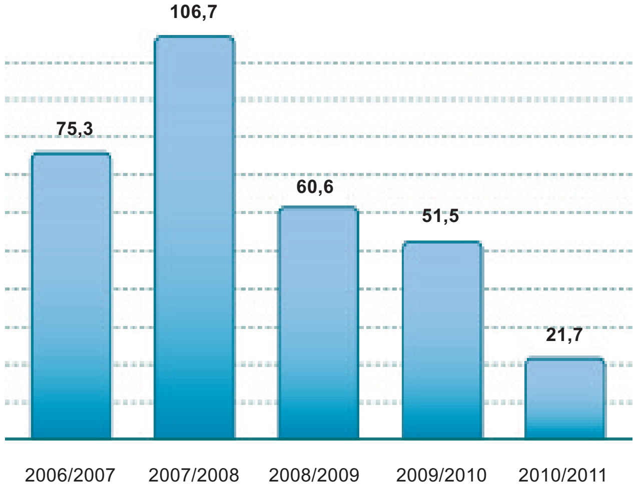


BREAKDOWN OF ACTIVITIES



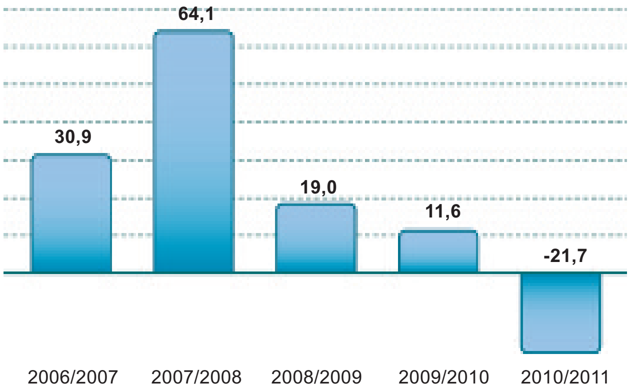
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

in millions of euros



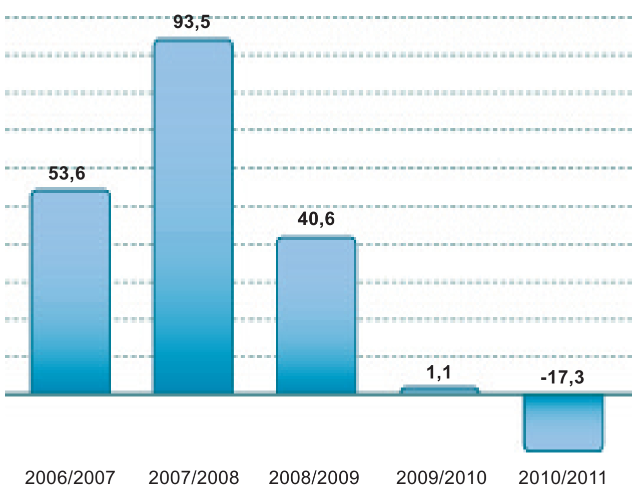
OPERATING INCOME

in millions of euros



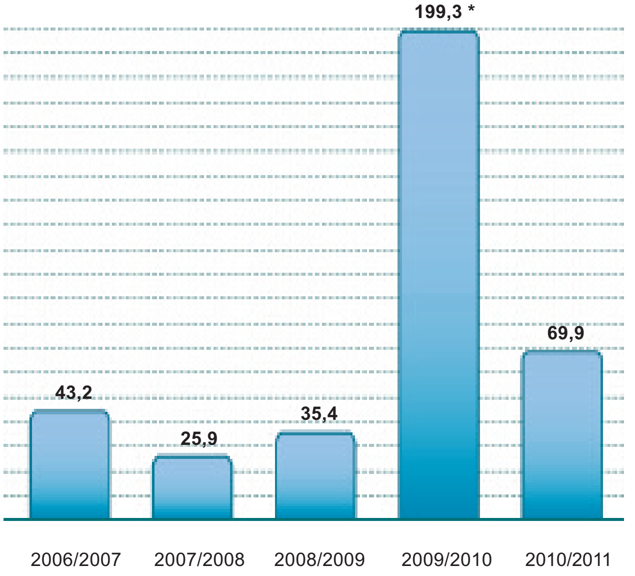
INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

in millions of euros



CAPITAL EXPENDITURE

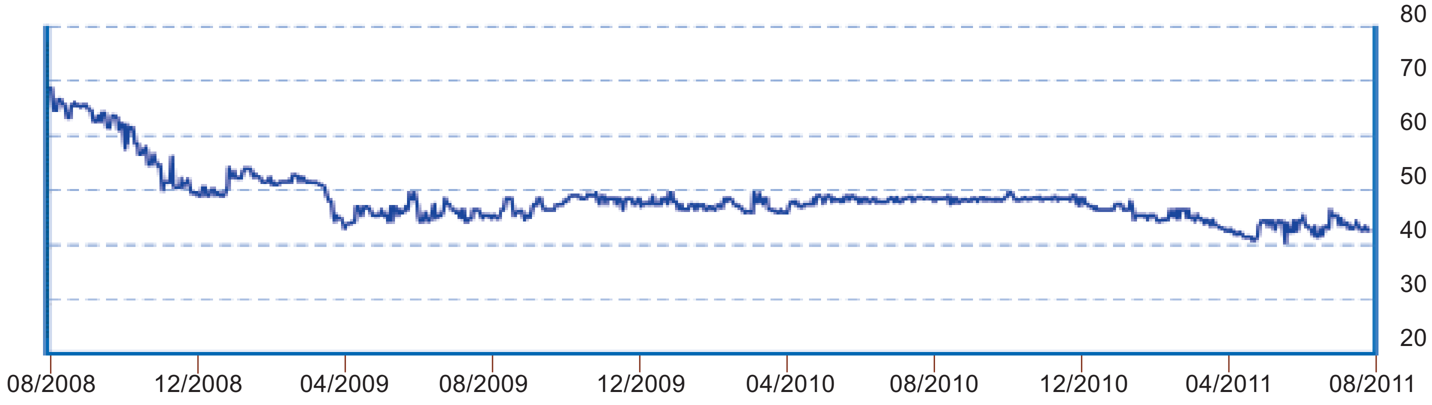
in millions of euros



* including investment in Mangas Gaming : 140 million €

MARKET SHARE PRICE OF THE SOCIETE DES BAINS DE MER

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



Société des Bains de Mer and its subsidiaries posted a sharp decline for the 2010/2011 fiscal year ended March 31, 2011.

Accordingly, revenue for the entire Group stood at €361.7 million, compared to €374.1 million in 2009/2010.

While the hotel sector enjoyed a resurgence in activity throughout the year, the gaming sector posted a 14 % drop in revenue. This poor performance is the combined result of lower gambling revenues and a particularly adverse event.

The revenue decrease was accompanied by a Group operating loss of €21.7 million, compared to an operating income of €11.6 million the previous year, for a difference of €33.3 million, largely due to lower gaming sector receipts and a rigid cost structure.

Net income from financial items totalled €29.3 million, compared to a loss of €1.9 million last year, generated by €28.3 million in gains on the sale of Wynn Resorts, Limited shares, and the receipt of €5.5 million in dividends paid by the latter.

Lastly, the equity-accounting consolidation of Betclic Everest Group, an on-line gaming group that is 50% owned by Société des Bains de Mer, required the recognition of a 50% share of its net profit for the period from April 1, 2010 to March 31, 2011, for a negative share of €25 million. This loss corresponded to the consideration of acquisition costs and the impairment of intangible assets, in addition to a net operating income heavily impacted by the opening of the French on-line gaming market and high taxation.

The Group posted a consolidated net loss of €17.3 million for 2010/2011, compared to a profit of €1.1 million the previous year.

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

With receipts of €172 million in 2010/2011, compared to €200.4 million the previous year, the gaming sector posted a 14% decline in its activity. This lackluster performance is the combined result of a significant drop in table gaming activity and slot machine revenues.

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

With receipts falling by 23% to €75.7 million, compared to €98.2 million in 2009/2010, **table games** posted a sharp decrease in revenue compared to the previous year's performances, despite a sustained effort in terms of invitations, promotion and events.

During the past year, table games were affected by a decline in betting and a series of adverse events for *American Games*, particularly at the Sun Casino which had posted solid results the previous fiscal year.

With a 5% decline in its activity, *European Games* was the least affected segment among table games. Despite a 9% drop, European Roulette remains, along with Punto Banco, one of the most appreciated games among patrons, while receipts were steady for other European games – English Roulette, Chemin de Fer, and Tout Va.

Posting significant activity growth in 2009/2010, revenue for the *American Games* segment fell sharply during the year, the result of adverse events at Sun Casino. This reverse trend is due to a few top clients whose gaming determines a substantial percentage of the segment's performances. Despite posting a 50% decrease in receipts compared to the previous year, Black Jack remains the segment's most popular game, while the decrease for Craps and American Roulette, the other American games, was more limited.

Finally, activity for the **slot machines** sector could not renew with past performances, the sector's revenue standing at €96.3 million, compared to €102.2 million in 2009/2010.

Compared with its best years, the sector would seem to be permanently affected by the troubled economy and the smoking ban effective in Monegasque establishments since November 1, 2008.

Benefiting from a smoking terrace, the Casino du Café de Paris nevertheless posted a 1% increase in receipts. However, the other establishments – Sun Casino and Bay Casino – bore the brunt of a sizeable decline in their activity.

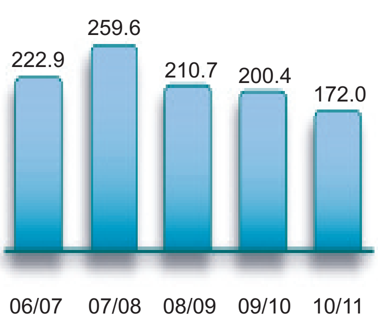
In a context that remains fragile, the Group will maintain its communication and promotion efforts. Since gaming room attendance has clearly been affected by the smoking ban, outside terraces for smokers have been created wherever possible, particularly at the Casino. Finally, in order to expand its client offering, the Group recently opened a new gaming room featuring slot machines at the La Rascasse site in Port Hercule, an establishment well known to automobile racing fans.

Operating income before depreciation and amortization for the entire gaming sector stood at €5.2 million in 2010/2011, compared to €34.5 million for the previous year. This decrease stems primarily from lower table game revenues and continuing initiatives in terms of invitations, marketing and promotional campaigns

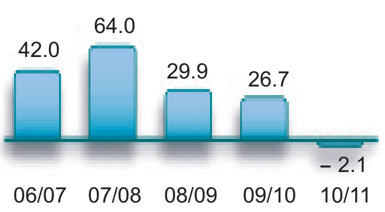
After taking into account a depreciation and amortization charge that was €0.6 million lower than last year, the Group reported an operating loss of €2.1 million for the gaming sector, compared to an income €26.7 million the previous year.

REVENUE (in M€)		09/10	10/11	%
44 %	Table games	98.2	75.7	– 23
56 %	Slot machines	102.2	96.3	– 6
100 %	**Total gaming sector**	**200.4**	**172.0**	**– 14**

GAMING REVENUE (in M€)



OPERATING INCOME FROM GAMES (in M€)



The hotel sector benefited from a general economic upturn for the luxury hotel business during the year. Even though the improvement was felt to a lesser extent on the Côte d'Azur than was the case in cities like London or Paris, it did generate a recovery in activity and a higher occupancy rate for the region as a whole.

Revenue for the Group's hotel operations therefore rose to €170.7 million for 2010/2011, compared to €154.8 million for the preceding year, for an increase of 10%.

This renewed activity, which was already apparent at the end of the previous fiscal year, benefited all establishments throughout the 2010/2011 fiscal year, the reopening of the Hôtel Hermitage following a major refurbishment program and the successful inauguration of the Buddha Bar adding to the scope of this recovery.

With revenue of €59.1 million, compared to €55.3 million for 2009/2010, the **Accommodation** activity rose by 7% and all the establishments recorded higher revenues and occupancy rates. The occupancy rate for the four hotels – Hôtel de Paris, Hôtel Hermitage, Monte-Carlo Beach Hotel and Monte-Carlo Bay Hotel & Resort – stood at 54.4%, compared to 50.3% previously. The average room rate was steady, despite the disruptions occasioned by the refurbishment of the Hôtel Hermitage and the change in the client mix, with "business" clients now accounting for a larger percentage. The breakdown between "private individuals" and "business clients" is nearing the 60%/40% ratio, compared to 65%/35% the previous year.

Segmentation by geographical origin was steady, the French market remaining the top nationality in our establishments with approximately 20% of the clients accommodated, ahead of the Italian clientele, which was down slightly at 17%. Next in line were the Russian and American client bases, which rose to 13% and 11% respectively, and the British clientele, which was also down slightly at 9%.

Catering revenue increased by 13% to reach €88.6 million, compared to €78.5 million the previous year. While the highly successful opening of the very popular Buddha Bar accounted for half this growth, the other establishments also contributed to this favorable trend and, in particular, the new Café de Paris terrace, the mid-year reopening of the Hôtel Hermitage restaurant, the fine summer season of the Sporting Monte-Carlo restaurants and the growing occupancy rate of the Monte-Carlo Beach seaside complex.

A total of 872,000 meals were served during the year, for an increase of 11%. The Café de Paris naturally remained the most frequented establishment, with 317,000 meals served during the year.

There was a slight improvement in average catering prices, with specifically the impact of the Buddha Bar in addition to the increases noted at the Salle des Etoiles or the Monte-Carlo Beach.

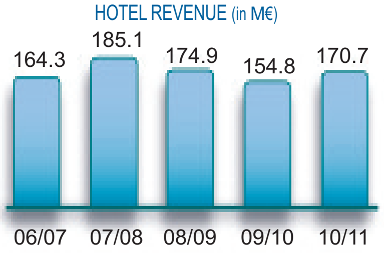
The hotel sector's **other activities** posted a 9% increase in revenue, to stand at €22.9 million for the year, compared to €21 million in 2009/2010. This positive trend is primarily attributable to the increase in accommodation-related revenues due to greater occupancy, and the steady performances of the Beach seaside complex and the Thermes Marins Monte-Carlo.

Operating income before depreciation and amortization for the entire hotel sector totalled €23 million, compared to €21.2 million for the 2009/2010 fiscal year.

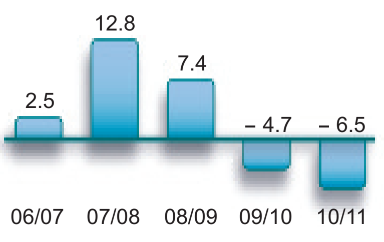
After taking into account a €3.7 million increase in depreciation and amortization charges after capital expenditure, the Group reported an operating loss of €6.5 million for the hotel sector, compared to a loss of €4.7million in 2009/2010.

REVENUE (in M€)		09/10	10/11	%
35 %	Accommodation	55.3	59.1	+ 7
52 %	Catering	78.5	88.6	+ 13
13 %	Other	21.0	22.9	+ 9
100 %	**Total hotel sector**	**154.8**	**170.7**	**+ 10**

HOTEL REVENUE (in M€)



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



Under market conditions that remain difficult, the Group's annual results fell sharply for the year ended March 31, 2011, in terms of both revenue and consolidated net income.

Revenue

The Group reported consolidated revenue of €361.7 million for fiscal 2010/2011, compared to €374.1 million for 2009/2010, for a 3% decrease.

While a 10% decline in activity was posted for the first six months, the second half showed a slight turnaround in revenue although it remained well below the level achieved during the best years.

Operating income and depreciation and amortization

Operating income before depreciation and amortization decreased by 58% to €21.7 million, compared to €51.6 million in 2009/2010.

In addition, the depreciation and amortization charge amounted to €43.4 million for 2010/2011, compared to €40.0 million the previous year. The rise is primarily attributable to hotel refurbishment and the creation of new outlets.

The Group posted an operating loss of €21.7 million, compared to an operating income of €11.6 million the previous year. Operating income for the gaming sector was down by €28.8 million, while that of the hotel sector declined by €1.8 million. Conversely, the operating income of other activities, including the leasing sector, remained unchanged following last year's significant growth.

Financial income or loss

Financial income totalled €29.3 million, compared to a loss of - €1.9 million in 2009/2010. Of note during the year were capital gains of €28.3 million due to the sale of 500,000 Wynn Resorts, Limited shares and €5.5 million in dividends paid by this same company.

Share in net profit of the Betclic Everest Group

Lastly, the equity-accounting consolidation of Betclic Everest Group, an on-line gaming group that is 50% owned by Société des Bains de Mer, required the recognition of a 50% share of its net profit for the period from April 1, 2010 to March 31, 2011, for a negative share of - €25 million. This loss corresponded to the consideration of acquisition costs and the impairment of intangible assets, in addition to a net operating income heavily impacted by the opening of the French on-line gaming market and high taxation.

Consolidated net income/(loss)

The Group posted a consolidated net loss attributable to the equity holders of Société des Bains de Mer and its subsidiaries of €17.3 million, compared to income of €1.1 million for fiscal 2009/2010.

Cash from operations and cash flows

Cash from operations declined sharply, standing at €37.3 million, compared to €57.6 million the previous year. Considering the favorable trend in the working capital requirement, following the early collection of a portion of the rent in the amount of €36.5 million relating to the extension of the long-term lease for the residential section of the Belle Epoque building, net cash flows from operations amounted to €74.3 million, compared to €62.7 million in 2009/2010.

In addition, financial resources allocated to capital expenditure for the refurbishment and development of real estate assets totalled €69.9 million, compared to 59.3 million for fiscal 2009/2010.

After taking into account proceeds from the disposal of financial assets for €28.3 million, net cash used in investing activities totalled €73.1 million for fiscal 2010/2011, compared to €207.2 million in the previous year.

For the year ended March 31, 2011, the Group's net debt was positive at €41.4 million, compared to €39.8 million in the previous year.

Parent company financial statements and dividends

For the period ended March 31, 2011, the financial statements of Société des Bains de Mer, the parent company, reported revenue of €338.2 million and net income of €8.4 million, compared to €13.9 million in 2009/2010.

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

Capital expenditure

Following capital expenditure of nearly €200 million for fiscal 2009/2010, devoted in particular to the strategic investment in the on-line gaming company Betclic Everest Group, and in major development or renovation work for several Resort establishments, the Group pursued major capital expenditure projects during the year.

Resources earmarked for capital expenditure excluding financial investments stood at €69.9 million for fiscal 2010/2011, compared to €59.3 million in 2009/2010.

In the gaming sector, **the renewal policy for the slot machine pool** was maintained with the acquisition of equipment or the set-up of leasing agreements. Indeed, the constant drive to offer new games and the public's infatuation with branded slot machine such as Star Wars, Indiana Jones and Star Trek, justify a leasing strategy that enables more frequent adaptations.

In addition, following various project studies for the **Casino de Monte-Carlo**, the Group's flagship establishment, an ambitious renovation program for the Casino will be carried out in four successive phases in such a way as to continue operations throughout the project period. This program covers both the development of existing spaces and the creation of new spaces open to the exterior and taking into account anti-smoking legislation

The first phase initiated in fiscal 2010/2011 calls for the construction of terraces for the Salle Médecin and the Salle Blanche, with exceptional sea views, and the renovation of the Salle Médecin, the restaurant and adjoining bars. This initial phase, representing a total budget of €10 million, including €2.2 million for the year under review, was completed for the 2011 Grand Prix.

In the hotel sector, work continued for major projects undertaken several years ago, and particularly for the **Hôtel Hermitage**, with the completion of room renovations for the Costa and Midi wings, as well as the complete renovation of the Vistamar restaurant and the creation of the Crystalbar. This renovation work was completed by the development of new high-added value spaces with the new layout of the Gustave Eiffel lobby and the creation of the Salon Eiffel, with a 400 m² surface area and a terrace designed for meetings and banquets. The Salon Eiffel can host nearly 400 guests in a decor that is both modern and spectacular, with a fresco by Suzanne Cole. In fiscal 2010/2011, the Group invested a total of €27.7 million in this establishment, which now offers the ideal arrangement for all clienteles.

The other historical establishment, the **Hôtel de Paris**, was also given special attention, with the renovation of the rooms of the Beaux-Arts wing and the restoration of its lobby, in perfect harmony with the former gold and marble furnishings, whose Belle Epoque features were illuminated by the remarkable work of a renowned English lighting designer.

The work conducted over several years at the **Monte-Carlo Beach** continued during fiscal 2010/2011 in the amount of €4.5 million with the enhancement of the Beach Club's glorious setting and heated seawater pool.

Other hotel work completed during the year under review included new offerings for the **Buddha Bar Monte-Carlo**, which opened on June 24, 2010, and the **Cabaret**, which opened on December 16, 2010. With the simultaneous opening of the **Allée François Blanc**, which facilitates access from the Place du Casino to these entertainment areas and new luxury boutiques, the Group has created an attractive and coherent hub, the cost for this ensemble totaling €12.2 million for the year.

Lastly, construction began for a prestigious residence with hotel service to replace the former Hôtel Balmoral, in the heart of Monte-Carlo, representing an investment of €5.7 million for the year. It is scheduled to be completed in the first quarter of 2012.

Brand value and protection policy

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

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

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

Competitive environment and outlook

Previous commercial and investment initiatives in the hotel sector made it possible to capitalize on an improved economic picture for luxury hotels.

Nevertheless, the Group's operating sectors are faced with increasingly fierce international competition. Société des Bains de Mer and its subsidiaries must therefore pursue an active investment policy.

Major projects have been launched to prepare the Group for future challenges. As mentioned, the completion of the Balmoral residence should help to attract a top international clientele and win their loyalty.

Likewise, the complete revamping of the La Rascasse restaurant based on a novel concept – a single location combining a trendy bar, live music scene and gambling club– will expand the Group's entertainment offering at the Port Hercule site. With terraces designed to accommodate the anti-smoking legislation, this new establishment was inaugurated for the Grand Prix Automobile in May 2011.

Lastly, two new phases of the Casino de Monte-Carlo renovation program will be completed in the coming months. The first will involve the Salle Blanche, the Salle Touzet, the Salon Rose and all adjoining spaces. The Salle Europe and the Salle Renaissance will follow, along with the Restaurant du Train Bleu, the objective for the latter being to add a topical feel to this legendary establishment, without losing the grand and historical character that is dear to its clientele.

Outside the Principality, the Group has signed a management agreement for the operation of the Monte Carlo Beach Club on Saadiyat Island in Abu Dhabi. This establishment, the top seaside club in Saadiyat, has been designed to perpetuate the ideals of culture and well being and the art of living – values shared with the Monte-Carlo SBM establishments – by providing a unique oriental touch. The Monte-Carlo Beach Club, which is scheduled to open in September 2011, will offer Saadiyat Island residents and visitors a range of luxury services and infrastructures, and namely a private beach, a children's club, swimming pools, a wellbeing and fitness center, and a restaurant service inspired by the original Monte-Carlo Club.

The development initiatives described above must of course be accompanied by the optimal use of the renovated customer facilities and a greater determination in terms of cost control.

Investment in BetClic Everest Group (formerly Mangas Gaming)

Since May 2009, the Group has held a 50% joint stake in Mangas Gaming with Mangas Lov, a company controlled by Mr. Stéphane Courbit.

Following the acquisitions of on-line gaming and sports betting operators BetClic, Bet-At-Home and Expekt, Mangas Gaming pursued its external growth policy with the acquisition on April 7, 2010 of the Everest Gaming Group, a major player in on-line poker and one of the few on-line poker companies with its own technical platform. Following this transaction, Mangas Gaming held 60% of Everest Gaming's share capital, the balance being held by the current stockholder, GigaMedia, a NASDAQ listed company.

Under the terms of the transaction, the acquisition price of the 60% stake will be based on the valuation of Everest Gaming determined in early 2012. Mangas Gaming made an advance payment of $100 million on April 7, 2010, with a price supplement payable in 2012 based on the fair value measured at this date. Société des Bains de Mer and its subsidiary Monte-Carlo SBM International have agreed to guarantee the payment of the price supplement to GigaMedia for a maximum amount of $60 million. They have also obtained a counter-guarantee for a maximum amount of €20 million from Mangas Lov, a subsidiary of Financière Lov, through a demand guarantee backed by a Mangas Lov pledge of 20,000 Mangas Gaming shares, which represents nearly 10% of the Mangas Gaming share capital, the entire package coming into force on April 7, 2010. The two associates – Monte-Carlo SBM International and Mangas Lov – each granted a loan of €30 million to help finance the $100 million advance paid in April 2010.

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

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

Finally, with this new acquisition, the decision was made to change the company name from Mangas Gaming to BetClic Everest Group. The new company name is used throughout this report.

As part of the opening of the French on-line gaming market, the Mangas Gaming group obtained four authorizations from the Autorité de Régulation des Jeux En Ligne (ARJEL) in June 2010. These are the authorizations used by Betclic (pari-mutual betting on horse racing, poker, and sports betting at fixed and pari-mutual odds) and Everest (poker).

In April, the first poker tournament with Everest known as "The One" took place in Monaco. This was the first event organized in Monaco in partnership with the Betclic Everest Group on-line gaming activities. With a guaranteed pool prize of €1 million, this tournament offers players a chance to qualify on the on-line Everest site or pay a direct entry fee. Over 220 players participated in this event, which everyone agrees was a great success. The players stayed at the Monte-Carlo Bay Hotel & Resort and the tournament itself took place at the Salle des Palmiers in the Sporting Club Monte-Carlo.

Finally, on May 30, 2011, BetClic Everest Group purchased 5% of the Bet-At-Home minority interests from its founders and now holds 56% of this company.

Environment

In fiscal 2010/2011, the Group pursued the initiatives undertaken as part of its Environmental Charter under the *Be Green Monte-Carlo* SBM logo. In the context of a troubled economy, this determination can only reinforce the effectiveness of the measures adopted.

At the close of the fourth year of the five-year program initiated by the Group, the results remain significant and reflect the considerable commitment of all employees under the Environmental Charter.

The Group has also prepared its second carbon footprint report for its activities and is now entering the last year of the five-year program.

Employee awareness

The internal blog, Oxygène, continues to ensure the timely publication of the Group's environmental news for some 900 employees equipped with a computer. Since its launch in June 2007 and up until March 31, 2011, over 170 articles have been put on-line. There were nearly 5,500 visits to the blog during the year with more than 450 regular visits each month and an average of four pages consulted during each link-up.

Water saving

Since the project's start-up in 2007, the Group has significantly reduced its water consumption via several initiatives. Due to an increase in hotel activity during the year, this consumption nevertheless rose by 5%, representing approximately 423,000 m^3.

However, this annual consumption level is 34% lower than in fiscal 2006/2007 and the savings gained since the launch of the Charter represent 756,741 m^3, or the equivalent of 252 Olympic pools.

The Group is thus well below the 2005 level of water consumption, prior to the opening of the Monte-Carlo Bay Hotel & Resort.

These accomplishments were made possible by the introduction of technical measures, including the implementation of cooling circuits and the renovation of water reclamation and conservation equipment, and a major internal awareness campaign concerning this challenge. The efforts to mobilize all Group employees on these issues should continue, in order to permanently maintain annual water consumptions at their current level.

Energies

The Group has successfully pursued its energy saving efforts.

Annual gas consumption has thus fallen steadily in the past four years, standing at 3,358 KWh for the year, compared to the 4,718 KWh recorded in 2006/2007, for a decrease of 29%.

Likewise, electricity consumption for 2010/2011 has been reduced by 17% since the project's launch. Savings over the last four years totalled 22,300 MWh, the Group having benefited from the use of nine seawater heat pumps and a major upgrade to technical equipment carried out in recent years.

Finally, the significant improvements in air conditioning are noteworthy, with a substantial drop in hot and cold production consumption by 34% and 38% respectively.

The Group's aim is to pursue the actions undertaken in this area. The vigilance of personnel is indispensable if energy consumption is to be maintained at its current level.

Collection, selective sorting, recycling

The Group continued to deploy some ten different waste recovery systems and obtained significant results in 2010/2011, as shown below:

- collection of 23,350 liters of used oils from nine collection points, for a total of 99,000 liters in the first four years;
- recovery of over 42 tons of paper during the year. Since the program's launch, the collection has resulted in the transfer of nearly 254 tons of recycled paper to paper makers, representing theoretical savings in water (2,250 m^3), energy (105,000 MWh), and forest resources (about 640 trees), compared to the amounts required when using raw fibers;
- collection of 304 tons of glass, representing emission savings of 152 tons of CO_2 equivalent per year;
- collection of 938 kg in used batteries;
- collection of 9 m^3 of Waste Electrical and Electronic Equipment;
- recovery of nearly 6 tons of household packaging;
- collection of 101,000 liters in grease tanks;
- recovery of 3,700 light bulbs to be transferred to Recyclum in France;
- transfer of all toxic products used for the Group's in-house printing to treatment and recovery facilities meeting the specifications of the *Imprim'Vert* label.

"Green" purchases

Over 97% of paper purchased was recycled or provided by sustainably managed forests (FSC or PEFC certified).

Promotional documents, headed paper, business cards and store bags are mainly printed using recycled paper or paper from sustainably managed forests.

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

The portion of green office supplies is steadily increasing and now represents the majority of these inputs.

In the food sector, the Group has stopped using red tuna since September 2007 and has heightened its efforts to promote the use of seasonal and local products. It is also encouraging organic farming in partnership with regional market gardeners.

All coffee at the Café de Paris has been has sold under the fair trade label for the past two years. Some original vintages are also offered. This policy has been gradually extended to other Group establishments.

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

Work and application of H.E.Q standards

With respect to completed projects, the Société des Bains de Mer Works Department has adopted a "High Environmental Quality" (H.E.Q.) approach for both new projects and renovation programs.

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

This approach for Group projects is regularly verified through external audit engagements with APAVE.

A message for customers

In addition to current communication media and initiatives, such as stands in bedrooms and suites, online distribution of press releases and annual environmental reports on the www.montecarloresort.com site, under the "Be Green Monte-Carlo SBM" logo, the Group has also taken part in targeted events.

In December 2010, operation "100,000 coffees for biodiversity" took place. The event, organized with the help of Malongo, contributed €10,000 to the Prince Albert II Foundation.

The Group is also supporting the PlanetSolar boat's worldwide voyage powered solely by solar energy.

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

Second carbon footprint report

A second carbon footprint report was prepared during the year with respect to the activity data compiled for the 2009/2010 period.

The report was prepared using the methodology approved by the ADEME and the work performed internally by two specially trained employees was verified and validated by the manager of the Prince Albert II Foundation's MCO_2 program.

This second report extended the scope of the initial study and examined new strategies for reducing greenhouse gas emissions in the most sensitive areas.

The regular preparation of a carbon footprint report provides the Group with a greater grasp of the CO_2 equivalent emissions of its activities and thus represents a real decision-making tool.

The Group will pursue the actions it has undertaken to ensure that management is increasingly respectful of the environment.

The workplace

Fully aware of the wealth represented by the savoir-faire of its employees, the Group has always endeavored to provide them with a stimulating activity that meets their aspirations.

The difficult period experienced by the Group did not disrupt this tradition of understanding and dialogue, which remains one of the Company's strengths.

Aside from direct relations within the various departments, the Group sustained its internal communication through scheduled meetings, including:

- the personnel information and cooperation committee;
- joint personnel committees;
- half-yearly management information meetings;
- annual personnel information meetings;
- monthly lunches with Management enabling managers and employees to express their viewpoints.

Personnel general information has again been enhanced, with the quarterly distribution of the Company newsletter *Cartes sur tables*, and the development of information communicated on the intranet or via the installation of information terminals on all operating sites.

In addition, the renewal of a general appraisal system for all personnel in the form of annual meetings reflects General Management's wish for the greater involvement of executives in the management and development of employee potential. Through a dynamic and voluntary internal training policy in both the hotel and gaming sectors, the Group also hopes to foster personnel development and maintain customer relations at a level of excellence consistent with the Société des Bains de Mer image.

Conscious of the fact that the customer must always be the number one priority for a company offering top quality service, the Group has initiated a long-term program in order to satisfy this requirement. As employees are a vital component in this approach, a specific training course was organized last year and will continue in the coming months. At the end of this program, all employees who come into contact with customers will be trained so as to better understand and respond to customers' expectations.

Lastly, discussions are ongoing with respect to providing a modern and effective contractual framework for Group employees.

You are requested to discharge all Directors from any liabilities with respect to the performance of their mandate for the 2010/2011 fiscal year and grant a final discharge to Mr. Yves Piaget and the late Mr. Jean-François Prat.

You are also requested to approve the appointment of Mr. William Timmins as Director appointed by the General Stockholders' Meeting, effective as from March 24, 2011. Mr. Timmins was co-opted under the terms and conditions of Article 12 of the Bylaws at the Board of Directors' meeting of March 24, 2011.

In accordance with Article 12 of the Bylaws, the term of office of Mr. Timmins will end at the Annual General Meeting held to approve the financial statements for the 2015/2016 fiscal year.

ARTICLE 23 OF THE ORDER OF MARCH 5, 1895

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

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

- and:
  - bank transactions conducted with Banque J. Safra (Monaco) S.A.
  - business relations with Société Monégasque pour l'Exploitation du Tournoi de Tennis (S.M.E.T.T.) and Bredin Prat.

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

STATUTORY AUDITORS AND CONTRACTUAL AUDITOR

You are asked to appoint Mrs. Simone Dumollard and Mr. André Garino as Principal Statutory Auditors.

The terms of office of Mrs. Simone Dumollard and Mr. André Garino will expire at the end of the Annual General Meeting held to approve the financial statements for the 2013/2014 fiscal year.

Mrs. Bettina Ragazzoni and Mr. Louis Viale were appointed Deputy Statutory Auditors for a term of three years.

The fees paid to the statutory and contractual auditors in respect of fiscal year 2010/2011 break down as follows:

	Deloitte & Associés				Statutory auditors			
	Amount excluding taxes €		%		Amount excluding taxes €		%	
	2010/2011	2009/2010	**10/11**	09/10	**2010/2011**	2009/2010	**10/11**	09/10
Audit								
• Statutory audit, certification, review of company and consolidated financial statements - Issuer - Fully consolidated subsidiaries	295,000	295,000	98	66	68,300	68,500	100	96
• Other procedures and services directly related to the statutory audit - Issuer - Fully consolidated subsidiaries	6,076	9,164	2	2		2,500		4
Sub-total	**301,076**	**304,164**	**100**	**68**	**68,300**	**71,000**	**100**	**100**
Other services rendered by the networks for the fully consolidated subsidiaries								
• Legal, tax, employee-related		33,000		8				
• Acquisition audits		109,010		24				
Sub-total		**142,010**		**32**				
TOTAL FEES PAID	**301,076**	**446,174**	**100**	**100**	**68,300**	**71,000**	**100**	**100**

RISK MANAGEMENT

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

Economic risks

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

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

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

Environmental risks

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

Legal risks

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

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

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

Financial risk management

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

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

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

• ***Liquidity risk***

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

The Group has a credit facility with a pool of financial institutions. Concluded for a term of 10 years and four months as of December 1, 2004, this credit facility for a maximum principal amount of €160 million can be used in the form of draw-downs at floating rates. The maximum amount of draw-downs is subject to the following successive increases:

- March 31, 2011: €20 million
- March 31, 2012: €20 million
- March 31, 2013: €40 million
- March 31, 2014: €40 million
- March 31, 2015: €40 million.

The credit facility is primarily used to finance the Group's general investment requirements, without restriction as to the use of capital. As of March 31, 2011, the Group had not drawn down any amounts from this credit facility, which has an available amount capped at €140 million, after reduction.

Lastly, the Group has readily available short-term investments with a maximum term of three months, totaling €15 million as of March 31, 2011, and confirmed overdraft authorizations for €5 million.

Accordingly, with total liquidity of €160 million for the 2010/2011 fiscal year, the Group has no liquidity risk exposure.

• ***Interest rate risk***

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

In April 2011, a new interest rate management mechanism was subscribed for a term of five years. This mechanism caps the interest rate at a maximum of 4.02% and the hedged notional amount totals €100 million until the contract's final maturity date.

Cash assets bear interest at short-term market rates.

- ***Foreign exchange risk***

There are two types of risk:

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

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

Balance sheet foreign exchange risk is primarily represented by the investment in Wynn Resorts, Limited, a US company listed on the NASDAQ. As of March 31, 2011, the Group held 1.3 million shares at a share price of $127.16.

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

- ***Risk on portfolio shares***

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

The Group decided to partially cover the risk of change in the share price and subscribed to forward contracts for 300,000 shares, which guarantee, at the final maturity date of April 2011, a share price close to $103. Set up in December 2010, these contracts were settled at the final maturity date with remittance of the corresponding shares.

- ***Credit and counterparty risk***

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

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

- ***Loan guarantees and security***

The Group has not pledged any security for its commitments for the 2010/2011 period-end.

Insurance - Risk coverage

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

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

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

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

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

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

The share capital of Société des Bains de Mer was not modified during the fiscal year 2010/2011.

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

The Monegasque state, which owned 69% of share capital as of March 31, 2011, is the sole stockholder of record with a participating interest exceeding the 5% cap.

Authorization for the Company to buy back shares

At the end of the Extraordinary General Meeting of September 25, 2009, amending Article 41 of the Bylaws and subject to the approval of the Principality Government, the Company had the option to buy back its own shares up to an amount of 5% of share capital.

This authorization, valid for a period of 18 months as of September 25, 2009, is ended since March 24, 2011.

During this authorization period, the company has not buy back shares.

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

Article 12 of the Bylaws:

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

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

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

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

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

Article 21 of the Bylaws:

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

The Chairman may be reelected".

Article 31 of the Bylaws:

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

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

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

Article 19 of the Bylaws:

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

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

It decides the application of the funds available.

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

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

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

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

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


ROULETTE
MINIMUM
MAXIMUM

PARENT COMPANY FINANCIAL STATEMENTS

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

Annual financial statements in accordance with Monegasque accounting standards

Annual financial statements in accordance with French accounting standards

BALANCE SHEET AS OF MARCH 31, 2011 IN ACCORDANCE WITH

IN THOUSANDS

ASSETS	2010/2011 FISCAL YEAR GROSS	2010/2011 FISCAL YEAR Depreciation amortization provisions	2010/2011 FISCAL YEAR NET	2009/2010 FISCAL YEAR NET
CURRENT ASSETS OR ASSETS RECOVERABLE IN LESS THAN 1 YEAR	**100,213**	**36,326**	**63,887**	**83,499**
Cash in hand	18,676		18,676	18,389
Banks: deposit on demand	2,724		2,724	1,749
Other assets on demand				
Banks: time deposits				
Marketable securities	15,029		15,029	46,060
Operating receivables	12,974	2,187	10,787	5,464
Various receivables	5,316	1,479	3,837	5,483
Investment accounts				
Affiliate accounts	42,133	32,659	9,473	6,231
Assets withheld	3,361		3,361	122
INVENTORY	**12,757**	**87**	**12,670**	**12,646**
ADVANCE PAYMENTS OR GUARANTEES	**908**		**908**	**1,437**
Payments on account on orders	908		908	1,437
ASSETS TO MATURE IN OVER 1 YEAR				
Loans				
NON-CURRENT ASSETS	**156**		**156**	**155**
Deposits and guarantees paid	156		156	155
PARTICIPATING INTERESTS	**255,444**	**13,032**	**242,412**	**219,545**
Affiliates	238,829	12,993	225,836	196,617
Other participating interests	16,615	39	16,577	22,927
FIXED ASSETS	**1,091,527**	**605,952**	**485,575**	**467,255**
Intangible assets:				
- Concessions, patents & similar	22,197	19,519	2,678	816
- Leasehold rights	18	18		
- Assets under development	1,954		1,954	1,664
Property, plant & equipment:				
- Land	81,967		81,967	81,863
- Revaluation reserves as of 03/31/1979	35,616	35,616		
- Land development	2,491	2,491		
- Buildings	676,289	369,513	306,775	274,434
- Industrial and technical plant	197,740	136,324	61,416	51,941
- Other PP&E	59,989	42,470	17,519	14,106
- PP&E under construction	13,266		13,266	42,430
TOTAL ASSETS	**1,461,005**	**655,397**	**805,608**	**784,536**
DEPRECIATION & AMORTIZATION CHARGES				
ACCRUED INCOME & DEFERRED CHARGES	**6,311**		**6,311**	**5,746**
Prepaid expenses	6,079		6,079	5,419
Other suspense accounts	230		230	326
Foreign exchange differences	2		2	
GRAND TOTAL	**1,467,316**	**655,397**	**811,919**	**790,281**
CLEARING ACCOUNTS				
Directors' shares held as management guarantees			6	5
Deposits and guarantees given			89,233	
Deposits received			4,336	6,760
Other obligation			45,116	45,000
Trade payables			29,629	50,965
Third-party receivables for bank guarantees				97
Opening of credit facility and confirmed unused overdrafts			145,000	135,000
Variable-rate hedge			45,000	61,000
			358,321	**298,827**

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN MONACO
OF EUROS

LIABILITIES & STOCKHOLDERS' EQUITY	2010/2011 FISCAL YEAR	2009/2010 FISCAL YEAR
LIABILITIES PAYABLE IN LESS THAN 1 YEAR	**103,831**	**131,419**
Bills payable	1,520	677
Operating liabilities	45,479	49,625
Affiliate accounts	8,982	7,600
Employee accounts	26,585	24,976
Borrowings	283	30,323
Other liabilities	5,191	5,429
Liabilities withheld	15,790	12,789
ADVANCE COLLECTIONS OR GUARANTEES	**15,455**	**15,102**
Advances received	10,486	10,136
Deposits and guarantees received	4,969	4,966
LIABILITIES TO MATURE IN OVER 1 YEAR	**22,021**	**22,021**
Operating liabilities		
Liabilities withheld	22,021	22,021
PROVISIONS FOR CONTINGENCIES	**10,312**	**8,069**
ACCRUED LIABILITIES & DEFERRED INCOME	**79,133**	**40,368**
Revenues to be recorded in future fiscal years	65,309	26,019
Other accrued liabilities and deferred income	2,346	1,813
Foreign exchange differences	1	21
Investment grant		
- gross	17,535	17,535
- amortization	(6,058)	(5,020)
STOCKHOLDERS' EQUITY		
Common stock, additional paid-in capital and reserves	**215,173**	**215,141**
Common stock: 18,160,490 shares of €1	18,160	18,128
Additional paid-in capital on shares	5,374	5,374
Revaluation reserves:		
- Revaluation surplus 03/31/1990	167,694	167,694
- Revaluation reserve 03/31/1979	23,944	23,945
Reserves:	**161,070**	**160,789**
- Statutory reserve	1,816	1,813
- Optional reserve	148,799	148,799
- Contingency reserve	10,454	10,177
- Long-term capital gains		
Results:	**204,926**	**197,373**
- Retained earnings	196,500	183,497
- Net income for the period	8,426	13,877
TOTAL STOCKHOLDERS' EQUITY	**581,169**	**573,303**
GRAND TOTAL	**811,919**	**790,281**
CLEARING ACCOUNTS		
Director payables for deposited shares	6	5
Deposits and guarantees given	89,233	
Third-party payables for bank guarantees	4,336	6,760
Other obligation received	45,116	45,000
Trade payables	29,629	50,965
Bank guarantees given		97
Opening of credit facility and confirmed unused overdrafts	145,000	135,000
Variable-rate hedge	45,000	61,000
	358,321	**298,827**

STATEMENT OF INCOME

in accordance with generally accepted accounting principles in Monaco

in thousands of euros	2010/2011 FISCAL YEAR	2009/2010 FISCAL YEAR
MAIN ACTIVITY		
Gaming receipts	179,978	210,688
Services rendered	163,257	149,382
Sales of bought-in goods	5,850	5,403
Other receipts	2,435	1,939
Less: intra-group transfers	(10,701)	(10,801)
Total income from main activity	**340,818**	**356,612**
To be deducted:		
- Cost of purchase of bought-in goods	(3,616)	(3,446)
- Purchases of raw materials and supplies	(125,960)	(115,484)
- License fees, duties and taxes other than income tax	(23,745)	(27,844)
- Wages and salaries	(157,201)	(146,549)
- Other operating expenses	(13,431)	(14,095)
- Depreciation and amortization charges	(42,676)	(39,192)
Provisions :		
- Charges	(11,948)	(16,069)
- Write-backs	12,192	13,536
Total expenses from main activity	**(366,384)**	**(349,143)**
Share in proceeds from joint ventures		
NET INCOME/(LOSS) FROM MAIN ACTIVITY	**(25,566)**	**7,469**
RELATED ACTIVITIES		
Financial net income/(loss)	3,536	2,495
Revenues from participating interests	6,723	6,218
Provisions :		
- Charges	(99)	(26)
- Write-backs		11
NET INCOME/(LOSS) FROM RELATED ACTIVITIES	**10,161**	**8,698**
EXCEPTIONAL INCOME/(EXPENSES)		
Various exceptional expenses	27,778	879
Provisions :		
- Charges	(5,062)	(5,402)
- Write-backs	856	14
NET EXCEPTIONAL ITEMS	**23,572**	**(4,510)**
LOSSES FROM PRIOR YEARS	**258**	**2,220**
NET INCOME/(LOSS) FOR THE PERIOD	**8,426**	**13,877**

STATUTORY AUDITORS' GENERAL REPORT

YEAR ENDED MARCH 31, 2011

Ladies,

Gentlemen,

Stockholders,

In accordance with Article 25 of Law 408 of January 20, 1945 and the terms of our three-year appointment, for the financial years 2008/2009, 2009/2010 and 2010/2011, at the Annual General Meeting of September 19, 2008, pursuant to Article 8 of the same Law, we hereby submit our report on the financial statements for the year ended March 31, 2011.

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

Our audit, which was designed to enable us to express an opinion on these financial statements, was performed in accordance with professional standards and included an examination of the balance sheet as of March 31, 2011 and the statement of income for the year 2010/2011.

Total assets amounted to €811,919 thousand. The statement of income shows a net income for the year of €8,426 thousand. Stockholders' equity amounted to €581,169 thousand.

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

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

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

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

In our opinion, the accompanying balance sheet as of March 31, 2011 and income statement for the year 2010/2011 presented for your approval give a true and fair view of the financial position of the Company as of March 31, 2011 and the results of its operations for the twelve months then ended, in accordance with legal guidelines and professional practices.

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

Monaco, July 25, 2011

THE STATUTORY AUDITORS

André GARINO

Louis VIALE

STATUTORY AUDITORS' SPECIAL REPORT

YEAR ENDED MARCH 31, 2011

Ladies,

Gentlemen,

Stockholders,

In accordance with Article 24 of Law 408 of January 20, 1945, we herby submit our report on the transactions governed by Article 23 of the Sovereign Order dated March 5, 1895, that were performed during the financial year 2010/2011 and on the General Stockholders' Meetings held in that same period.

Transactions governed by Article 23 of the Sovereign Order dated March 5, 1895

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

The transactions governed by this Article that were performed during the 2010/2011 financial year are described in the Board of Directors' special report. We have examined the information contained in this report and have no matter to bring to your attention.

General Stockholders' Meetings held during the financial year

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

- on September 24, 2010, the Extraordinary General Meeting to:
  - acknowledge as true and fair the declaration made by the Board of Directors of the subscription of 32,270 new shares with a nominal value of one euro each, and the payment for such shares in the amount of €32,270 by the subscribers to the company's fund,
  - duly note that the capital increase from €18,128,000 to €18,160,000 has been completed and to amend Article 5 of the Bylaws accordingly,
- on September 24, 2010, the Annual General Meeting to approve the financial statements for the year ended March 31, 2010 and approve the appointment of a director.

With respect to these meetings, we verified that:

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

We did not identify any irregularities.

Monaco, July 25, 2011

THE STATUTORY AUDITORS

André GARINO

Louis VIALE

BALANCE SHEET AS OF MARCH 31, 2011 IN ACCORDANCE WITH

IN THOUSANDS

ASSETS		2010/2011 FISCAL YEAR GROSS	Depreciation amortization provisions	NET	2009/2010 FISCAL YEAR NET
NON-CURRENT ASSETS					
Intangible assets	Note 3	**24,170**	**19,538**	**4,632**	**2,481**
Concessions, patents & similar		22,197	19,519	2,678	816
Leasehold rights		18	18		
Intangible assets in progress		1,954		1,954	1,664
Property, plant & equipment	Note 4	**1,067,358**	**586,414**	**480,944**	**464,774**
Land		120,074	38,106	81,967	81,863
Buildings		676,289	369,513	306,775	274,434
Industrial and technical plant		197,740	136,324	61,416	51,941
Other PP&E		59,989	42,470	17,519	14,106
PP&E under construction		11,924		11,924	38,881
Payments on account		1,342		1,342	3,549
Long-term investments	Note 5	**259,479**	**13,370**	**246,109**	**219,975**
Participating interests		242,095	12,993	229,102	196,617
Other equity investments		16,519	8	16,511	22,862
Loans		612	338	274	275
Other long-term investments		252	31	221	220
TOTAL NON-CURRENT ASSETS		**1,351,006**	**619,322**	**731,684**	**687,230**
CURRENT ASSETS					
Inventory		12,757	87	12,670	12,646
Payments on account - advances paid		908		908	1,437
Operating receivables		13,068	2,187	10,881	5,586
Other operating receivables		3,054		3,054	4,845
Other receivables		44,012	33,800	10,212	6,921
Cash at bank & in hand and marketable securities		36,430		36,430	66,199
Prepaid expenses		6,079		6,079	5,419
TOTAL CURRENT ASSETS		**116,309**	**36,075**	**80,234**	**103,051**
DEFERRED CHARGES & UNREALIZED FOREIGN EXCHANGE LOSSES		2		2	
TOTAL ASSETS		**1,467,316**	**655,397**	**811,919**	**790,281**

LIABILITIES & STOCKHOLDERS' EQUITY		2010/2011 FISCAL YEAR NET	2009/2010 FISCAL YEAR NET
STOCKHOLDERS' EQUITY			
Common stock		18,160	18,128
Additional paid-in capital		5,374	5,374
Revaluation reserves		191,638	191,638
Statutory reserve		1,816	1,813
Long-term net capital gains reserve			
Contingency reserve		10,454	10,177
Optional reserve		148,799	148,799
Retained earnings		196,500	183,497
Net income/(loss)	Note 8	8,426	13,877
Investment grants	Note 9	11,477	12,515
TOTAL STOCKHOLDERS' EQUITY	Note 7	**592,646**	**585,818**
PROVISIONS FOR CONTINGENCIES & LOSSES			
Provisions for contingencies		10,312	8,069
Provisions for losses		23,702	24,367
TOTAL PROVISIONS FOR CONTINGENCIES & LOSSES	Note 10	**34,013**	**32,436**
LIABILITIES			
Bank borrowings		283	30,323
Other borrowings		4,969	4,966
Payments on account - advances received		10,486	10,136
Trade payables and related accounts		20,349	17,570
Tax and employee-related liabilities		51,589	52,151
Other operating liabilities		3,957	4,133
Amounts payable on PP&E		11,799	11,866
Other liabilities		16,519	14,842
Prepaid income		65,309	26,019
TOTAL LIABILITIES	Notes 11 & 12	**185,259**	**172,006**
UNREALIZED FOREIGN EXCHANGE GAINS		**1**	**21**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		**811,919**	**790,281**

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

in thousands of euros		2010/2011 FISCAL YEAR	2009/2010 FISCAL YEAR
OPERATING INCOME			
Net revenues		338,176	356,325
Write-back of depreciation, amortization and provisions	Note 15	12,192	13,536
Expense reclassifications		18	55
Other income		2,484	1,939
TOTAL OPERATING INCOME		**352,870**	**371,854**
OPERATING EXPENSES			
Purchases of bought-in goods		(3,662)	(3,354)
Changes in inventory of bought-in goods		49	(92)
Purchases of raw materials and other supplies		(20,720)	(18,202)
Changes in inventory of raw materials and other supplies		(30)	40
Other purchases and external charges		(104,931)	(96,861)
Share in proceeds from joint ventures			
Duties and taxes other than income tax		(23,690)	(27,823)
Wages and salaries		(107,995)	(100,393)
Employee welfare contributions and similar charges		(49,210)	(46,146)
Depreciation and amortization on fixed assets	Notes 3, 4, 5	(42,676)	(39,192)
Charges to provisions on current assets		(7,348)	(8,523)
Charges to provisions for contingencies and losses	Note 10	(4,600)	(7,546)
Other charges	Note 15	(13,364)	(14,074)
TOTAL OPERATING EXPENSES		**(378,177)**	**(362,166)**
NET INCOME/(LOSS) FROM OPERATIONS		**(25,307)**	**9,688**
FINANCIAL INCOME			
From participating interests and marketable securities		11,269	8,980
Other interest and similar income		50	399
Foreign exchange gains		50	231
Net proceeds from sale of short-term investment securities		125	267
Write-back of provisions			11
TOTAL FINANCIAL INCOME		**11,494**	**9,888**
FINANCIAL EXPENSES			
Interest and similar charges		(1,076)	(1,067)
Foreign exchange losses		(158)	(97)
Net charges on sales of short-term investment securities			
Charges to provisions		(99)	(26)
TOTAL FINANCIAL EXPENSES		**(1,333)**	**(1,190)**
NET INCOME/(LOSS) FROM FINANCIAL ITEMS	Note 16	**10,161**	**8,698**
EXCEPTIONAL INCOME			
From non-capital transactions		485	28
From capital transactions		35,998	1,310
Write-back of provisions		901	14
TOTAL EXCEPTIONAL INCOME		**37,384**	**1,352**
EXCEPTIONAL EXPENSES			
On non-capital transactions		(6)	
On capital transactions		(8,743)	(459)
Charges to provisions		(5,062)	(5,402)
TOTAL EXCEPTIONAL EXPENSES		**(13,812)**	**(5,861)**
NET EXCEPTIONAL ITEMS	Note 17	**23,572**	**(4,510)**
CORPORATE INCOME TAX			
NET INCOME FOR THE PERIOD		**8,426**	**13,877**

STATEMENT OF CASH FLOWS

in thousands of euros	2010/2011 FISCAL YEAR	2009/2010 FISCAL YEAR
OPERATING ACTIVITIES		
Cash flow before disposal of fixed assets	29,460	61,053
Changes in working capital requirements	36,726	14,518
CASH FLOW FROM OPERATING ACTIVITIES	**66,186**	**75,571**
INVESTING ACTIVITIES		
Purchases of PP&E and intangible assets	(62,745)	(59,179)
Investment grants		
Changes in long-term investments and deferred charges	(37,506)	(158,393)
Proceeds from disposal of assets	34,961	208
Changes in amounts payable on PP&E	(68)	5,812
CASH FLOW USED IN INVESTING ACTIVITIES	**(65,357)**	**(211,552)**
FINANCING ACTIVITIES		
Draw-downs on credit facility		30,125
Credit line repayments	(30,041)	
Dividends paid	(592)	(12,040)
Share capital increase	32	66
Changes in stable financing activities	3	32
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**(30,598)**	**18,184**
CHANGE IN CASH AND CASH EQUIVALENTS	**(29,769)**	**(117,797)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**66,199**	**183,996**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**36,430**	**66,199**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The following information comprises the Notes to the balance sheet before appropriation of earnings for the fiscal year ended March 31, 2011, which totalled €811,919,000 and the statement of income for the period ended March 31, 2011 which recorded a profit of €8,426,000.

The 12-month fiscal year covers the period from April 1, 2010 to March 31, 2011.

NOTE 1 - ACCOUNTING RULES AND METHODS

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

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

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

1.1 - Change in accounting method

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

1.2 - Accounting policies

- ***Intangible assets***

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

  Amortization is calculated according to the straight-line method:

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

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

  a - Gross value

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

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

  b - Legal regime for certain real-estate assets

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

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

  In these terms of reference, it is stated that at the end of the current gaming rights concession, or in the event of further renewals at the end of the last extension, Société des Bains de Mer will hand over free of charge to the concession granting authority the Monte-Carlo Casino including its terraces and Square. Based on capitalized assets as of March 31, 2011, the estimated residual value of these properties upon expiry of the current concession would be around €7.7 million.

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

- Café de Paris
- Sporting Monte-Carlo
- Hôtel de Paris and gardens
- Hôtel Hermitage.

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

c - Depreciation

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

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

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

- ***Long-term investments***

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

- ***Inventory***

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

- ***Receivables and liabilities***

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

- ***Marketable securities***

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

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

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

Retirement, termination and long-service benefit commitments:

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

Payments to defined benefit contribution plans are expensed when due.

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

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

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

- ***Investment grants***

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

- ***Financial instruments***

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

NOTE 2 - HIGHLIGHTS OF THE YEAR AND SUBSEQUENT EVENTS

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

  The Company sold an initial tranche of 217,491 shares in April 2010 in the amount of $20 million or €15 million, generating a capital gain of €12.2 million. A second tranche of 282,509 shares was sold in October 2010 in the amount of $27.1 million or €19.6 million, generating a capital gain of €16.1 million. Following the disposal of these shares, the Company still held 1,300,000 shares in Wynn Resorts, Limited, equivalent to around 1.1% of capital, at the year-end.

  In December 2010, Wynn Resorts, Limited paid out a dividend of $8 per share to holders of shares registered as of November 23, 2010. This distribution generated financial income of €5.5 million, net of a 30% withholding tax, which had a positive impact on the financial statements for the year ended March 31, 2011.

  Finally, the Company wished to hedge a portion of its investment in the US company, Wynn Resorts, Limited involving 300,000 shares against equity risk, by entering into forward sale derivatives, guaranteeing a price of around $103 for the aforementioned shares at the contract maturity date, i.e. April 29, 2011. At the same time, forward sales were also carried out in December 2010 in the amount of $30 million and maturing in April 2011 to guarantee a euro/US dollar parity.

- ***Belle Epoque building***

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

  In accordance with the amendment's provisions, the Company received an initial payment of €20 million, representing almost 30% of the total compensation receivable, with the remainder to be paid in three installments in 2014, 2019 and 2024. In the first months of fiscal year 2010/2011, Portview, the long-term lease holder, offered to pay the remaining compensation immediately to Société des Bains de Mer, by adjusting its amount to take into account the early nature of this payment. The parties agreed to reduce the amount to €36.5 million. The Company received full payment at the start of September 2010.

  The compensation received was recorded in profit or loss over the term of the lease.

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

  Since May 2009, the Company has held a 50% joint stake in Mangas Gaming with Mangas Lov, a company controlled by Mr. Stéphane Courbit.

  Following the acquisitions of on-line gaming and sports betting operators BetClic, Bet-At-Home and Expekt, Mangas Gaming pursued its external growth policy with the acquisition on April 7, 2010 of the Everest Gaming Group, a major player in on-line poker and one of the few on-line poker companies with its own technical platform. Following this transaction, Mangas Gaming held 60% of Everest Gaming's share capital, the balance being held by the current stockholder, GigaMedia, a NASDAQ listed company.

  Under the terms of the transaction, the acquisition price of the 60% stake will be based on the valuation of Everest Gaming determined in early 2012. Mangas Gaming made an advance payment of $100 million on April 7, 2010, with a price supplement payable in 2012 based on the fair value measured at this date. Société des Bains de Mer and its subsidiary Monte-Carlo SBM International have agreed to guarantee the payment of the price supplement to GigaMedia for a maximum amount of $60 million. They have also obtained a counter-guarantee for a maximum amount of €20 million from Mangas Lov, a subsidiary of Financière Lov, through a demand guarantee backed by a Mangas Lov pledge of 20,000 Mangas Gaming shares, which represents nearly 10% of the Mangas Gaming share capital, the entire package coming into force on April 7, 2010. The two associates – Monte-Carlo SBM International and Mangas Lov – each granted a loan of €30 million to help finance the $100 million advance paid in April 2010.

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

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

The decision was made in November 2010 to change the company name from Mangas Gaming to BetClic Everest Group. The new company name is used throughout this report.

Finally, on May 30, 2011, BetClic Everest Group purchased 5% of the Bet-At-Home minority interests from its founders and now holds 56% of this company.

In addition to the measures described above, Mangas Lov and Groupe SBM, the two shareholders of BetClic Everest Group, will undertake additional financing commitments. Accordingly, as part of its effective treasury management policy, BetClic Everest Group may receive surplus cash investments from certain subsidiaries. The repayment of investments received from Bet-At-Home is guaranteed on a joint partnership basis by the two shareholders of BetClic Everest Group. As of January 2011, the corresponding guarantee given by the S.B.M. Group covers an amount of €7 million. Similarly, current account advances representing €3.6 millions for each partner were granted at the end of May 2011.

NOTE 3 - INTANGIBLE ASSETS

in thousands of euros	March 31, 2010	Increases	Decreases	March 31, 2011
GROSS VALUES				
Concessions and similar rights	19,574	2,625	(1)	22,197
Other	18			18
Assets under development	1,664	290		1,954
TOTAL GROSS VALUES	21,256	2,914	(1)	24,170
AMORTIZATION AND PROVISIONS	18,776	763	(1)	19,538
TOTAL NET VALUES	**2,481**	**2,151**		**4,632**

NOTE 4 - PROPERTY, PLANT & EQUIPMENT

in thousands of euros	March 31, 2010	Increases	Decreases	March 31, 2011
GROSS VALUES				
Land	119,969	104	(0)	120,074
Buildings	633,834	55,331	(12,876)	676,289
Industrial and technical plant	182,245	25,221	(9,727)	197,740
Other property, plant & equipment	54,134	8,338	(2,482)	59,989
Payments on account on PP&E under construction (1)	42,430	(27,481)	(1,682)	13,266
TOTAL GROSS VALUES	1,032,613	61,513	(26,768)	1,067,358
DEPRECIATION AND PROVISIONS				
Land	38,106			38,106
Buildings	359,400	21,451	(11,338)	369,513
Industrial and technical plant	130,304	15,665	(9,645)	136,324
Other property, plant & equipment	40,028	4,796	(2,353)	42,470
TOTAL DEPRECIATION AND PROVISIONS	567,838	41,913	(23,337)	586,414
TOTAL NET VALUES	**464,774**	**19,600**	**(3,431)**	**480,944**

(1) of which €5,657,000 for the restructuring of the Casino and €3,094,000 regarding the work at the Sporting d'hiver.

Property, plant & equipment were subject to revaluations:

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

  The corresponding entry for this revaluation was recorded in equity under "revaluation reserves". Only the part of the revaluation in respect of land, which amounted to €23,945,000, was maintained in this account as of March 31, 2011.

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

  The corresponding entry of this non-statutory revaluation is recorded in equity under the heading "revaluation reserves". The accumulated depreciation in respect of this revaluation amounted to €88,420,000 as of March 31, 2011 and the annual charge totalled €1,524,000.

NOTE 5 - LONG-TERM INVESTMENTS

in thousands of euros	Net value March 31, 2010	Gross value March 31, 2011	Write-down March 31, 2011	Net value March 31, 2011
LONG-TERM INVESTMENTS				
Participating interests & related receivables	196,617	242,095	12,993	229,102
Other equity investments	22,862	16,519	8	16,511
Loans	275	612	338	274
Other long-term investments	220	252	31	221
TOTAL	**219,975**	**259,479**	**13,370**	**246,109**

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

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

The heading "Other equity investments" comprises the acquisition cost of the Wynn Resorts, Limited securities in the amount of €16,511,000 (counter-value as of March 31, 2011 of $19,500,000 for the 1.3 million shares at $15). The Wynn Resorts share is listed on the NASDAQ and its closing price as of March 31, 2011 was $127.16 (code: WYNN).

NOTE 6 - ACCRUED INCOME

Accrued income is included in the following balance sheet items:

in thousands of euros	March 31, 2010	March 31, 2011
LONG-TERM INVESTMENTS		
Loans to participating interests	2,763	3,266
RECEIVABLES		
Operating receivables	122	94
Sundry receivables		
MARKETABLE SECURITIES & CASH AT BANK AND IN HAND		
Marketable securities		
Cash at bank and in hand		
TOTAL	**2,885**	**3,361**

NOTE 7 - CHANGES IN EQUITY

in thousands of euros	Common stock	Addt'l paid-in capital	Revaluation reserves	Reserves & retained earnings	Net Income	Investment grant	Equity
AS OF MARCH 31, 2010	**18,128**	**5,374**	**191,638**	**344,286**	**13,877**	**12,515**	**585,818**
Prior year appropriation				13,877	(13,877)		
Dividends & bonus percentage of profits				(592)			(592)
Share capital increase	32						32
Net income for the period					8,426		8,426
Other changes						(1,038)	(1,038)
AS OF MARCH 31, 2011	**18,160**	**5,374**	**191,638**	**357,570**	**8,426**	**11,477**	**592,646**

Following the capital increase authorized by the Extraordinary General Meeting of September 24, 2010, resulting in the issue of 32,270 new shares, the common stock of Société des Bains de Mer comprises 18,160,490 shares each with a par value of €1:

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

The Monegasque State owned 69% of the common stock as of March 31, 2011 and is the sole declared shareholder with an interest exceeding the 5% threshold.

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

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

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

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

NOTE 8 - PROPOSED APPROPRIATION OF EARNINGS

in thousands of euros		2010/2011 Fiscal year
ORIGINAL APPROPRIATION		
Net income for the year		8,426
Retained earnings		196,500
TOTAL TO BE APPROPRIATED		**204,926**
PROPOSED APPROPRIATION		
Cumulative preferred dividend	€0.01 x 18,160,490 shares	182
Statutory reserve		3
Contingency reserve		169
Board of Directors		247
Retained earnings		204,325
TOTAL PROPOSED APPROPRIATION		**204,926**

NOTE 9 - INVESTMENT GRANTS

in thousands of euros	Net value March 31, 2010	Grant received	Added back to profit or loss	Net value March 31, 2011
TOTAL	**12,515**		**(1,038)**	**11,477**

As part of the refurbishment of the Salle Garnier of the Monte-Carlo Opera, completed in September 2005 for €26,126,000, the Group received financing aid from the Principality Government in the form of an investment grant for a total of €17,535,000. Since the grant was added back to profit or loss at the same rate as the depreciation of the assets it was used to finance, an income of €1,038,000 was recognized in exceptional items for fiscal year 2010/2011.

NOTE 10 - PROVISIONS FOR CONTINGENCIES AND LOSSES

in thousands of euros	March 31, 2010	Increases	Write-back used	Write-back not used	March 31, 2011
PROVISIONS FOR CONTINGENCIES AND LOSSES					
Provisions for litigation	1,997	699	(2)	(541)	2,153
Other contingency provisions	6,071	2,360	(244)	(29)	8,158
Pension commitments and related commitments (1)	24,367	1,681		(2,346)	23,702
Other loss provisions					
TOTAL	**32,436**	**4,740**	**(246)**	**(2,916)**	**34,013**

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

The actuarial assumptions adopted as of March 31, 2011 are as follows:

- retirement age: 62
- adjustment rate: salaries 3.0% to 3.50% according to the category – annuities 2.5%
- probability of being present in the Company at retirement age: employee turnover rate by grade
- discounting rate: yield to maturity of private bonds issued by an entity in the public sector with the same term as the average residual term of the commitments (4.81% at 15 years)
- life expectancy tables: TVTD 88/90 for retirement termination payments – TPRV 93 for pension commitments.

These obligations are valued at €23.9 million as of March 31, 2011. As the actuarial gains and losses recognized at each estimate are recorded in profit or loss on a straight-line basis over the average remaining life of obligations, a difference of €0.2 million arose between the valuation and the amount of the provision, representing the balance of actuarial gains and losses to be recognized over future periods. The inclusion of these actuarial gains and losses in profit or loss resulted in an expense of €15,000 for fiscal year 2010/2011.

NOTE 11 - BORROWINGS

in thousands of euros	March 31, 2010	March 31, 2011
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	32,284	1,737
Due date more than 1 year	3,005	3,515
TOTAL	**35,289**	**5,251**

The “Borrowings” line item includes current bank loans and draw-downs on the opening of the revolving credit facility set up in 2004. With a term of 10 years and four months as of December 1, 2004, this credit facility calls for a maximum principal amount of €160 million to be used in the form of floating-rate draw-downs.The maximum amount of draw-downs is subject to successive decreases during the last five years. As of March 31, 2011, the available amount is capped to € 140 million.

An interest rate risk management mechanism was set up for a period of 6 years until 2011. This contract was extended in early April 2011 for a period of 5 years and is described in the second paragraph of Note 19 Financial instruments.

Other “Borrowings and financial liabilities” concern guarantees received from third parties.

NOTE 12 - OTHER LIABILITIES

in thousands of euros	March 31, 2010	March 31, 2011
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	115,165	119,257
Due date more than 1 year	21,552	60,750
TOTAL	**136,717**	**180,008**

NOTE 13 - ACCRUED EXPENSES

Accrued expenses are included in the following balance sheet items:

in thousands of euros	March 31, 2010	March 31, 2011
Trade payables and related accounts	7,490	8,123
Tax and employee-related liabilities	25,267	25,705
Other liabilities	2,689	3,023
Amounts payable on PP&E and related accounts	2,953	5,986
TOTAL	**38,399**	**42,838**

NOTE 14 - BALANCE SHEET ITEMS

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

in thousands of euros	Amount relating to: Related undertakings	Amount relating to: Companies in which SBM has an interest
Participating interests (net)	229,102	
Various receivables	41,952	181
Other liabilities	9,573	

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

Irrecoverable trade receivables were recognized in fiscal year 2010/2011 under "Other expenses" for €3 million, compared to €2.3 million in the previous year. The provisions previously set aside in the same amounts were written back.

NOTE 16 - NET INCOME FROM FINANCIAL ITEMS

The item primarily comprises the €5.5 million dividend distribution carried out by Wynn Resorts, Limited.

NOTE 17 - EXCEPTIONAL ITEMS

Exceptional items in 2010/2011 included the sale of 500,000 Wynn Resorts, Limited shares for $47.1 million or €34.6 million, generating a €28.3 million capital gain.

In addition, current account advances to Monaco Sports Partenaires were written down for €5,000,000 in fiscal year 2010/2011.

NOTE 18 - HUMAN RESOURCES

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

	March 31, 2010	March 31, 2011
Managers	484	508
Supervisors	138	137
Employees	2,392	2,468
TOTAL	**3,014**	**3,112**

NOTE 19 - FINANCIAL INSTRUMENTS

- ***Interest rate instruments***

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

  This instrument covers a period of six years as from April 1, 2005 and caps the interest rate at 4.19%. The hedged notional amount increases over the first year up to a maximum amount of €117 million, and is amortized over the period to maturity. It cannot be designated as a hedging instrument in an accounting sense. Expiring in April 2011, this interest rate instrument was renewed in the same format for a notional amount of €100 million and a period of five years. The interest rate of this new contract was capped at 4.02%.

- ***Foreign exchange instruments***

  As virtually all the Company's operations are conducted in euros, there is little foreign exchange risk. However, commercial activities originating from issuer markets in the dollar zone (United States and Canada) remain vulnerable to exchange rate fluctuations. Forward sales were carried out in December 2010 in the amount of US$30 million maturing in April 2011. Combined with the equity instruments described below, these instruments covering 300,000 Wynn Resorts shares were designated as fair value hedging instruments.

- ***Equity instruments***

The Company wished to hedge a portion of its investment in the US company, Wynn Resorts, Limited involving 300,000 shares against equity risk, by entering into forward sale derivatives, guaranteeing a price of around $103 for the aforementioned shares at the contract maturity date, i.e. April 29, 2011. Set up in December 2010, these contracts were settled at maturity. Combined with the foreign exchange instruments mentioned above, these instruments covering 300,000 Wynn Resorts shares were designated as fair value hedging instruments.

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

in thousands of euros	March 31, 2010	March 31, 2011
Interest rate instruments		1,314
Foreign exchange instruments	(447)	(80)
Equity instruments		(5,082)
TOTAL	**(447)**	**(3,848)**

NOTE 20 - OFF-BALANCE SHEET COMMITMENTS

in thousands of euros	March 31, 2010	March 31, 2011
COMMITMENTS GIVEN		
Deposits and guarantees (1)	97	89,233
COMMITMENTS RECEIVED		
Shares deposited by directors	5	6
Deposits and guarantees (2)	6,760	49,452
RECIPROCAL COMMITMENTS		
Firm capital expenditure orders (3)	41,466	20,613
Other firm orders (4)	9,310	9,016
Opening of credit facility and confirmed unused overdrafts	135,000	145,000

(1) Guarantees given mainly arise from the obligations relating to the Betclic Everest Group in respect of the Everest price supplement or the bank financing guarantee described in Note 2.

(2) Commitments received mainly comprise the counter-guarantees obtained with respect to the commitments mentioned in paragraph (1) above. These guarantees received are also described in Note 2. These commitments received also include the completion bonds issued by banks with respect to development operations.

(3) Firm capital expenditure orders mainly comprise commitments undertaken in connection with investment and renovation projects, including the Hôtel Hermitage (€2,844,000) and the Casino building (€6,148,000).

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

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

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

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

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

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

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

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

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

NOTE 21 - SUBSIDIARIES AND INVESTMENTS

Detailed financial information on subsidiaries and affiliates (in thousands of euros)	Common stock	Other share-holders' equity (before appropriation of earnings)	% of common stock held	Net income or loss from prior year	Gross value of investments	Net book value of investments	Loans & related receivables	Deposits & guarantees	Dividends paid
Société Anonyme Monégasque des Thermes Marins Monte-Carlo (S.T.M.) - Monaco	2,000	(4,041)	96.00	279	2,352				
Société Anonyme Monégasque d'Entreprise de Spectacles (S.A.M.E.S.) - Monaco	150	341	99.20	125	38	38			57
Société Anonyme Monégasque Générale d'Hôtellerie (SOGETEL) - Monaco	1,000	1,658	97.00	382	955	955			776
Société Financière et d'Encaissement (S.F.E.) - Monaco	1,000	243	97.00	33	822	822			
S.B.M. Incorporated New York (Etats-Unis)	641	(761)	100.00	5	641				
Société Civile Particulière Soleil du Midi - Monaco	2		99.00		13,360	13,360	149		
Société Civile Immobilière de l'Hermitage - Monaco	150	27	1.00	(28)	138	138	35,573		
Monaco Sports Partenaires	150		40.00		60	60	9,940		
S.à.r.l. Monte-Carlo SBM International - Luxembourg	1,000	(1,752)	100.00	(826)	1,000	1,000	177,059		

CONTRACTUAL AUDITOR'S AND STATUTORY AUDITORS' REPORT

on the financial statements prepared in accordance with French accounting regulations. Year ended March 31, 2011

To the Stockholders,

We have audited the accompanying financial statements, prepared in accordance with French accounting regulations, of Société des Bains de Mer et du Cercle des Etrangers à Monaco for the year ended March 31, 2011.

Management's Responsibility for the Financial Statements

These financial statements have been approved by the Board of Directors in a context of heavy market volatility and economic and financial crisis, characterized by uncertain future prospects, as was the case at the 2010 year-end closing. Management is responsible for the preparation and fair presentation of these financial statements in accordance with French accounting regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of March 31, 2011 and the results of its operations for the year then ended, in accordance with French accounting regulations.

Neuilly-sur-Seine and Monaco, July 27, 2011

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

COMPANY RESULTS OVER THE LAST FIVE FISCAL YEARS

	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
Stockholders' equity					
Common stock (in thousands of euros)	18,160	18,128	18,062	18,062	18,029
Number of ordinary shares	18,160,490	18,128,220	18,062,140	1,806,214	1,802,920
Operations and income for the year (in thousands of euros)					
Revenues before income tax	338,176	356,325	380,539	435,690	374,474
Net income/(loss) after income tax, but before depreciation, amortization & provisions	55,119	61,005	72,114	129,262	86,583
Net income/(loss) after income tax, depreciation, amortization & provisions	8,426	13,877	38,962	90,528	51,508
Dividends paid to stockholders	182	182	10,877	19,868	12,620
Per share data (1) (in euros)					
Net income/(loss) after income tax, but before depreciation, amortization & provisions	3.04	3.37	3.99	71.57	48.02
Net income/(loss) after income tax, depreciation, amortization & provisions	0.46	0.77	2.16	50.12	28.57
Dividend per share including cumulative preffered dividend	0.01	0.01	0.60	11.00	7.00
Employees					
Number of employees as of March 31	2,986	2,990	2,878	2,982	2,877
Total payroll for the year (2) (in thousands of euros)	107,995	100,393	101,824	104,582	95,338
Employee benefits for the year (social security, social welfare, etc.) (3) (in thousands of euros)	49,210	46,146	47,829	48,752	46,007

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

(2) excluding funds and pools

(3) including retirement expenses

GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2011

IN THOUSANDS OF EUROS

ASSETS		2010/2011 FISCAL YEAR	2009/2010 FISCAL YEAR
Goodwill	Note 4		
Intangible assets	Note 4	**4,642**	**2,487**
Property, plant & equipment	Note 5	**536,099**	**513,593**
Equity investments		84,002	131,511
Available-for-sale financial assets		89,515	101,333
Other non-current financial assets		98,044	71,153
Non-current financial assets	Note 6	**271,560**	**303,997**
NON-CURRENT ASSETS		**812,301**	**820,077**
Inventory	Note 7	13,387	13,473
Trade receivables	Note 8	28,791	17,829
Other receivables	Note 9	13,847	17,957
Other financial assets	Note 10	1,417	107
Cash and cash equivalents	Note 11	41,744	70,344
CURRENT ASSETS		**99,187**	**119,710**
Assets held for sale		26,852	
TOTAL ASSETS		**938,339**	**939,787**

LIABILITIES & EQUITY		2010/2011 FISCAL YEAR	2009/2010 FISCAL YEAR
Common stock		18,160	18,128
Additional paid-in capital		5,374	5,374
Reserves		541,230	540,749
Reserves related to the change in fair value of financial assets registred in equity		75,024	79,858
Consolidated net income for the period		(17,329)	1,074
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**622,460**	**645,183**
Minority interests		134	145
EQUITY		**622,594**	**645,329**
Financial liabilities and borrowings	Note 12	65,289	66,726
Employee benefits	Note 13	23,773	24,431
Provisions	Note 14	5,248	3,883
Other non-current liabilities	Note 15	71,242	35,233
TOTAL NON-CURRENT LIABILITIES		**788,147**	**775,601**
Trade payables	Note 16	24,203	21,294
Other payables	Note 17	111,905	107,329
Provisions	Note 14	3,770	3,068
Financial liabilities	Note 12	10,314	32,495
Bank	Notes 11 & 12		
TOTAL CURRENT LIABILITIES		**150,193**	**164,186**
TOTAL LIABILITIES & EQUITY		**938,339**	**939,787**

CONSOLIDATED STATEMENT OF INCOME

IN THOUSANDS OF EUROS

		2010/2011 FISCAL YEAR	2009/2010 FISCAL YEAR
Revenue	Note 18	**361,666**	**374,071**
Cost of goods sold, raw materials & other supplies		(40,752)	(36,856)
Other external charges		(98,077)	(93,099)
Taxes and similar payments		(23,693)	(27,823)
Wages and salaries	Note 19	(173,856)	(162,252)
Depreciation and amortization	Notes 4 & 5	(43,353)	(39,992)
Other operating income and expenses	Note 20	(3,620)	(2,477)
Operating income	Note 21	**(21,685)**	**11,572**
Income from cash and cash equivalents		131	558
Gross finance costs		(629)	(904)
Net finance costs	Note 22	**(498)**	**(346)**
Other financial income and expenses	Note 22	29,832	(1,535)
Income tax expense		(9)	
Net profit/(loss) of associates	Note 6	(24,955)	(8,605)
CONSOLIDATED NET INCOME		**(17,315)**	**1,087**
Minority interest share		(13)	(13)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(17,329)**	**1,074**
Number of shares issued		18,160,490	18,128,220
Net earnings per share (in euros)		(0.95)	0.06
Net diluted earnings per share (in euros)		(0.95)	0.06

STATEMENT OF COMPREHENSIVE INCOME

	2010/2011 FISCAL YEAR	2009/2010 FISCAL YEAR
CONSOLIDATED NET INCOME ATTRIBUTABLE EQUITY HOLDERS OF THE PARENT	**(17,329)**	**1,074**
Other comprehensive income:		
- Gains and losses on the remeasurement of available for-sale financial assets (IAS 39)	17,719	74,253
- Share of profit/(loss) of associates	(22,554)	1,456
TOTAL COMPREHENSIVE INCOME	**(22,163)**	**76,783**

CONSOLIDATED STATEMENT OF CASH FLOWS

IN THOUSANDS OF EUROS

		2010/2011 FISCAL YEAR	2009/2010 FISCAL YEAR
OPERATING ACTIVITIES			
Consolidated net income attributable to equity holders of the parent		(17,329)	1,074
Minority interest share		13	13
Amortization		43,353	39,992
Net profit/(loss) of associates		24,955	8,605
Portion of investment grant recorded in profit or loss		(1,038)	(1,102)
Changes in provisions		1,409	3,803
Gains and losses on changes in fair value		(328)	(54)
Other income and expenses calculated		5,021	5,015
Capital gains and losses on disposal		(18,722)	253
Cash generated from operations		**37,336**	**57,598**
Net finance costs (excluding change in fair value) and income tax expense		870	400
Cash generated from operations before net finance costs and income tax expense		**38,207**	**57,998**
Tax paid			
Decrease / (increase) in WCR relating to operations		36,075	4,736
CASH FLOW FROM OPERATING ACTIVITIES		**74,282**	**62,735**
INVESTING ACTIVITIES			
Purchase of PP&E and intangible assets	Notes 4,5 & 6	(69,893)	(59,348)
Gains on disposal of PP&E and intangible assets	Notes 4,5 & 6	28,643	218
Impact of changes in scope of consolidation			(139,827)
Change in loans and advances granted		(31,849)	(8,241)
CASH FLOW USED IN INVESTING ACTIVITIES		**(73,100)**	**(207,198)**
FINANCING ACTIVITIES			
Dividends paid		(617)	(12,116)
Minority contributions and changes in scope of consolidation			
Share capital increase		32	66
Changes in stable financing activities (including credit line)	Note 12	(28,332)	31,363
Net interest received (paid)	Note 22	(870)	(400)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**(29,787)**	**18,913**
CHANGE IN CASH AND CASH EQUIVALENTS		**(28,604)**	**(125,550)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**70,344**	**196,005**
Cash restated at fair value		4	(111)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**41,744**	**70,344**
Cash and cash equivalents - Assets		41,744	70,344
Bank - Liabilities			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN THOUSANDS OF EUROS

	Common stock	Addt'l paid-in capital	Items recognised directly in equity	Reserves and retained earning	Equity attributable to equity holders of the parent	Minority interests	Equity
April 01, 2008	**18,062**	**5,374**	**103,990**	**534,804**	**662,231**	**121**	**662,353**
Dividend paid				(22,581)	(22,581)		(22,581)
Share capital increase							
Change in fair value of financial assets			(99,841)		(99,841)		(99,841)
Net income for the period				40,566	40,566	87	40,653
March 31, 2009	**18,062**	**5,374**	**4,149**	**552,789**	**580,374**	**208**	**580,582**
Dividend paid				(12,040)	(12,040)	(75)	(12,116)
Share capital increase	66				66		66
Change in fair value of financial assets			75,709		75,709		75,709
Net income for the period				1,074	1,074	13	1,087
March 31, 2010	**18,128**	**5,374**	**79,858**	**541,822**	**645,183**	**146**	**645,328**
Dividend paid				(592)	(592)	(24)	(617)
Share capital increase	32				32		32
Change in fair value of financial assets			(4,834)		(4,834)		(4,834)
Net income for the period				(17,329)	(17,329)	13	(17,315)
March 31, 2011	**18,160**	**5,374**	**75,024**	**523,901**	**622,460**	**135**	**622,594**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

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

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

Following the capital increase approved by the Extraordinary General Meeting of September 24, 2010, which resulted in the issue of 32,270 new shares, the share capital of Société des Bains de Mer comprised 18,160,490 shares each with a par value of €1:

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

The State of Monaco, which holds 69% of the share capital as of March 31, 2011, is the sole declared stockholder with an interest exceeding the 5% threshold.

Voting rights (article 30 of the bylaws):

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

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

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

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

The financial statements presented for fiscal year 2010/2011 were approved by the Board of Directors at its meeting held on June 8, 2011 and will be submitted for approval to the general stockholders' meeting which is empowered to amend them.

NOTE 2 - ACCOUNTING RULES AND METHODS

2.1 - Accounting framework

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

IFRS 3 revised and IAS 27 revised, which must now be applied, were subject to early adoption in fiscal year 2009/2010.

The application of other interpretations and standards entering into force in Europe, applicable to fiscal periods beginning on or after January 1, 2010, had no impact on the presentation of the Group financial statements.

The Group did not opt for the early adoption of any standards as of March 31, 2011 and those standards not yet adopted by the European Union that could have an impact for the Group are currently being analyzed.

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

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

2.2 - Method of consolidation

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

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

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

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

Such is the case for the subsidiary S.B.M. Inc. in the US, which simply serves as a sales office.

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

• 2.2.2. Companies consolidated as of March 31, 2011

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

• 2.2.3. Accounting period-end

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

• 2.2.4. Management estimates

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

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

• 2.2.5. Goodwill

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

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

• 2.2.6. Internal transactions

Inter-company accounts and transactions are eliminated on consolidation.

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

• 2.2.7. Translation of financial statements denominated in foreign currencies

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

The Group conducts virtually all its transactions in euros.

2.3 - Accounting policies

• *2.3.1. Intangible assets*

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

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

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

There are no intangible assets with indefinite lives.

• *2.3.2. Property, plant & equipment*

a - Gross value

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

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

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

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

b - Leases

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

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

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

c - Depreciation

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

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

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

• *2.3.3. Impairment of assets*

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

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

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

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

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

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

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

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

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

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

- ***2.3.7. Inventory***

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

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

- ***2.3.8. Trade receivables***

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

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

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

- ***2.3.10. Provisions***

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

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

- ***2.3.11. Employee benefits***

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

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

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

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

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

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

- ***2.3.12. Investment grants***

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

- ***2.3.13. Financial instruments***

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

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

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

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

- ***2.3.14. Revenue***

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

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

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

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

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

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

NOTE 3 - HIGHLIGHTS OF THE YEAR AND SUBSEQUENT EVENTS

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

The Group sold an initial tranche of 217,491 shares in April 2010 in the amount of $20 million or €15 million, generating a capital gain of €12.2 million. A second tranche of 282,509 shares was sold in October 2010 in the amount of $27.1 million or €19.6 million, generating a capital gain of €16.1 million. Following the disposal of these shares, the Group still held 1,300,000 shares in Wynn Resorts, Limited, equivalent to around 1.1% of capital, at the year-end.

In December 2010, Wynn Resorts, Limited paid out a dividend of $8 per share to holders of shares registered as of November 23, 2010. This distribution generated financial income of €5.5 million, net of a 30% withholding tax, which had a positive impact on the financial statements for the year ended March 31, 2011.

Finally, the Group wished to hedge a portion of its investment in the US company, Wynn Resorts, Limited involving 300,000 shares against equity risk, by entering into forward sale derivatives, guaranteeing a price of around $103 for the aforementioned shares at the contract maturity date, i.e. April 29, 2011. At the same time, forward sales were also carried out in December 2010 in the amount of $30 million and maturing in April 2011 to guarantee a euro/US dollar parity.

These equity and foreign exchange instruments were designated as fair value hedging instruments with regard to the aforementioned 300,000 Wynn Resorts shares.

- ***Belle Epoque building***

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

In accordance with the amendment's provisions, the Group received an initial payment of €20 million, representing almost 30% of the total compensation receivable, with the remainder to be paid in three installments in 2014, 2019 and 2024. In the first months of fiscal year 2010/2011, Portview, the long-term lease holder, offered to pay the remaining compensation immediately to Société des Bains de Mer, by adjusting its amount to take into account the early nature of this payment. The parties agreed to reduce the amount to €36.5 million. The Group received full payment at the start of September 2010.

The compensation received was recorded in profit or loss over the term of the lease.

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

Since May 2009, the Group has held a 50% joint stake in Mangas Gaming with Mangas Lov, a company controlled by Mr. Stéphane Courbit.

Following the acquisitions of on-line gaming and sports betting operators BetClic, Bet-At-Home and Expekt, Mangas Gaming pursued its external growth policy with the acquisition on April 7, 2010 of the Everest Gaming Group, a major player in on-line poker and one of the few on-line poker companies with its own technical platform. Following this transaction, Mangas Gaming held 60% of Everest Gaming's share capital, the balance being held by the current stockholder, GigaMedia, a NASDAQ listed company.

Under the terms of the transaction, the acquisition price of the 60% stake will be based on the valuation of Everest Gaming determined in early 2012. Mangas Gaming made an advance payment of $100 million on April 7, 2010, with a price supplement payable in 2012 based on the fair value measured at this date. Société des Bains de Mer and its subsidiary Monte-Carlo SBM International have agreed to guarantee the payment of the price supplement to GigaMedia for a maximum amount of $60 million. They have also obtained a counter-guarantee for a maximum amount of €20 million from Mangas Lov, a subsidiary of Financière Lov, through a demand guarantee backed by a Mangas Lov pledge of 20,000 Mangas Gaming shares, which represents nearly 10% of the Mangas Gaming share capital, the entire package coming into force on April 7, 2010. The two associates – Monte-Carlo SBM International and Mangas Lov – each granted a loan of €30 million to help finance the $100 million advance paid in April 2010.

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

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

The decision was made in November 2010 to change the company name from Mangas Gaming to BetClic Everest Group. The new company name is used throughout this report.

Finally, on May 30, 2011, BetClic Everest Group purchased 5% of the Bet-At-Home minority interests from its founders and now holds 56% of this company.

In addition to the measures described above, Mangas Lov and Groupe SBM, the two shareholders of BetClic Everest Group, will undertake additional financing commitments. Accordingly, as part of its effective treasury management policy, BetClic Everest Group may receive surplus cash investments from certain subsidiaries. The repayment of investments received from Bet-At-Home is guaranteed on a joint partnership basis by the two shareholders of BetClic Everest Group. As of January 2011, the corresponding guarantee given by the S.B.M. Group covers an amount of €7 million. Similarly, current account advances representing €3.6 millions for each partner were granted at the end of May 2011.

NOTES TO THE CONSOLIDATED BALANCE SHEET

NOTE 4 – GOODWILL AND INTANGIBLE ASSETS

in thousands of euros	Goodwill	Concessions and similar rights	Other	Assets in progress	Total intangible assets
Gross values as of April 1, 2009	20	24,127	627	1,110	25,865
Entry into the consolidation scope	90	12			12
Acquisitions		284	90	554	929
Asset disposals / removals		(7)			(7)
Gross values as of March 31, 2010	110	24,417	718	1,664	26,799
Amortization / impairment as of April 1, 2009	20	22,989	627		23,616
Entry into the consolidation scope		10			10
Amortization / impairment	90	693			693
Asset disposals / removals		(7)			(7)
Amortization as of March 31, 2010	110	23,685	627		24,313
NET VALUES AS OF MARCH 31, 2010		**732**	**90**	**1,664**	**2,486**
Gross values as of April 1, 2010	110	24,417	718	1,664	26,799
Entry into the consolidation scope					
Acquisitions		2,634		290	2,923
Asset disposals / removals		(13)			(13)
Net values as March 31, 2011	110	27,037	718	1,954	29,709
Amortization / impairment as of April 1, 2010	110	23,685	627		24,313
Entry into the consolidation scope					
Amortization / impairment		768			768
Asset disposals / removals		(13)			(13)
Amortization / impairment as of March 31, 2011	110	24,440	627		25,067
NET VALUES AS OF MARCH 31, 2011		**2,597**	**90**	**1,954**	**4,642**

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

“Intangible assets” primarily comprises:

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

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

in thousands of euros	Land	Buildings	Industrial and technical plant	Other property plant & equipment	Payments on account PP&E under construction	Total
Gross values as of April 1, 2009	158,461	616,748	174,693	56,741	25,635	1,032,280
Entry into the consolidation scope		456	23	65		544
Acquisitions	8	20,774	14,660	4,188	25,380	65,010
Asset disposals / removals		(3,315)	(3,988)	(3,491)		(10,794)
Gross values as of March 31, 2010	158,469	634,663	185,389	57,504	51,016	1,087,040
Amortization as of April 1, 2009	38,106	342,657	122,253	41,171		544,188
Entry into the consolidation scope		217	14	53		284
Amortization charges		20,121	14,404	4,774		39,299
Asset disposals / removals		(3,212)	(3,795)	(3,317)		(10,324)
Amortization as of March 31, 2010	38,106	359,783	132,876	42,682		573,447
NET VALUES AS OF MARCH 31, 2010	**120,363**	**274,880**	**52,513**	**14,822**	**51,016**	**513,593**
Gross values as of April 1, 2010	158,469	634,663	185,389	57,504	51,016	1,087,040
Entry into the consolidation scope						
Acquisitions	104	55,383	25,557	8,547	(20,931)	68,661
Asset disposals / removals	(0)	(13,250)	(9,840)	(2,999)	(1,682)	(27,772)
Gross values as of March 31, 2011	158,574	676,796	201,106	63,052	28,403	1,127,929
Amortization as of April 1, 2010	38,106	359,783	132,876	42,682		573,447
Entry into the consolidation scope						
Amortization charges		21,550	15,856	5,179		42,585
Asset disposal / removals		(11,602)	(9,729)	(2,870)		(24,201)
Amortization as of March 31, 2011	38,106	369,731	139,002	44,991		591,830
NET VALUES AS OF MARCH 31, 2011	**120,467**	**307,064**	**62,103**	**18,061**	**28,403**	**536,099**

a - Legal regime for certain real-estate assets

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

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

In these terms of reference, it is stated that at the end of the current gaming rights concession, or in the event of further renewals at the end of the last extension, Société des Bains de Mer will hand over free of charge to the concession granting authority the Monte-Carlo Casino including its terraces and Square. Based on capitalized assets as of March 31, 2011, the estimated residual value of these properties upon expiry of the current concession would be around €7.7 million.

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

- Café de Paris
- Hôtel de Paris and gardens
- Sporting Monte-Carlo
- Hôtel Hermitage.

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

b - Assets held under finance leases

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

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

In thousands of euros	Equity investments (1)	Available or sale financial assets (2)	Long-term loans	Other financial assets (3)	Total non current financial assets	Assets held for sale
Gross values as of April 01, 2009		27,728	382	3,208	31,319	
Acquisitions	138,660		48	71,653	71,701	
Disposals				(9)	(9)	
Reclassifications			(11)		(11)	
Changes in value	(7,149)	74,253		1,159	75,412	
Gross values as of March 31, 2010	131,511	101,982	419	76,012	178,413	
Impairment as of April 01, 2009		649	236	26	911	
Impairment / reversal of impairment			11	5,004	5,015	
Impairment as of March 31, 2010		649	247	5,031	5,926	
NET VALUES AS OF MARCH 31, 2010	**131,511**	**101,333**	**172**	**70,981**	**172,486**	
Gross values as of April 1, 2010	131,511	101,982	419	76,012	178,413	
Acquisitions			2	30,000	30,002	
Disposals		(28,290)	(1)	(4)	(28,295)	
Reclassifications		(26,911)		60	(26,852)	26,852
Changes in value	(47,509)	43,382		1,835	45,217	
Gross values as of March 31, 2011	84,002	90,163	420	107,902	198,485	26,852
Impairment as of April 1, 2010		649	247	5,031	5,927	
Impairment / reversal of impairment				5,000	5,000	
Impairment as of March 31, 2011		649	247	10,031	10,927	
NET VALUES AS OF MARCH 31, 2011	**84,002**	**89,515**	**173**	**97,871**	**187,559**	**26,852**

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

On May 19, 2009, the S.B.M. Group acquired 50% of BetClic Everest Group by subscribing to a capital increase through its subsidiary Monte-Carlo SBM International in the amount of €70 million.

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

As provided for in the agreements, the S.B.M. Group also granted BetClic Everest Group a loan in the maximum amount of €70,million, in the form of current account advances not bearing interest until June 30, 2012. The agreements provide for different repayment terms and conditions for this advance, particularly repayment by offsetting at the time of the Subsequent Capital Increase.

- **Recap of the initial acquisition cost of the BetClic Everest Group securities**

  The total price for the 104,949 shares acquired by the Group in May of 2009 amounted to €138,660,000 and breaks down as follows:

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

  The debt corresponding to the estimated price supplement payable in 2012 was recorded under Amounts owed to participating interests in “Borrowings and financial liabilities”. After reverse discounting, the fair value of this debt totalled €66.7 million as of March 31, 2011.

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

in thousands of euros	2010/2011 Fiscal year	2009/2010 Fiscal year
Value of securities at the beginning of the period	**131,511**	**138,660**
Share of net income of the period	(24,955)	(8,605)
Transactions recognized directly in equity		
- valuation differences on transactions with minority interests (Bet-At-Home, Everest)	(21,285)	1,456
- exchange differences	(1,269)	
Change in the period	(47,509)	(7,149)
Value of securities at the end of the period	**84,002**	**131,511**
Of which goodwill	76,171	76,171

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

The financial statements approved by the S.B.M. group as of March 31, 2011 can be summarized as follows:

in thousands of euros	Assets	Liabilities	Equity attributable to equity holders of the parent (*)	Net gaming income	Net income attributable to equity holders of the parent (*)
Agregates prepared in accordance with IFRS	426,005	403,260	15,664	235,509	(49,911)

* these amounts correspond to the period from April 1, 2010 to March 31, 2011. For this period, the operating loss before the net change in depreciation, amortization and provisions and before the recognition of expenses incurred for various acquisitions totalled - €13.7 million.

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

- the recognition of the equity and debt of the subsidiary, S.B.M. U.S.A. Incorporated, for a gross value of €641,000, fully written down as of March 31, 2011
- the recording of 1,000,000 Wynn Resorts shares at their fair value , i.e. €89,505,000. The Wynn Resorts share price, as listed on the NASDAQ, stood at $127.16 as of March 31, 2011, whereas the unit acquisition price was $15 in June 2003. The 1,000,000 shares represent approximately 0.8% of the Wynn Resorts, Limited share capital.

Furthermore, changes in fair value with respect to the investment in Wynn Resorts, Limited over the period resulted in the recognition of a gain directly in equity for €17,719,000 and a gain of €3,724,000 in “Other financial income and expenses” corresponding to the changes in the value of the securities hedged by the instruments described in Notes 3 and 24.

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

- the recognition of current account advances granted to Monaco Sports Partenaires for a gross value of €9,940,000, of which €9,940,000 was written down in fiscal year 2010/2011
- the recording of the €70 million current account advance to Betclic Everest Group, pursuant to the agreements, at its fair value, i.e. €67,634,000
- the €30 million loan granted to the Betclic Everest Group as part of the acquisition of Everest Gaming.

NOTE 7 - INVENTORY

in thousands of euros	Inventory
Gross value as of March 31, 2010	13,584
Write-down as of March 31, 2010	111
NET VALUE AS OF MARCH 31, 2010	**13,473**
Gross value as of March 31, 2011	13,489
Write-down as of March 31, 2011	102
NET VALUE AS OF MARCH 31, 2011	**13,387**

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

NOTE 8 - TRADE RECEIVABLES

in thousands of euros	Trade receivables
Gross value as of March 31, 2010	54,653
Write-down as of March 31, 2010	36,824
NET VALUE AS OF MARCH 31, 2010	**17,829**
Gross value as of March 31, 2011	63,498
Write-down as of March 31, 2011	34,707
NET VALUE AS OF MARCH 31, 2011	**28,791**

Trade receivables primarily involve the Gaming Sector.

NOTE 9 - OTHER RECEIVABLES

in thousands of euros	Payments on account	Other operating receivables (1)	Sundry receivables	Prepaid expenses	Total
Gross value as of March 31, 2010	1,498	5,602	1,994	10,128	19,223
Write-down as of March 31, 2010		5	1,261		1,266
NET VALUE AS OF MARCH 31, 2010	**1,498**	**5,598**	**733**	**10,128**	**17,957**
Gross value as of March 31, 2011	982	4,318	2,109	7,699	15,109
Write-down as of March 31, 2011			1,261		1,261
NET VALUE AS OF MARCH 31, 2011	**982**	**4,318**	**848**	**7,699**	**13,847**

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

NOTE 10 - OTHER FINANCIAL ASSETS

in thousands of euros	Loans	Other financial assets	Fair value of derivative instruments (1)	Total
Gross value as of March 31, 2010	177			177
Write-down as of March 31, 2010	70			70
NET VALUE AS OF MARCH 31, 2010	**107**			**107**
Gross value as of March 31, 2011	174		1,314	1,488
Write-down as of March 31, 2011	70			70
NET VALUE AS OF MARCH 31, 2011	**104**		**1,314**	**1,418**

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

NOTE 11 - CASH AND CASH EQUIVALENTS

in thousands of euros	March 31, 2010	March 31, 2011
MARKETABLE SECURITIES, CASH AT BANK AND IN HAND AND NET CASH POSITION		
Marketable securities (1)	46,060	15,029
Term and sight deposits	24,285	26,715
TOTAL CASH ASSETS	**70,344**	**41,744**
Creditor banks		
CASH POSITION	**70,344**	**41,744**
(1) including gain (loss) in fair value	7	11

NOTE 12 - BORROWINGS, FINANCIAL LIABILITIES AND CREDITOR BANKS

in thousands of euros	March 31, 2010	March 31, 2011
ANALYSIS BY CATEGORY		
Borrowings with credit institutions	30,323	283
Borrowings relating to finance leases	250	80
Amounts owed to participating interests (1)	64,917	66,728
Other liabilities and deposits	3,283	3,351
Fair value of derivative instruments (2)	447	5,162
Bank accounts showing a credit balance		
TOTAL	**99,220**	**75,603**
ANALYSIS BY REPAYMENT DUE DATES		
Due date less than 1 year	32,495	10,314
Due date of between 1 and 5 years	66,726	65,289
Due date more than 5 years		
TOTAL	**99,220**	**75,603**

(1) Represents the estimated price supplement payable in 2012 with respect to the interest in Betclic Everest Group.

(2) See Note 24 Financial instruments.

To ensure its financing, the Group set up a credit facility with a pool of financial institutions. With a term of 10 years and four months as of December 1, 2004, this credit facility calls for a maximum principal amount of €160 million to be used in the form of floating-rate draw-downs. The maximum amount of draw-downs is subject to successive decreases during the last five years. As of March 31, 2011, the available amount is capped to €140 million.

A mechanism for managing interest rate risk was subscribed for a term of 6 years beginning April 1, 2005. This mechanism is described in the second paragraph of Note 24 Financial instruments.

Confirmed credit lines and overdrafts as of March 31, 2011 break down as follows:

in thousands of euros	Available	Used	Not used
Floating-rate revolving credit facility	140,000		140,000
Confirmed overdrafts	5,000		5,000
TOTAL	**145,000**		**145,000**
ANALYSIS BY REPAYMENT DUE DATES			
Due date less than 1 year	25,000		25,000
Due date of between 1 and 5 years	120,000		120,000
Due date more than 5 years			

NOTE 13 - EMPLOYEE BENEFITS

in thousands of euros	March 31, 2010	Expense for the year	Payments	Other changes	March 31, 2011
Termination benefits	9,312	1,231	(1,179)		9,363
Retirement benefits	14,975	443	(1,145)		14,273
Long-service benefits	144	21	(29)		137
TOTAL	**24,431**	**1,695**	**(2,353)**		**23,773**

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

The actuarial assumptions adopted as of March 31, 2011 are as follows:

- retirement age: 62
- adjustment rate: salaries 3.0% to 3.50% according to the category – annuities 2.5%
- probability of being present in the Company at retirement age: employee turnover rate by grade
- discounting rate: yield to maturity of private bonds issued by an entity in the public sector with the same term as the average residual term of the commitments (4,81% at 15 years)
- life expectancy tables: TVTD 88/90 for retirement termination payments – TPRV 93 for pension commitments.

The actuarial obligation breaks down as follows:

in thousands of euros	Fiscal year 2010/2011
ACTUARIAL OBLIGATION OPENING BALANCE	25,554
Cost of services rendered	601
Interest expense	1,078
Actuarial (gains)/losses	(897)
Benefits paid	(2,353)
ACTUARIAL OBLIGATION CLOSING BALANCE	23,983
Actuarial obligation closing balance	23,983
Unrecognized actuarial gains/(losses)	(211)
PROVISION PRESENTED ON THE BALANCE SHEET	23,772

The expense for the year breaks down as follows:

in thousands of euros	Fiscal year 2010/2011
Cost of services rendered	601
Interest expense	1,078
Amortization of actuarial (gains)/losses	16
EXPENSE FOR THE YEAR	1,695

NOTE 14 - PROVISIONS

The change in non-current provisions for contingencies and losses for the period from March 31, 2010 to March 31, 2011 breaks down as follows:

in thousands of euros	March 31, 2010	Entry into the consolidation scope	Write-back used	Reprise not used	March 31, 2011
NON CURRENT PROVISIONS					
Litigations	950			(500)	450
Other contingencies	2,933	2,000		(134)	4,798
Losses					
TOTAL	**3,883**	**2,000**		**(634)**	**5,248**

The change in current provisions for contingencies and losses for the period from March 31, 2010 to March 31, 2011 breaks down as follows:

in thousands of euros	March 31, 2010	Entry into the consolidation scope	Write-back used	Reprise not used	March 31, 2011
CURRENT PROVISIONS					
Litigations	1,047	699	(2)	(41)	1,703
Other contingencies	2,021	298	(358)	106	2,067
Losses					
TOTAL	**3,068**	**997**	**(360)**	**64**	**3,770**

NOTE 15 - OTHER NON-CURRENT LIABILITIES

In thousands of euros	March 31, 2010	March 31, 2011
Deferred income due in more than one year	21,616	60,803
Investment grant	13,617	10,440
TOTAL	**35,233**	**71,242**

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

In addition, as part of the refurbishment of the Salle Garnier of the Monte-Carlo Opera, completed in September 2005 for €26,126,000, the Group received financing aid from the Principality Government in the form of an investment grant for a total of €17,535,000. Since the grant was added back to profit or loss at the same rate as the depreciation of the assets it was used to finance, an income of €1,038,000 was recognized in profit or loss for fiscal year 2010/2011.

The grant balance to be recognized in future fiscal years, i.e. €11,477,000 breaks down as follows:
- €988,000 to be recognized in fiscal year 2011/2012, presented under "Other liabilities – Accruals and deferred income"
- €10,489,000 to be recognized in 2012/2013 and subsequent fiscal years ("Other non-current liabilities").

NOTE 16 - TRADE PAYABLES

In thousands of euros	March 31, 2010	March 31, 2011
Trade payables	12,784	14,893
Purchase invoice accruals	8,510	9,310
TOTAL	**21,294**	**24,203**

NOTE 17 - OTHER PAYABLES

In thousands of euros	March 31, 2010	March 31, 2011
Payments on account	21,171	22,101
Tax and employee-related liabilities	56,635	56,439
Other operating liabilities	4,498	4,373
Amounts payable on PP&E	12,714	14,404
Other liabilities	7,542	7,828
Accruals and deferred income (1)	4,770	6,760
TOTAL	**107,329**	**111,905**

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

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

NOTE 18 - REVENUE

in thousands of euros	March 31, 2010	March 31, 2011
ANALYSIS BY BUSINESS SEGMENT		
Games	200,372	171,980
Hotels	154,813	170,683
Other	31,365	31,517
Internal transfers	(12,479)	(12,514)
TOTAL	**374,071**	**361,666**

NOTE 19 - WAGES AND SALARIES

in thousands of euros	March 31, 2010	March 31, 2011
WAGES AND SALARIES		
Wages and salaries	110,209	119,440
Social security contributions and other related charges	50,142	52,721
Employee benefits (1)	1,901	1,695
TOTAL	**162,252**	**173,856**

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

NOTE 20 - OTHER OPERATING INCOME AND EXPENSES

in thousands of euros	March 31, 2010	March 31, 2011
COST NET OF IMPAIRMENT OF CURRENT ASSETS		
Losses on uncollectible receivables	(2,273)	(3,001)
Write-back of previously recognized provisions	7,480	6,987
Provisions for impairment for the year	(5,763)	(5,566)
TOTAL COST NET OF IMPAIRMENT OF CURRENT ASSETS	(556)	(1,580)
GAIN (LOSS) ON DISPOSALS AND RETIREMENTS OF PP&E AND INTANGIBLE ASSETS		
Gains on disposal	218	354
Net values of asset disposals and retirements	(471)	(1,933)
GAIN (LOSS) ON DISPOSALS AND RETIREMENTS OF PP&E AND INTANGIBLE ASSETS	(253)	(1,579)
PORTION OF INVESTMENT GRANT RECORDED IN PROFIT OR LOSS	1,102	1,038
OTHER INCOME	2,093	3,109
OTHER EXPENSES	(4,863)	(4,608)
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(2,477)**	**(3,620)**

NOTE 21 - OPERATING INCOME

in thousands of euros	March 31, 2010	March 31, 2011
ANALYSIS BY BUSINESS SEGMENT		
Games	26,683	(2,133)
Hotels	(4,722)	(6,492)
Other (including central costs not allocated to operational sectors)	(10,390)	(13,059)
TOTAL	**11,572**	**(21,685)**

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

NOTE 22 - FINANCIAL INCOME AND EXPENSES

in thousands of euros	March 31, 2010	March 31, 2011
Income received	668	126
Change in fair value of marketable securities	(111)	4
TOTAL INCOME FROM CASH AND CASH EQUIVALENTS	**558**	**131**
Expenses and interest paid	(1,069)	(997)
Change in fair value of interest rate derivative instruments	165	368
TOTAL GROSS FINANCE COSTS	**(904)**	**(629)**
Exchange differences	136	(245)
Gain or loss on foreign exchange derivatives		
Change in fair value of foreign exchange derivatives		1,314
Capital gains on disposal of available-for-sale financial assets		28,290
Dividends collected	3,811	5,890
Changes in fair value of financial assets and equity derivatives	(5,000)	(6,358)
Other	(482)	942
TOTAL OTHER FINANCIAL INCOME/EXPENSES	**(1,535)**	**29,832**

ADDITIONAL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 - HUMAN RESSOURCES

The average number of employees of the consolidated companies as of March 31, 2011 breaks down as follows:

	March 31, 2010	March 31, 2011
Managers	523	549
Supervisor	183	185
Employees	2,798	2,903
TOTAL	**3,503**	**3,636**

NOTE 24 - FINANCIAL INSTRUMENTS

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

- ***Interest rate instruments***

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

  This instrument covered a period of six years as from April 1, 2005 and capped the interest rate at 4.19%. The hedged notional amount increased to a maximum of €117 million, and was gradually amortized until maturity, i.e. April 2011. It could not be designated as a hedging instrument in an accounting sense.

  In April 2011, a new interest rate management instrument was set up for a period of five years. This instrument caps the interest rate at 4.02% and the notional amount hedged until maturity is €100 million.

- ***Foreign exchange instruments***

  As virtually all the Group’s operations are conducted in euros, there is little foreign exchange risk. However, commercial activities originating from issuer markets in the dollar zone (United States and Canada) remain vulnerable to exchange rate fluctuations. Forward sales were carried out in December 2010 in the amount of US $30 million maturing in April 2011. Combined with the equity instruments described below, these instruments covering 300,000 Wynn Resorts shares were designated as fair value hedging instruments.

- ***Equity instruments***

The Group wished to hedge a portion of its investment in the US company, Wynn Resorts, Limited involving 300,000 shares against equity risk, by entering into forward sale derivatives, guaranteeing a price of around $103 for the aforementioned shares at the contract maturity date, i.e. April 29, 2011. Set up in December 2010, these contracts were settled at maturity. Combined with the foreign exchange instruments mentioned above, these instruments covering 300,000 Wynn Resorts shares were designated as fair value hedging instruments.

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

The fair value of the financial instruments contracted by the Company as of March 31, 2011 breaks down as follows:

in thousands of euros	March 31, 2010	March 31, 2011
Interest rate instruments		1,314
Foreign exchange instruments	(447)	(80)
Equity instruments		(5,082)
TOTAL	**(447)**	**(3,848)**

NOTE 25 - SEGMENT REPORTING

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

The Group has identified three activity segments:

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

- ***Revenue by segment***

in thousands of euros		Games	Hotels	Other	Total
REVENUE					
2009/2010 fiscal year	Income before intragroup eliminations	200,372	154,813	31,365	386,550
	Intragroup transactions		(12,442)	(37)	(12,479)
	Revenue	200,372	142,371	31,328	374,071
2010/2011 fiscal year	Income before intragroup eliminations	171,980	170,683	31,517	374,180
	Intragroup transactions		(12,474)	(39)	(12,514)
	Revenue	171,980	158,209	31,477	361,666
y/y-1 change	amount	(28,393)	15,838	150	(12,405)
y/y-1 change	%	(14.20) %	(11.10) %	0.5 %	(3.30) %

- ***Operating income by segment***

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

in thousands of euros	Games	Hotels	Other	Undistributed earning	Total
OPERATING INCOME/(LOSS) BEFORE AMORTIZATION					
2009/2010 fiscal year	34,543	21,162	22,715	(26,856)	51,564
2010/2011 fiscal year	5,164	23,054	22,916	(29,466)	21,668
y/y-1 change amount	(29,379)	1,892	201	(2,610)	(29,896)
AMORTIZATION					
2009/2010 fiscal year	(7,860)	(25,884)	(4,311)	(1,937)	(39,992)
2010/2011 fiscal year	(7,297)	(29,547)	(4,202)	(2,307)	(43,353)
y/y-1 change amount	563	(3,663)	109	(370)	(3,361)
OPERATING INCOME/(LOSS)					
2009/2010 fiscal year	26,683	(4,722)	18,404	(28,793)	11,572
2010/2011 fiscal year	(2,133)	(6,492)	18,714	(31,773)	(21,685)
y/y-1 change amount	(28,816)	(1,771)	310	(2,980)	(33,257)

- ***PP&E and intangible assets by segment***

in thousands of euros	Games	Hotels	Other	Common services	Total
NET PP&E AND INTANGIBLE ASSETS					
as of March 31, 2010	47,969	349,258	100,825	18,028	516,080
as of March 31, 2011	44,825	366,139	106,312	23,464	540,740
y/y-1 change amount	(3,144)	16,881	5,487	5,436	24,660
INVESTMENTS					
2009/2010 fiscal year	11,977	41,487	7,636	5,395	66,496
2010/2011 fiscal year	6,054	47,793	9,800	7,937	71,584

NOTE 26 - PER SHARE EARNINGS AND DIVIDENDS

	March 31, 2010	March 31, 2011
Number of shares issued at the year-end	18,128,220	18,160,490
Net earnings per share (in €)	0.06	(0.95)
Diluted net earnings per share (in €)	0.06	(0.95)
Dividend paid during the year, including any interim dividends (in €)	0.60	0.01
Dividend proposed for the year, including any interim dividends (in €)	0.01	0.01

NOTE 27 - RELATED PARTIES

The information with respect to related parties concerns relations with the State of Monaco, which holds 69% of the share capital of Société des Bains de Mer as of March 31, 2011 and affiliates whose executive officers are directors of Société des Bains de Mer, the remuneration of company officers and management bodies of this company and relations with BetClic Everest Group, of which the S.B.M. Group holds 50% of capital.

- ***Relations with the State of Monaco***

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

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

- annual licensing fee on gross gaming receipts, i.e. €17,750,000 for fiscal year 2010/2011
- contribution to artistic, cultural and sporting events in Monaco and particularly financial support for the expenses generated by the opera and ballet season and the Printemps des Arts, in the amount of €8,334,000 for fiscal year 2010/2011

- contribution to sporting events in the Principality of Monaco, with allocation of budgets to various sporting associations, including the football section of the Association Sportive de Monaco and the Automobile Club de Monaco, totaling €6,357,000 for 2010/2011
- the Company's real estate with the provisions defined in Note 5 Property, plant & equipment - paragraph a - Legal regime for certain real-estate assets
- recruitment, training and promotion of personnel.

• ***Relations with affiliates***

Business relationships are maintained with affiliates whose officers are directors of Société des Bains de Mer, particularly Société Monégasque pour l'Exploitation du Tournoi de Tennis, A.S. MONACO FC SA, Banque J.Safra (Monaco) S.A and Compagnie Monégasque de Banque and the firm Bredin Prat for legal advisory services.

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

• ***Relations with BetClic Everest Group***

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

As outlined in Notes 3 and 6, the Group also granted BetClic Everest Group a €30 million interest-bearing loan.

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

The overall remuneration and benefits of any nature paid to parent company executive officers and management bodies, by the parent company and all group companies, amounted to €1,455,000 during fiscal 2010/2011, compared to €2,154,000 in the previous period.

in thousands of euros	March 31, 2010	March 31, 2011
Remuneration, benefits and special allowances	843	853
Share of profits	1,163	411
Directors' fees	149	191
TOTAL	**2,154**	**1,455**

Employer contributions on remuneration paid is estimated at €149,000 with respect to fiscal year 2010/2011.

NOTE 28 – CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

In thousands of euros	March 31, 2010	March 31, 2011
COMMITMENTS GIVEN		
Deposits and guarantees (1)	97	113,233
COMMITMENTS RECEIVED		
Shares deposited by directors	146	147
Deposits and guarantees (2)	6,860	50,034
RECIPROCAL COMMITMENTS		
Firm capital expenditure orders (3)	56,225	38,169
Other firm orders (4)	13,062	12,326
Opening of credit facility and authorized unused overdrafts	135,000	145,000

(1) Guarantees given mainly arise from the obligations relating to the Betclic Everest Group in respect of the Everest price supplement or the bank financing guarantee described in Note 3.

(2) Commitments received mainly comprise the counter-guarantees obtained with respect to the commitments mentioned in paragraph (1) above. These guarantees received are also described in Note 3.

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

(3) Commitments contracted as part of investment projects.

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

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

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

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

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

NOTE 29 - MATURITY SCHEDULE OF OBLIGATIONS AND COMMITMENTS

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

a - Contractual obligations

in thousands of euros	Total	Less than 1 year	From 1 to 5 years	Over 5 years
PAYMENTS DUE BY PERIOD				
Irrevocable purchase obligations	50,495	49,413	1,082	
TOTAL	**50,495**	**49,413**	**1,082**	

b - Other commitments

in thousands of euros	Total	Less than 1 year	From 1 to 5 years	Over 5 years
COMMITMENTS GIVEN				
Guarantees given	113,233	7,000	75,566	30,667
TOTAL COMMITMENTS GIVEN	**113,233**	**7,000**	**75,566**	**30,667**
COMMITMENTS RECEIVED				
Guarantees received	50,181	5,065	21,116	24,000
TOTAL COMMITMENTS RECEIVED	**50,181**	**5,065**	**21,116**	**24,000**
INTERCOMPANY COMMITMENTS				
Opening of credit facility and confirmed unused overdrafts	145,000	25,000	120,000	
TOTAL INTERCOMPANY COMMITMENTS	**145,000**	**25,000**	**120,000**	

NOTE 30 - LEASE COMMITMENTS

• *Assets held under finance leases*

As of March 31, 2011, assets held under finance leases and restated in the balance sheet totalled €76,000 in net value, compared to €234,000 in the previous year. These are mainly finance leases for office and IT equipment.

The discounted payment schedule relating to finance leases breaks down as follows as of March 31, 2011:

- due in less than 1 year	€59,000
- due between 1 and 5 years	€25,000
- due in more than 5 years	none
- total discounted payments	€84,000

• *Operating leases*

As of March 31, 2011, the discounted minimum future payments of operating leases are as follows:

- due in less than 1 year	€12,078,000
- due between 1 and 5 years	€28,687,000
- due in more than 5 years	€33,942,000
- total discounted payments	€74,707,000

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

CONTRACTUAL AUDITOR'S AND STATUTORY AUDITORS' REPORT

on the consolidated financial statements. Year ended March 31, 2011

To the Stockholders,

We have audited the consolidated financial statements of Société des Bains de Mer et du Cercle des Etrangers à Monaco for the year ended March 31, 2011.

Management's Responsibility for the Financial Statements

These financial statements have been approved by the Board of Directors in a context of heavy market volatility and economic and financial crisis, characterized by uncertain future prospects, as was the case at the 2010 year-end closing. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as of March 31, 2011 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 Regulatory Requirements

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

Neuilly-sur-Seine and Monaco, July 27, 2011

The contractual Auditor

Deloitte & Associés

François-Xavier AMEYE

The Statutory Auditors

Louis VIALE

André GARINO

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

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

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

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

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

This report was reviewed by the Board of Directors during its meeting on July 22, 2011.

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

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

Functions of the Board

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

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

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

Organization and activities of the Board of Directors

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

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

As of March 31, 2011, the Board of Directors comprised six Directors appointed by the General Meeting and four government Directors.

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

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

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

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

(1) Internal control and risk managment procedures: July 22, 2010 reference framework

Government Commissioner

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

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

Gaming control

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

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

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

Review of the Board of Directors' activity during the fiscal year ended March 31, 2011

The Board of Directors met twelve times during the fiscal year ended March 31, 2011. A detailed analysis of the results of the Company and its subsidiaries was submitted to the Board at each meeting, together with presentations by Operational Directors on topics essential to the understanding of the Group's strategy, activities and outlook.

Activities of the Director Committees

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

- **The Finance and Audit Committee** is responsible for providing insight to the Board of Directors' meetings, especially with respect to the following:
  - audit of the annual and half-yearly financial statements, the financing plans and the capital expenditure programs;
  - analysis and assessment of internal control and the accounting methods adopted for the preparation of the parent Company and consolidated financial statements;
  - analysis of financial and cash flow risks, in addition to miscellaneous risks (off-balance sheet commitments, litigation, etc.) and appraisal of risk coverage, etc.

  This committee, comprising three Board members, met nine times during the fiscal year ended March 31, 2011 and had discussions, in particular, with the Chief Executive Officer, the Chief Financial Officer, the Internal Audit Manager and the Group's auditor and statutory auditors during its meetings.

- **The Human Resources Committee,** comprising three Directors, is responsible for assisting the Board of Directors and General Management with employee-related and remuneration issues. It met ten times during the fiscal year ended March 31, 2011 and heard reports from the Chief Executive Officer and the Human Resources Manager during its meetings.

- **The Environment and Quality Committee**, comprising three Directors, is responsible for dealing with environmental issues, and proposing to the Board of Directors the actions to be undertaken in order to actively contribute to the environmental protection policy initiated by the Principality of Monaco. Created in January 2006, the committee met six times during the 2010/2011 fiscal year.

INTERNAL CONTROL AND RISK MANAGEMENT GENERAL PRINCIPLES

Procedures underlying the preparation of the report

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

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

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

Objectives of the Company in respect of risk management

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

Risk management is a procedure that:

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

Risk management components

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

In addition, a global risk mapping approach encompassing all internal and external risk factors is in progress and will be pursued during the 2011/2012 fiscal year.

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

Interaction between risk management and internal control

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

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

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

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

Internal control components

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

1 – OVERALL CONTROL ORGANIZATION

RULES OF CONDUCT AND INTEGRITY

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

- **The code of ethics**

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

- **Company internal regulations**

  As is the case for any Monegasque firm, the Company is required to have internal regulations that define the working conditions and the principles of order and discipline applicable to staff members.
  Moreover, under the law of June 12, 1987 on games of chance, the internal regulations are subject to administrative approval and must mention:
  - the regulations relating to discipline, particularly dress and conduct while on service, and the attitude to adopt towards clients;
  - the regulations governing the hierarchical organization of personnel and the definition of the functions.

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

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

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

- **Procedures and operating rules**

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

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

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

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

OPERATIONAL PLAYERS AND RESPONSIBILITIES

- **General Management**

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

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

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

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

  - General Secretariat – Legal Department;
  - Administrative and Financial Departments;
  - Technical Department;
  - Information Systems Department;
  - Human Resources Department;
  - Sales and Marketing Department;
  - Arts Department;
  - Purchasing Department;
  - Security Department.

- **Finance Department**

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

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

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

- **Internal audit**

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

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

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

CONTROL ENVIRONMENT

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

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

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

2 – COMMUNICATION OF INFORMATION WITHIN THE GROUP

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

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

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

3 – CONTROL ACTIVITIES

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

They are backed up by various internal audit assignments.

These control activities include the following procedures among others:

- **Budgetary monitoring**

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

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

- **Preparation of financial information**

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

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

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

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

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

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

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

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

4 – INTERNAL CONTROL SYSTEM COORDINATION

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

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

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

CONTRACTUAL AUDITOR'S AND STATUTORY AUDITORS' REPORT

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

Year ended March 31, 2011

To the Stockholders,

As Contractual Auditor and Statutory Auditors of Société des Bains de Mer et du Cercle des Etrangers Monaco, and at your request, we hereby present you with our report on the report prepared by the Chairman of your Company for the year ended March 31, 2011 on the terms and conditions governing the preparation and organization of the Board's work and the internal control procedures.

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

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

We conducted our procedures in accordance with the professional practice standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and treatment of financial and accounting information

Professional practice standards require that we comply with procedures consisting in assessing the fairness of the information set out in the Chairman's report on the internal control procedures relating to the preparation and treatment of financial and accounting information and, in particular:

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

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

Neuilly-sur-Seine and Monaco, July 27, 2011

L'Auditeur Contractuel

Deloitte & Associés

François-Xavier AMEYE

Les Commissaires aux Comptes

Louis VIALE

André GARINO

DECLARATION BY THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT

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

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

Monaco, July 22, 2011

Jean-Luc Biamonti
Chairman of the Board of Directors

FIRST RESOLUTION

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

- the balance sheet as of March 31, 2011, and the statement of income for the year then ended, which shows a net income of € 8,425,830.93
- the transactions reflected in the balance sheet or summarized in the reports of the Board of Directors or the Statutory Auditors.

SECOND RESOLUTION

The Stockholders discharge all directors from any liabilities with respect to the performance of their mandate for the period ended as of this date and grant final discharge to Mr. Yves Piaget and the late Mr. Jean-François Prat.

THIRD RESOLUTION

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

• note that the net income for fiscal year 2010/2011 amounts to	€8,425,830.93
• note that retained earnings amount to	€196,500,091.69
hence, net income available for appropriation amounts to	€204,925,922.62
• decide to appropriate the total to:	
◆ the cumulative preferred dividend of € 0.01 x 18,160,490 shares	€181,604.90
◆ the contingency reserve fund, i.e. 2% of net income for the year	€168,516.62
◆ the Board of Directors	€247,326.78
◆ retained earnings	€204,328,474.32

The rights to the cumulative preferred dividend will be paid by the Company's Securities Department starting from September 26, 2011, with the last trading day for dividends being set at September 15, 2011.

FOURTH RESOLUTION

The Stockholders approve the appointment of Mr. William Timmins as Director.

Pursuant to Article 12 of the Bylaws, the term of office of Mr. William Timmins come to an end at the Annual General Meeting held to approve the financial statements for fiscal year 2015/2016.

FIFTH RESOLUTION

The Stockholders hereby approve the appointment of:

- Mrs. Simone Dumollard and Mr. André Garino as Principal Statutory Auditors,
- Mrs. Bettina Ragazzoni and Mr. Louis Viale as Deputy Statutory Auditors.

Their terms of office will expire at the end of the Annual General Meeting held to approve the financial statements for the 2013/2014 fiscal year.

SIXTH RESOLUTION

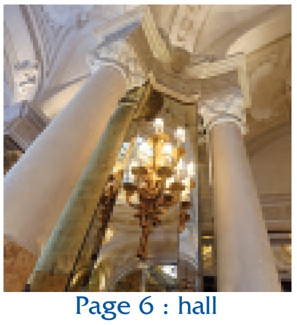
The Stockholders approve the transactions performed during fiscal year 2010/2011 that are governed by Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws.

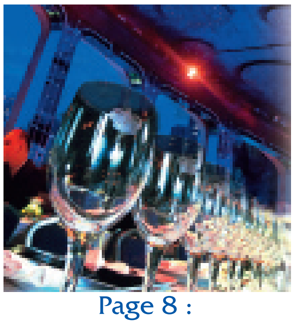
The Stockholders renew the authorization for members of the Board of Directors to deal with the Company in a private capacity or ex officio, in accordance with the terms and conditions of the aforementioned articles.

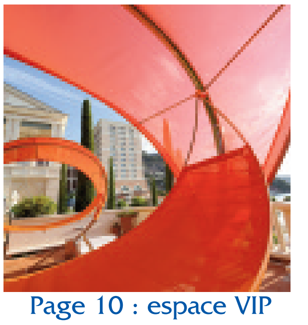

Couverture : coupole Eiffel
Hôtel Hermitage


Page 2 : Le Cabaret
Casino de Monte-Carlo

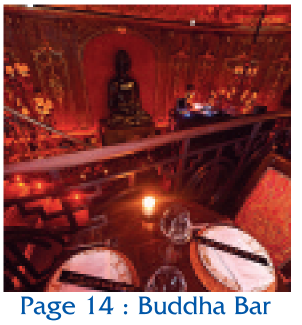

Page 4 : piscine
Monte-Carlo Beach Club


Page 6 : hall
Hôtel de Paris

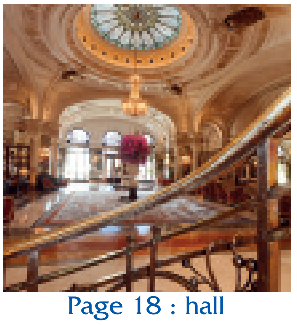

Page 8 :
Salle des Etoiles


Page 10 : espace VIP
Monte-Carlo Bay Hotel & Resort


Page 12 : terrasse Casino,
salle Médecin

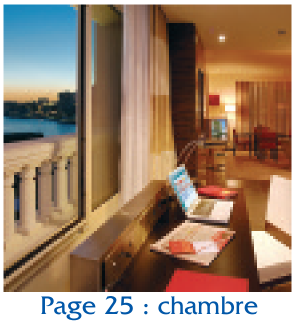

Page 14 : Buddha Bar
Monte-Carlo


Page 16 : Monte-Carlo
Sporting Summer Festival

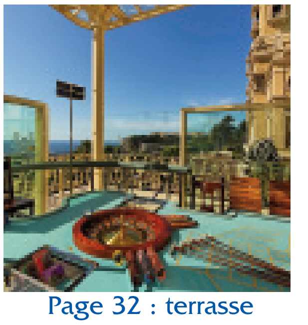

Page 18 : hall
Hôtel de Paris

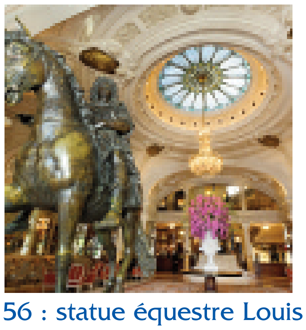

Page 21 : terrasse
La Rascasse

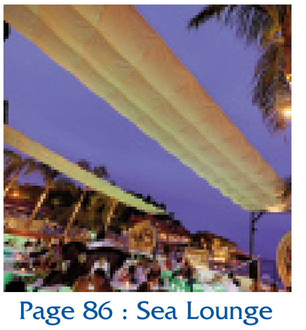

Page 22 : terrasse
Thermes Marins Monte-Carlo


Page 25 : chambre
Monte-Carlo Bay Hotel & Resort


Page 31 : escalier
Hôtel Hermitage


Page 32 : terrasse
Casino de Monte-Carlo


Page 56 : statue équestre Louis XIV
Hôtel de Paris


Page 86 : Sea Lounge
Monte-Carlo

Photos : Michel Perréard, www.capcrea.fr

CASINOS

Casino de Monte-Carlo

Café de Paris

Sun Casino

Bay Casino

La Rascasse

HOTELS & RESTAURANTS

Hôtel de Paris

Hôtel Hermitage

Monte-Carlo Beach Hotel

Monte-Carlo Bay Hotel & Resort

Brasserie Café de Paris

Buddha Bar Monte-Carlo

LEISURE & ENTERTAIMENT

Salle Garnier – Opéra de Monte-Carlo

Le Cabaret

Moods Music Bar

La Rascasse

Sea Lounge Monte-Carlo

Monte-Carlo Beach Club

Thermes Marins Monte-Carlo

Salle des Etoiles

Jimmy'z Monte-Carlo

Monte-Carlo Country Club

Monte-Carlo Golf Club

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

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