MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

Board of Directors' Report

Ordinary General Meeting – September 21, 2018

MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

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

BOARD OF DIRECTORS' REPORT

Ordinary General Meeting
September 21, 2018

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 or certain French accounting terms. Consequently, this English document is intended for general information only.

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

Board of Directors

Chairman

Mr. Jean-Luc BIAMONTI

Directors

Mr. Michel DOTTA

Mr. Alexandre KEUSSEOGLOU

Mr. Thierry LACOSTE

Mr. Michael MECCA

Mr. Laurent NOUVION

Mr. Pierre SVARA

Mr. William TIMMINS

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

Executive Management

Chairman and Chief Executive Officer

Mr. Jean-Luc BIAMONTI

Deputy CEO – Finance

Mr. Yves de TOYTOT

General Secretary

Mr. Emmanuel VAN PETEGHEM

Statutory Auditors

Permanent Members

Mr. André GARINO

Mr. Jean-Humbert CROCI

Substitute Members

Mrs. Bettina RAGAZZONI

Mr. Romain VIALE

Contractual Auditor

DELOITTE & ASSOCIÉS

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MESSAGE FROM THE CHAIRMAN

Ladies, Gentlemen, Shareholders,

At the last Ordinary General Shareholders' Meeting, I told you that the fiscal year 2017/2018 should show an improvement compared with the previous difficult years.

Indeed, during the fiscal year under review, the Company has recorded a turnover increase of 3.4% and a reduction of operating losses, from -€32.8 million to -€27.1 million, and an even greater reduction of net losses which, thanks to better performance from Betclic, amounted to -€14.6 million compared with -€36.4 million in 2016/2017.

Operating income is impacted by €10 million by the Hotel de Paris Monte-Carlo renovation works and by the costs related to the new Collective Agreements for Casinos signed in April 2015 and April 2016, but to a lesser extent than in previous years.

This improvement, still insufficient, is the result of the relentless pursuit of our stated strategy:

- *Renovating the Company's property assets:*

  During the fiscal year, the renovation of the Hôtel de Paris Monte-Carlo and the construction of the One Monte-Carlo have made satisfactory progress. The cost of these two projects is close to the initial budget (slight overrun leading to a revised estimate of €660 million). They will be delivered in time (by the end of this year for the Hôtel de Paris Monte-Carlo and early 2019 for the One Monte-Carlo).

  During the fiscal year under review, and even though rentals have not officially begun for luxury apartments and offices in One Monte-Carlo, we have rented a few apartments in the residential part and some office spaces. All of the commercial spaces are now rented.

  In addition, the Jimmy'z Monte-Carlo has been completely refurbished to its customers' great satisfaction.

- *Relaunching the Company's activities:*

  The hotel sector has increased by more than 7%, partly thanks to the partial reopening of the Hôtel de Paris Monte-Carlo and the ever-strong business at the Monte-Carlo Bay Hotel & Resort and Le Méridien Beach Plaza.

  The relaunch of our gaming activity has continued under the leadership of Mr. Pascal Camia. Several initiatives have been taken during the fiscal year to attract more players to the Principality. The two "dîners surréalistes" organised in the Casino de Monte-Carlo were greatly appreciated by our most important clients. Furthermore, more tournaments have been organised in the Casino, including among others, a US$ 1 million prize European roulette tournament. In addition, we have focused on our "Fun Players" clients by ensuring a constant flow of activities in the Atrium of the Casino de Monte-Carlo and trialling the installation of a temporary casino nearby a swimming pool.

The current fiscal year appears to confirm that the initiatives we have implemented have been the right decisions and as a result, your Company's performance should keep on improving.

I am pleased to announce today the appointment of Mr. Christophe Navarre as Member of the Board of Directors. His experience in the luxury sector confirms the Board's determination to maintain the S.B.M. Group's excellence at the highest level.

I would like to express my thanks to all the members of the staff who keep on working hard to satisfy our customers to the very best of their abilities, during this period of significant changes and developments in your Company's various areas of activity.

Jean-Luc Biamonti

Chairman and Chief Executive Officer

Terrasse du Bar Américain - Hôtel de Paris Monte-Carlo

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KEY FIGURES

Key figures related to the last three fiscal years

CONSOLIDATED FIGURES *(in million of euros)*	**2015/2016**	**2016/2017**	**2017/2018**
Consolidated revenue	461.4	458.8	474.6
Operating income before depreciation and amortization	19.9	17.1	22.1
Operating income	(31.0)	(32.8)	(27.1)
Consolidated net income attributable to the owners of the parent company	(29.1)	(36.4)	(14.6)
Comprehensive income attributable to the owners of the parent company	(32.6)	(37.2)	(14.6)
Cash generated from operations	23.8	16.4	23.6
Purchase of PP&E, intangible and financial assets	77.8	111.9	191.8
Equity	656.2	639.6	624.8
Net Debt / (Cash position)	(187.0)	(94.0)	50.9
Average number of employees	4,104	4,148	4,213
Market share price as of fiscal year's last day (in euros)	32.55	33.20	54.80
GAMING SECTOR FIGURES			
Casinos operated (number of permanent establishments at the end of the period)	4	4	4
Consolidated revenue (gross gaming revenue)	213.6	201.7	200.7
Operating income*	(8.6)	(20.2)	(14.8)
HOTEL SECTOR FIGURES			
Hotels operated	5	5	5
Accomodation capacity (average number of rooms available)	1,080	1,088	1,100
Occupancy rate (average rate including Le Méridien Beach Plaza)	64.3%	63.6%	67.5%
Consolidated revenue	213.2	218.5	234.7
Operating income*	(8.6)	(9.8)	(5.1)
RENTAL SECTOR FIGURES			
Consolidated revenue	36.1	39.4	40.9
Operating income*	20.4	23.0	23.4

* *Sector figures for 2017/2018 include a change in the sector allocation of certain expenses, previously fully allocated to the gaming sector. This new expense allocation aims to allocate to each sector the cost of dedicated resources. From 2017/2018, over half of these costs (€3.7 million) is therefore allocated to the hotel and rental sectors, favorably impacting the operating income of the gaming sector. Note 21 to the consolidated financial statements for the year ended March 31, 2018 presents pro forma restated figures for fiscal year 2016/2017.*

The key figures related to the last three fiscal years are extracted from the Group consolidated financial statements (statement of financial position, statement of income, cash flow statement) for the fiscal years ended March 31, 2016, 2017 and 2018.

Monte-Carlo Bay Hotel & Resort

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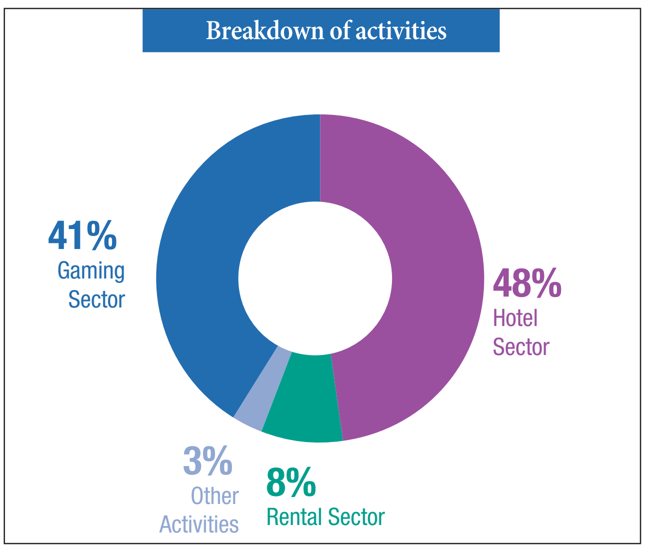
ANALYSIS OF THE FINANCIAL POSITION AND ACTIVITY OF S.B.M. GROUP DURING FISCAL YEAR 2017/2018

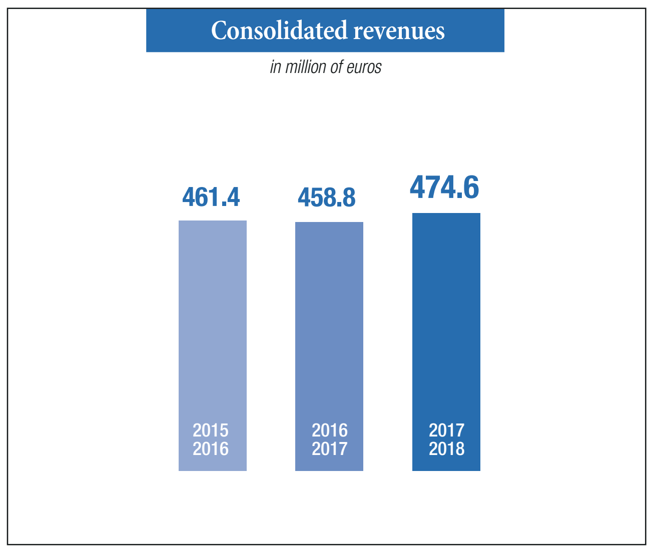
3.1 Presentation of fiscal year 2017/2018 results

3.1.1. Highlights of activity in fiscal year 2017/2018

S.B.M. Group reported consolidated revenue of €474.6 million for fiscal 2017/2018 compared to €458.8 million the previous year, for an increase of +3%.

Consolidated revenue by business segment *(in million of euros)*	**2015/2016**	**2016/2017**	**2017/2018**	**Variation**
Gaming Sector	213.6	201.7	200.7	(1.0)
Hotel Sector	213.2	218.5	234.7	16.2
Rental Sector	36.1	39.4	40.9	1.5
Other Activities	13.6	14.3	13.5	(0.8)
Internal transfers	(15.0)	(15.1)	(15.2)	(0.2)
CONSOLIDATED REVENUES	**461.4**	**458.8**	**474.6**	**15.8**





The €15.8 million increase in consolidated revenues follows an improvement in hotel sector receipts and, to a lesser extent, rental sector revenue.

The gaming sector reported revenue of €200.7 million, versus €201.7 million in 2016/2017. This apparent stability nonetheless conceals contrasting changes across the activities. Slot machines revenue increased 7% and Monte-Carlo Casino table games revenue grew 21%, offsetting the downturn in table games receipts at the Café de Paris Casino and Sun Casino. Overall, the establishments reported a drop in table games revenue of 8%.

Hotel revenue totaled €234.7 million, compared to €218.5 million in 2016/2017. This favorable evolution was due to improved activity at Hôtel de Paris and the continued strong performance of the Monte-Carlo Bay Hotel & Resort and Le Méridien Beach Plaza.

The rental sector, comprising the leasing of boutiques and office spaces, and the activities of the Monte-Carlo Bay, Balmoral, and villas du Sporting residences, reported revenue of €40.9 million, up 4% compared to the previous year

Finally, the other activities sector recorded annual revenue of €13.5 million, compared to €14.3 million the previous year.

3.1.2. Analysis of fiscal year 2017/2018 operating results by sector

The developments in the various business sectors – gaming, hotel and rental – are analyzed below for the year ended March 31, 2018.

GAMING SECTOR

The gaming sector reported revenue of €200.7 million, versus €201.7 million in 2016/2017. This apparent stability nonetheless conceals contrasting changes across the activities. Slot machines revenue increased 7% and Monte-Carlo Casino table games revenue grew 21%, offsetting the downturn in table games receipts at the Café de Paris Casino and Sun Casino.

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

The other activities segment mainly comprised the entrance fees to the Monte-Carlo Casino and the catering and bar receipts recorded within the gaming establishments.

Gaming revenue *(in million of euros)*		2015/2016	2016/2017	2017/2018	%
43%	Table games	104.7	95.2	87.2	(8)%
51%	Slot machines	98.7	96.2	102.8	7%
5%	Other activities	10.2	10.2	10.8	5%
100%	**TOTAL GAMING SECTOR**	**213.6**	**201.7**	**200.7**	**0%**

The **table games** sector reported revenue of €87.2 million for fiscal year 2017/2018, compared to €95.2 million the previous year, for a decrease of €8.0 million, or -8%.

While table games revenue for the first nine months of the year remained stable period-on-period, the sector was unable to repeat last year's Q4 performance, despite an increase in the number of players tracked.

Accordingly, in fiscal year 2017/2018, the drop fell by 11% and the hold (receipts/betting ratio) improved slightly to 14.9%, compared to 14.6% the previous year.

The main trends are as follows:

- the Monte-Carlo Casino primarily operates European Games, which represent over 65% of its activities and, to a lesser extent, American Games. Monte-Carlo Casino receipts increased €11.6 million in fiscal 2017/2018, mainly due to positive European Roulette and English Roulette results. European Roulette remains the establishment's principal game, with nearly €38.6 million in receipts, representing 49% of the Monte-Carlo Casino's gross table games receipts;
- the Café de Paris Casino's table games operations generated revenue of €4.2 million for the fiscal year, down €11.2 million year-on-year. This significant slump in revenue is due to a decrease in the drop and a particularly unfavorable event with a player;
- the Sun Casino reported gross receipts of €16.1 million, down -36%, with a simultaneous decrease in the drop and the hold.

The **slot machines** sector posted a sharp increase in activity, with revenue of €102.8 million in 2017/2018, compared to €96.2 million for the previous year.

Overall, the establishments reported a 7% increase in receipts, primarily driven by a 16% increase in betting volumes, recorded particularly by the Café de Paris Casino and the Sun Casino, with a slight increase in the payout rate over the period.

The improvement in the number of players tracked is also of note, with a 19% increase for the Café de Paris Casino and a 17% increase for the Sun Casino. The Sun Casino also operated year round in 2017/2018, whereas renovation work disrupted operations during four months in the previous fiscal year (September to December 2016).

24/7 opening at the Café de Paris Casino, smoking areas, and a more intense events policy, enable the various establishments to remain highly competitive compared with French Riviera and Italian competitors.

Receipts from **other activities** amounted to €10.8 million, up €0.6 million on previous fiscal year. This increase is mainly attributable to catering in the casinos, with the organization of limited-time events (pop-ups, Atrium events, weddings).

For the **entire gaming sector**, an operating loss before depreciation and amortization of -€8.3 million was recorded in fiscal 2017/2018, compared to an operating loss of -€13.3 million for the previous year.

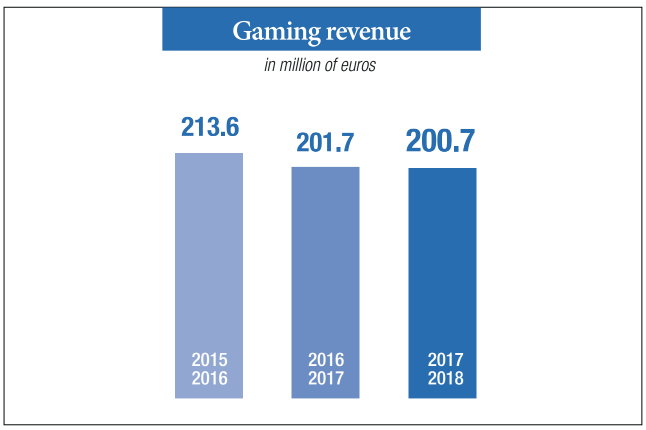
As disclosed in Note 21 – Operating income (loss) – of the consolidated financial statements presented in Chapter 20.3 of the "Document de Référence" filed in the French language on July 12, 2018 with the French Financial Markets Authority (*Autorité des Marchés Financiers*), sector results for fiscal 2017/2018 include a change in the sector allocation of certain expenses, previously fully allocated to the gaming sector. These expenses consist of wages and salaries of teams in the technical, maintenance and environment/garden departments that work across the entire Resort. This new expense allocation aims to allocate to each sector the cost of dedicated resources.

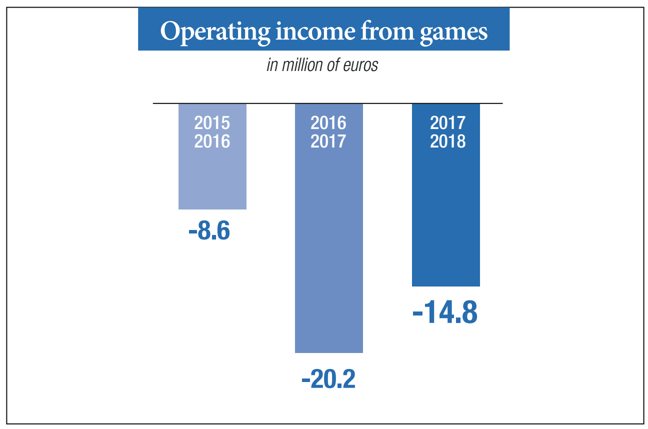
From 2017/2018, over half of these costs (€3.7 million) is therefore allocated to the hotel and rental sectors, with a favorable impact on gaming sector operating income.

The improvement in gaming sector results is also due to a decrease in depreciation of trade receivables of €3.8 million.

Sector results continue to be affected by the new table games and slot machines collective agreements, which generated additional costs of €7.5 million in fiscal 2017/2018, compared to €10.1 million the previous year. This decrease in cost associated with these new agreements should continue to fall over the coming years.

After depreciation and amortization, the S.B.M. Group reported an operating loss of €14.8 million for the gaming sector in 2017/2018, compared to a loss of €20.2 million the previous year.





HOTEL SECTOR

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

For fiscal 2017/2018, the impact of this work on hotel sector operating income was assessed at €10 million, compared to €17 million the previous year.

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

Overall, the hotel sector posted revenue of €234.7 million for fiscal 2017/2018, compared to €218.5 million year on year, up by +7%, or €16.2 million, with:

- a €9.7 million improvement in Hôtel de Paris revenue, including €6.4 million attributable to the reopening of Le Grill restaurant;
- a €3.1 million increase in Monte-Carlo Bay Hotel & Resort receipts;
- a €2.2 million increase in Le Méridien Beach Plaza receipts, marking a return to activity levels prior to the tragic events in Nice.

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

Hotel revenue *(in million of euros)*		2015/2016	2016/2017	2017/2018	%
41%	Accomodation	88.1	87.9	95.4	9%
45%	Catering	95.4	98.5	106.2	8%
14%	Other activities	29.6	32.1	33.1	3%
100%	**TOTAL HOTEL SECTOR**	**213.2**	**218.5**	**234.7**	**7%**

The Group's **accommodation** revenue stood at €95.4 million, compared to €87.9 million for fiscal 2016/2017.

Despite reduced operations at the Hôtel de Paris over the year as a whole, with an average capacity of 56 rooms, slightly above 2016/2017 levels (43 rooms on average), this hotel reports an increase in the number of rooms sold and an 8-point improvement in the occupancy rate. This increased occupancy and a significant rise in average prices generated a €5.5 million increase in Hôtel de Paris accommodation revenue.

Le Méridien Beach Plaza and Monte-Carlo Bay Hotel and Resort also posted higher accommodation revenue, up +8% and +3% respectively.

The following are some of the accommodation indicators for the S.B.M. Group as a whole:

- the occupancy rate rose slightly to 67.5% compared to 63.6% for fiscal year 2016/2017, with growth across all hotels. As this rate is calculated based on the number of rooms available for sale, the Hôtel de Paris occupancy rate exceeded the previous year due to the limited capacity;
- average accommodation prices rose, with the exception of the Hôtel Hermitage and Monte-Carlo Bay Hotel & Resort, which present a decrease in average receipts following a change in the mix of rooms sold;
- finally, client segmentation by geographical origin remained similar to last year, the share of French clients continuing to dominate with 23% of the market. Russian and American clients respectively accounted for 13% and 12% of the Resort's clients.

The **catering** activity posted revenue of €106.2 million, compared to €98.5 million the previous year, for an increase of €7.7 million. This increase is mainly due to the reopening of Le Grill restaurant on the top floor of the Hôtel de Paris Rotonde (+€6.4 million).

Trends for the S.B.M. Group's other catering establishments were mixed. The number of meals served by the entire S.B.M. Group totaled 989,000, an increase of 42,000 on previous fiscal year. In addition to the Hôtel de Paris establishments, activity growth was most notable at Le Méridien Beach Plaza (+11,000 meals to 234,000) and Monte-Carlo Bay Hotel & Resort (+13,000 meals to 167,000), one of the few establishments to present both an increase in the number of meals sold and the average price.

For all establishments combined, the average price increased 3% on the previous fiscal year due to a favorable mix (increase in the number of meals with the highest average prices, particularly the Hôtel de Paris and Louis XV Alain Ducasse restaurants).

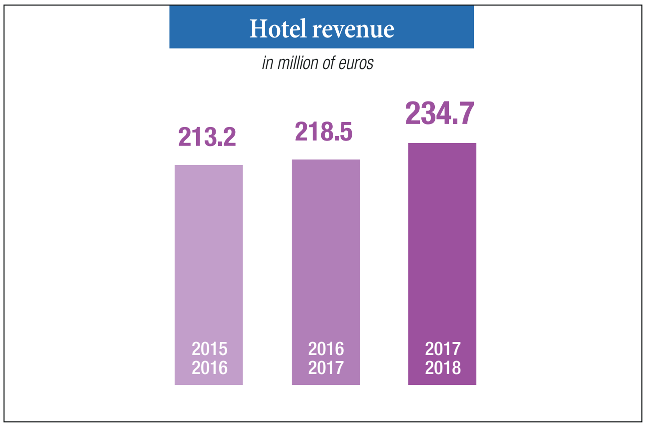
Finally, with 259,000 meals served, a decrease of 4,000 meals on last year, the Café de Paris remains the S.B.M. Group's busiest establishment.

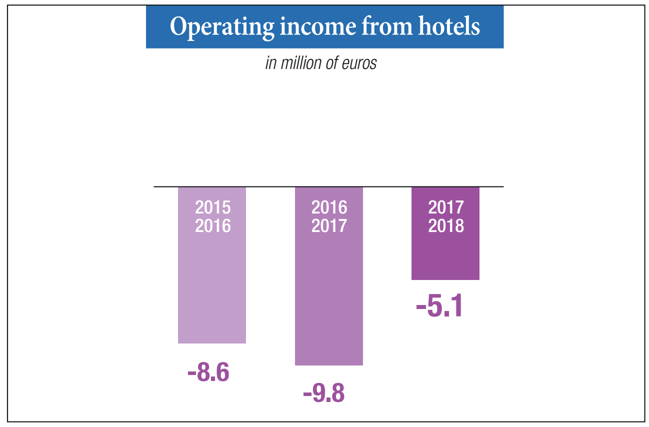
Revenue for the **other activities** of the hotel sector rose 3% to €33.1 million for fiscal 2017/2018, versus €32.1 million the previous year.

As disclosed in Note 21 – Operating income (loss) – of the consolidated financial statements presented in Chapter 20.3 of the "Document de Référence" filed in the French language on July 12, 2018 with the French Financial Markets Authority (*Autorité des Marchés Financiers*), sector results for fiscal 2017/2018 include a change in the sector allocation of certain expenses, previously fully allocated to the gaming sector. This new expense allocation aims to allocate to each sector the cost of dedicated resources. This change has a negative impact on hotel sector operating income of €3.0 million from this fiscal year.

For the **entire hotel sector,** operating income before depreciation and amortization amounted to €18.9 million for fiscal 2017/2018, compared to €14.7 million for fiscal 2016/2017, an increase of €4.2 million.

After depreciation and amortization charges, the hotel sector posted an operating loss of -€5.1 million for fiscal 2017/2018, compared to a loss of -€9.8 million the previous year.





RENTAL SECTOR

Rental sector revenue rose 4% to €40.9 million for fiscal 2017/2018, versus €39.4 million the previous year.

Rental revenue *(in million of euros)*		2015/2016	2016/2017	2017/2018	%
57%	Commercial rental	19.0	21.0	23.2	10%
43%	Residential rental	17.1	18.4	17.7	(4)%
100%	**TOTAL RENTAL SECTOR**	**36.1**	**39.4**	**40.9**	**4%**

The **commercial rental** sector, which combines the leasing of boutiques and office spaces, reported revenue of €23.2 million for fiscal 2017/2018, compared to €21 million the previous year. The €2.2 million increase is mainly due to the creation of new commercial spaces in the Monte-Carlo Casino.

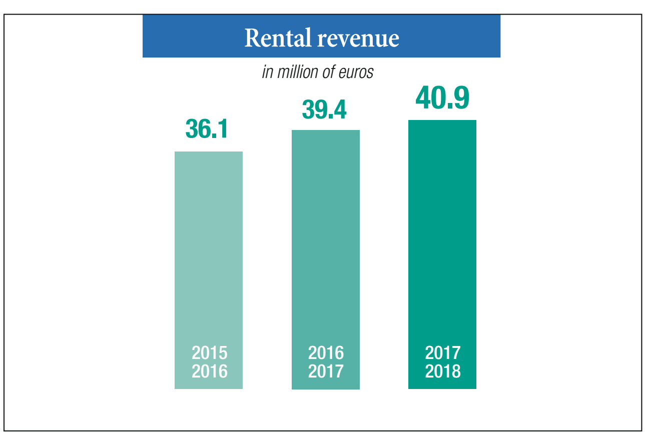
The **residential rental** segment mainly comprises the exclusive Monte-Carlo Bay and Balmoral residences, and the three villas du Sporting. Residential rental revenue amounted to €17.7 million for fiscal 2017/2018, compared to €18.4 million for fiscal 2016/2017, a decrease of -€0.7 million.

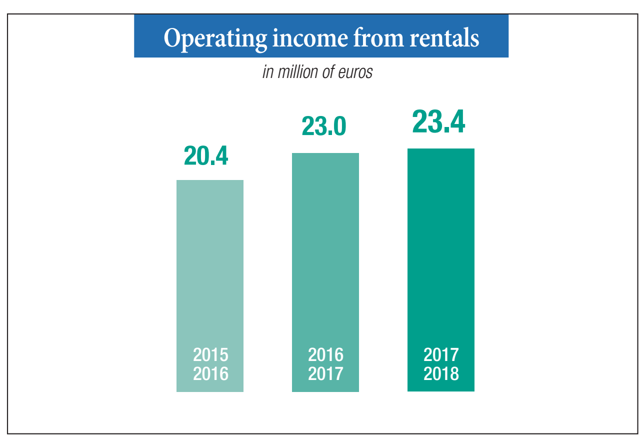
As disclosed in Note 21 – Operating income (loss) – of the consolidated financial statements presented in Chapter 20.3 of the “Document de Référence” filed in the French language on July 12, 2018 with the French Financial Markets Authority (*Autorité des Marchés Financiers*), sector results for fiscal 2017/2018 include a change in the sector allocation of certain expenses, previously fully allocated to the gaming sector. This new expense allocation aims to allocate to each sector the cost of dedicated resources. This change has a negative impact on rental sector operating income of €0.7 million from this fiscal year.

For the **rental sector as a whole,** operating income before depreciation and amortization amounted to €35.7 million for fiscal 2017/2018, compared to €35.2 million the previous year, up by €0.5 million.

Depreciation and amortization charges for the rental sector stood at €12.3 million for fiscal 2017/2018, compared to €12.2 million the previous year.

Taking into account the depreciation and amortization charge, operating income for the rental sector stood at €23.4 million, compared to €23 million the previous year, for an increase of €0.4 million.





3.1.3. 2017/2018 consolidated earnings and other financial aggregates

The table below presents the S.B.M. Group's consolidated statement of income for the years ended March 31, 2017 and March 31, 2018:

CONSOLIDATED STATEMENT OF INCOME

(in thousands of euros)	2016/2017 Fiscal year	2017/2018 Fiscal year
Revenue	**458,832**	**474,589**
Cost of goods sold, raw materials & other supplies	(49,437)	(52,359)
Other external charges	(120,293)	(122,400)
Taxes and similar payments	(31,990)	(31,796)
Wages and salaries	(236,623)	(244,317)
Depreciation and amortization	(49,968)	(49,206)
Other operating income and expenses	(3,342)	(1,628)
Operating income	**(32,821)**	**(27,117)**
Income from cash and cash equivalents	151	4
Gross finance costs	84	(120)
Net finance costs	**235**	**(116)**
Other financial income and expenses	462	277
Income tax expense		
Net income/(loss) of associates	(4,171)	12,511
Consolidated net income	**(36,295)**	**(14,446)**
Non controlling interests (minority shares)	(85)	(150)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	**(36,380)**	**(14,595)**
Average number of shares issued	24,516,661	24,516,661
Net earnings per share *(in euros)*	(1.48)	(0.60)
Net diluted earnings per share *(in euros)*	(1.48)	(0.60)

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	2016/2017 Fiscal year	2017/2018 Fiscal year
Consolidated net income	(36,295)	(14,446)
Items that will not be reclassified subsequently to profit or loss		
◆ Actuarial gains and losses on employee benefits (IAS 19 revised)	(960)	213
◆ Share of profit/(loss) of associates	(20)	
Items that may be reclassified subsequently to profit or loss		
◆ Gains and losses on the remeasurement of available-for-sale financial assets (IAS 39)		
◆ Share of profit/(loss) of associates	128	(180)
TOTAL COMPREHENSIVE INCOME	**(37,147)**	**(14,413)**
Of which attributable to the owners of the parent company	(37,229)	(14,561)
Of which attributable to non controlling interests (minority interests)	82	149

"Cost of goods sold" and "Other external charges" increased €2.9 million and €2.1 million, respectively, in line with the increase in hotel sector activity.

The decrease in "Taxes and similar payments" is attributable to the decrease in the licensing fee on gross gaming receipts, because of the drop in gaming activity during the year.

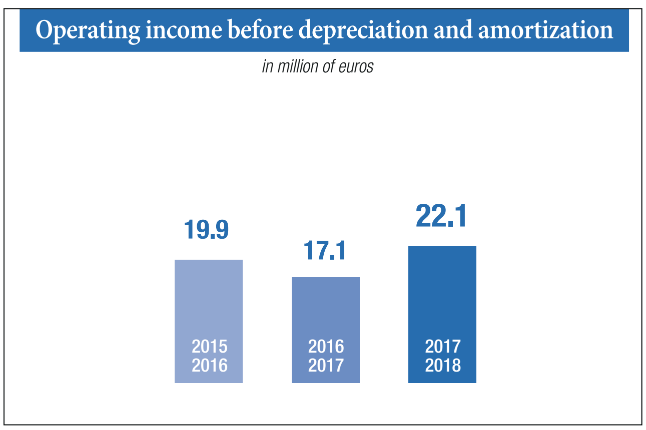
"Wages and salaries" increased €7.7 million in 2017/2018, including a €1.6 million net increase in provisions for employee disputes.

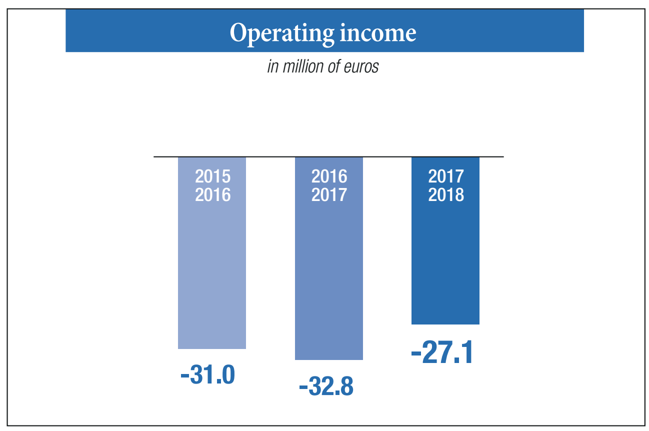
Excluding this movement in provisions, wages and salaries increased €6.1 million as follows:

- €2.7 million increase in hotel sector wages and salaries in line with favorable activity trends and the partial reopening of the Hôtel de Paris and its Le Grill restaurant;
- €1.5 million increase in wages and salaries following the implementation of the security plan and the recruitment of employees to perform previously outsourced services;
- an increase in wages and salaries in the gaming sector, the improvement in table games costs of approximately €1.0 million being offsetting by an increase in wages and salaries for the other activities and slot machines of €1.5 million;
- a €1.4 million increase in wages and salaries for the other sectors.

Lastly, "Depreciation and amortization" fell by €0.8 million. While phase one of renovation work at the Hôtel de Paris on the Rotonde and Alice wings has been completed, work on the Casino and Beaux-Arts wings significantly disrupts operations in the new rebuilt areas. The new equipments will therefore be brought into operation on project completion at the end of 2018. Corresponding depreciation will be charged from this time.

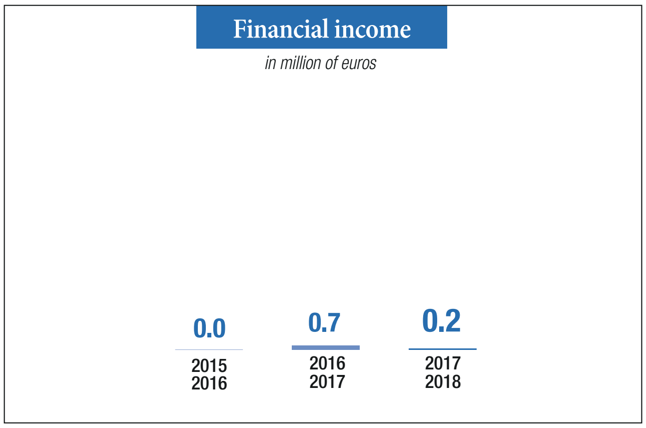
The S.B.M. Group's **operating loss** stood at -€27.1 million, compared to -€32.8 million for the previous year.

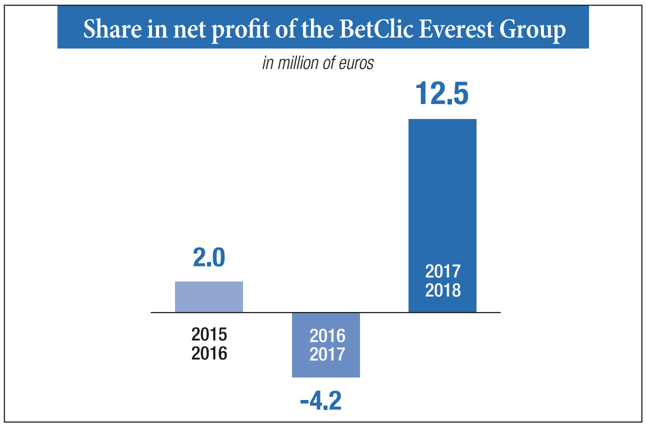




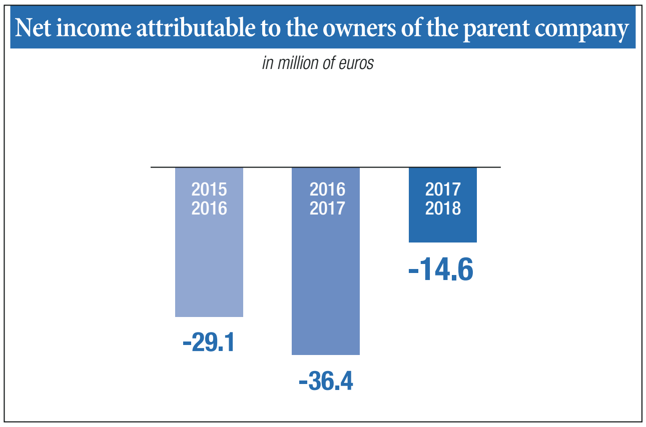
Financial income for fiscal year 2017/2018 posted a profit of €0.2 million, compared to a profit of €0.7 million for the previous year. Borrowing costs related to the financing of works at the Hôtel de Paris and One Monte-Carlo project are capitalized during the construction period.

Lastly, the **equity-accounting consolidation of Betclic Everest Group**, an on-line gaming group in which S.B.M. Group holds a 50% stake, requires the recognition of 50% of its net income for the period in question, or net income of €12.5 million, compared to a net loss of -€4.2 million for fiscal 2016/2017. This improvement reflects the solid performance of Betclic in the French market, following the success with players of new mobile applications. BEG Group results were also favorably impacted by the absence of marketing and communication costs incurred last year for the UEFA European Championship.



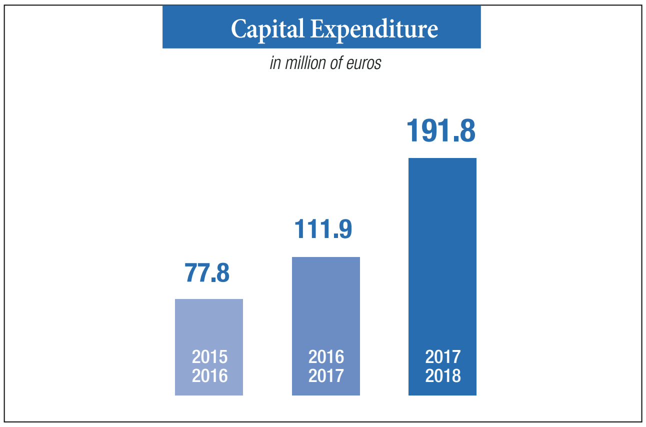


The **consolidated net loss attributable to owners of the parent company** stood at -€14.6 million for fiscal year 2017/2018, compared to a loss of -€36.4 million for fiscal 2016/2017, representing a reduction in the consolidated net loss of €21.8 million.



Cash from operations amounted to €23.6 million for fiscal 2017/2018, compared to €16.4 million the previous year. This increase is mainly due to the improvement in operating income before depreciation and amortization of €4.9 million. After taking into account the €8.5 million decrease in working capital requirements, net cash flows from operations totaled €32.7 million for fiscal 2017/2018, compared to €18.2 million for fiscal 2016/2017.

In addition, the continued roll-out of the **investment** program represented a cash outflow of €191.8 million in fiscal year 2017/2018 for acquisitions of property, plant and equipments, intangible assets and long-term investments, compared to €111.9 million the previous year. After taking into account the change in loans and advances granted and gains on asset disposals, net cash flow used in investing activities amounted to €181.6 million for fiscal year 2017/2018, compared to €111.3 million the previous year.



As of March 31, 2018, the S.B.M. Group's **net cash position** was negative at -€50.9 million, compared to a positive position at +€94 million year on year.

To secure the funding of its two major investment projects – extensive renovation of the Hôtel de Paris and One Monte-Carlo real estate development – the Group finalized its bank financing on January 31, 2017. Totaling €230 million, these credit facilities will enable draw-downs at the Group's initiative until January 31, 2019. The sums used at this date will then be gradually repaid, the last instalment being set for January 31, 2024.

As of March 31, 2018, the S.B.M. Group had performed six draw-downs for a total of €126.8 million, i.e. all of tranche A and €40 million of tranche B.

3.1.4. Parent company results of Société des Bains de Mer

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

Societe des Bains de Mer – Parent Company *(in million of euros)*	**2015/2016**	**2016/2017**	**2017/2018**	**Variation**
Revenue	**399.4**	**394.9**	**405.5**	**10.6**
Operating income before depreciation and amortization	**5.0**	**1.8**	**5.4**	**3.6**
Amortization	(45.0)	(43.7)	(42.7)	1.0
Operating income / (loss)	**(40.0)**	**(42.0)**	**(37.3)**	**4.6**
Financial income / (loss)	7.7	8.8	9.5	0.6
Exceptional income / (loss)	(6.1)	(3.7)	(4.3)	(0.6)
NET INCOME / (LOSS)	**(38.3)**	**(36.8)**	**(32.1)**	**4.7**

REVENUE

Revenue amounted to €405.5 million for fiscal 2017/2018, compared to €394.9 million the previous year, for an increase of €10.6 million.

OPERATING INCOME

Operating income was negative at -€37.3 million, compared to a loss of -€42 million in 2016/2017.

This improvement is mainly due to the increase in hotel sector revenues and, to a lesser extent, rental sector revenues.

FINANCIAL INCOME OR LOSS

Financial income primarily consists of financial income generated by the Company on financing provided to its subsidiaries. This revenue is canceled in the consolidated financial statements as part of the elimination of the S.B.M. Group's inter-company transactions. Borrowing costs relating to financing of works at Hôtel de Paris and the One Monte-Carlo project is capitalized during the construction period.

NET EXCEPTIONAL ITEMS

A net exceptional loss of -€4.3 million was recorded for fiscal 2017/2018, down by -€0.6 million over the previous year. This decline is mainly due to the inclusion of higher losses of the Monte-Carlo SBM International S.à.r.l. subsidiary than last year.

NET INCOME OR LOSS

The parent company net loss for fiscal 2017/2018 amounted to -€32.1 million, compared to a net loss of -€36.8 million the previous year, for an improvement of €4.7 million.

3.1.5. Article 23 of the Order of March 5, 1895

We hereby inform you of the transactions directly or indirectly involving your Company and its Directors during 2017/2018 fiscal year, or between your Company and its affiliated or non-affiliated companies with common Directors:

- transactions involving the affiliates of your Company:
  - Société Anonyme Monégasque d'Entreprise de Spectacles (S.A.M.E.S),
  - Société Anonyme Monégasque des Thermes Marins Monte-Carlo (S.T.M.),
  - Société Anonyme Monégasque Générale d'Hôtellerie (SOGETEL),
  - Société Anonyme Monégasque Hôtelière du Larvotto (S.H.L.),
  - Société Financière et d'Encaissement (S.F.E.),
  - Société Civile Particulière Soleil du Midi,
  - Société Civile Immobilière de l'Hermitage,
  - Société des Bains de Mer, USA, Inc,
  - Société Monte-Carlo SBM Singapore, Pte Ldt,
  - S.à.r.l Monte-Carlo SBM International,
  - SARL Café Grand Prix,
  - Société Betclic Everest Group,
- and:
  - business relations with Société Monégasque pour l'Exploitation du Tournoi de Tennis (S.M.E.T.T.), in which the Company is a shareholder,
  - the providing of parking spots and a display window on an arm's length basis with Société Anonyme Monégasque Dotta Immobilier, whose Vice-President is Mr. Michel Dotta, for non-material amounts,
  - wine purchases conducted on an arm's length basis with Société SCEA Fondugues Pradugues, which is owned and managed by Mr. Laurent Nouvion, for non-material amounts,
  - and advisory operations conducted on an arm's length basis with Société Lochinvar Consulting, which CEO is Mr. William Timmins, for non-material amounts.

3.2 Capital expenditure and future outlook

3.2.1. Capital expenditure

In recent years, the S.B.M. Group has pursued an active capital expenditure program, for a total of €429 million in the last three fiscal years, as shown in the table below, which groups together all capital expenditure, regardless of whether the projects have been completed and commissioned or are still in progress.

Capital Expenditure *(in million of euros)*	**Year ended March 31, 2016**	**Year ended March 31, 2017**	**Year ended March 31, 2018**
Gaming Sector	11,916	5,518	2,573
Hotel Sector	31,060	87,294	96,388
Rental Sector	32,496	45,778	87,785
Other Activities	6,573	9,206	12,456
TOTAL	**82,045**	**147,795**	**199,202**

GAMING SECTOR

Capital expenditure in the gaming sector amounted to €20 million over the last three fiscal years.

In fiscal 2017/2018, the S.B.M. Group pursued its slot machine pool renewal policy, with total capital expenditure of €5 million for the last three fiscal years. The objective is to maintain a competitive edge in terms of gaming offers and innovation and match the latest trends.

Over the last three years, the S.B.M. Group also carried out renovation work at two of its establishments.

The main capital expenditure in fiscal 2015/2016 involved the program to fully refurbish and expand the Casino Café de Paris, particularly with the creation of a new 350 m² outside terrace located on the side of Avenue des Spélugues. The space enable the installation of new machines accessible to all customers, and particularly smokers, and feature a bar and catering service.

The renovation program primarily focused on:

- the construction of a new centrally located bar, a key architectural feature representing a striking focal point for the establishment;
- the creation of a convivial dining area, previously not offered, that required the installation of a kitchen in the basement;
- a major architectural improvement to the existing outside terrace, with the additional of glass canopies;
- a full technical overhaul of all the installations.

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

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

A total of €10.5 million was invested in this project over the last three fiscal years, excluding the slot machines.

During fiscal 2016/2017, the Sun Casino was refurbished in the spirit of Las Vegas. The layout was revamped: red-toned decor, refurbished bar, extended dining area, everything was done to create an American gaming atmosphere for clients. The games offering was also enhanced with slot machines and Craps tables exclusive to the Côte d'Azur.

This project's capital expenditure, excluding the slot machines, totaled €1.7 million over the last three fiscal years.

HOTEL SECTOR

Capital expenditure in the hotel sector amounted to €214.7 million over the last three fiscal years.

The extensive renovation project of the Hôtel de Paris (see Note 3.2.2. below – "Main ongoing projects") itself represented more than 80% of the total capital expenditure in the hotel sector in the last three years.

Other capital expenditure projects involved ongoing work such as the renovation of the rooms and suites of the Beaumarchais wing at the Hôtel Hermitage, or the renovation of the Monte-Carlo Beach, as well as the renovation of Jimmy'z carried out in 2016/2017 and 2017/2018 with two closings during the winter period. The renovation modernized the establishment, refurbished the interior bar and VIP spaces and created an outside bar facing the lagoon. Over the last three fiscal years, this renovation work amounted to €5.5 million.

Hotel sector capital expenditure amounted to €96.4 million in fiscal 2017/2018.

RENTAL SECTOR

Major capital expenditure has also been incurred in the rental sector, amounting to €166.1 million over the last three fiscal years, in order to enhance the value of real estate assets, while attracting and strengthening the loyalty of a new international clientele in the Principality of Monaco.

This strategy, initiated in October 2005 with the opening of the Monte-Carlo Bay Residence (24 luxury apartments), and confirmed in May 2012 with the opening of the Balmoral Residence (7 apartments with a hotel service offering an exceptional view of Port Hercules), and in 2014/2015 with the villas du Sporting (3 villas ideally located in the Sporting Monte-Carlo peninsula, constituted an absolutely unprecedented real estate development in Monaco, surrounded by luxurious vegetation, and shaded by stone pines, cypresses, Atlas cedars and magnificent palm trees) has grown in importance with the real estate development project in the heart of Monaco described in Note 3.2.2 below.

Expenses incurred during the last three fiscal years amounted to €161 million, of which €85 million in fiscal 2017/2018.

Rental sector capital expenditure amounted to €87.8 million in fiscal 2017/2018.

OTHER ACTIVITIES AND COMMON SERVICES

Capital expenditure in other activities and common services amounted to €28.2 million over the last three fiscal years.

The capital expenditure mainly involves the software and management systems implemented by the S.B.M. Group support functions such as the Human Resources department (management of time and activities, payroll), or the IT Department (purchasing of licenses, etc.), as well as the significant work carried out at the Monte-Carlo Country Club.

3.2.2. Main ongoing projects and future outlook

PURSUIT OF THE CAPITAL EXPENDITURE PROGRAM

The projects under way as of March 31, 2018 will continue in 2018/2019 as part of the investment program defined by the S.B.M. Group and in line with the policy adopted in previous years.

The main ongoing projects are as follows:

GAMING SECTOR

The main projects undertaken involve the renewal of the slot machine pool.

HOTEL SECTOR

As mentioned previously, the main project in the hotel sector is the extensive renovation of the Hôtel de Paris.

Renovation will concern the entire establishment, with restructuring of both public areas and service facilities. The hotel's overall accommodation capacity will remain virtually the same, but the size of the rooms and suites and the proportion of suites will increase.

The program's other key features are as follows:

- enhanced use of the roof space to host a new fitness, spa and pool area reserved for hotel clients, prestigious suites and a "roof-top villa" with a private garden and pool;
- creation of a garden courtyard in the center of the establishment;
- development of boutiques;
- opening of the Bar Américain and the future restaurant on the south terrace offering a 180° view spanning from the Casino de Monte-Carlo to Port Hercule;
- adaptation to state-of-the-art technologies and a direct underground link with the reception and conference facilities of the future One Monte-Carlo complex.

These renovations and creations will ensure that the Hôtel de Paris continues to satisfy the increasingly demanding requirements of luxury hotel clientele.

The historic facade of the Hôtel de Paris opposite the Café de Paris Monte-Carlo will remain intact. The legendary lobby and the cellar, as well as the emblematic establishments such as the Bar Américain, the Salle Empire, the Louis XV – Alain Ducasse and the Grill, will be maintained.

The Grill, located on the eighth floor, was the first innovation of the Hôtel de Paris to be exclusively revealed in May 2017. Among the novelties: a more contemporary decor, the Princess Grace Suite, and an extended outside terrace with a wider view.

Scheduled for four years, the project, started in 2014, initially covered the Rotonde and Alice wings, which were entirely demolished in order to be rebuilt. The two wings have been completed and marketing began in May 2017 during the Formula 1 Grand Prix. With the commissioning of these two wings, the establishment now had an average 2017/2018 capacity of 56 rooms compared to the previous 40 rooms. The decision was made to keep the establishment partially open throughout the refurbishment to limit to a maximum the project's impact on employees and have an accommodation capacity for regular playing clients

The cost of the Hôtel de Paris renovation for the 2014-2018 period is estimated €270 million, excluding the estimated operating losses.

As of March 31, 2018, a total of €201.7 million had already been invested in this project, of which €175 million in the last three fiscal years.

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

RENTAL SECTOR

The main project undertaken in the rental sector is the One Monte-Carlo real estate development, located in the heart of Monaco on the site previously occupied by the Sporting d'Hiver. Its main features are described below.

Comprising seven buildings, the One Monte-Carlo real estate complex forms part of an urban planning project involving a mixed real estate program combining luxury stores, upscale residences, offices and leisure and cultural areas. It will therefore include 4,600 m^2 of high-end boutiques on three floors (basement, ground floor and mezzanine), upscale multi-storey residences covering 12,900 m^2, 2,500 m^2 of office spaces, 2,500 m^2 of conference rooms equipped with multimedia technologies, an exhibition room of 400 m^2 and 350 parking spaces.

One of the priority tasks assigned to the architect was the need to design a complex that will redevelop the district by creating a friendly place for Meeting, Incentives, Conferences and Events (MICE) that is exemplary in terms of green urban planning and sustainable development: 30% of additional space accessible to the public will be created on the landscaped site, with a new pedestrianized street linking avenue des Beaux-Arts to Jardins Saint-James.

The total cost of this major real estate and urban planning project in the heart of Monaco represents an estimated investment of €390 million over the 2013-2018 period.

As of March 31, 2018, a total of €253.8 million had already been invested in the project, including:

- design costs and professional fees for €53.8 million;
- construction costs and technical installations for €128.9 million;
- construction and development costs for the Monte-Carlo Pavilions in the Jardins des Boulingrins for €22.1 million;
- costs to purchase leasehold rights for €33 million.

The share of these investments for fiscal 2017/2018 amounted to €85 million.

All the infrastructures of the real estate complex have been finalized and construction of the building superstructures began in May 2017. The project is slated to be completed at the end of 2018.

Given these various projects, the estimated capital expenditure for fiscal 2018/2019 should amount to approximately €205 million, of which €170 million for the two major projects described above.

OUTLOOK

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

With the completion of the two aforementioned projects, the S.B.M. Group seeks to generate an additional full-year operating income before depreciation and amortization of more than €50 million, as of the commissioning of these assets, scheduled for early 2019. The S.B.M. Group will thus take on a new dimension through both an expected revenue boost and portfolio growth.

These projects nevertheless represent an unprecedented investment, currently estimated at €660 million, excluding the estimated operating losses generated by the partial closure of the Hôtel de Paris. As of March 31, 2018, the S.B.M. Group commitments with respect to these two projects represented over 90% of the total cost previously cited.

In this context, the aim of the S.B.M. Group's investment policy will be to guarantee services for its clients in accordance with the best market standards, while favoring more profitable projects.

Restaurant Le Grill

4

SYNTHESIS OF 2017/2018 FINANCIAL STATEMENTS AND STATUTORY AUDITORS AND CONTRACTUAL AUDITOR'S REPORTS

Complete Parent Company Financial Statement and Consolidated Financial Statement (annual financial statements and notes associated to financial statements) are presented in Chapter 20.3 of the "Document de Référence" filed in the French language on July 12, 2018 with the French Financial Markets Authority *(Autorité des Marchés Financiers)*.

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

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

4.1.1 Balance sheet as of March 31, 2018

ASSETS

	2017/2018 Fiscal year			2016/2017 Fiscal year
(in thousands of euros)	Gross	Depreciation, amortization and provisions	Net	Net
CURRENT ASSETS OR ASSETS RECOVERABLE IN LESS THAN 1 YEAR	**149,721**	**47,953**	**101,767**	**131,563**
Cash in hand	29,998		29,998	19,734
Banks: deposit on demand	34,297		34,297	22,183
Other assets on demand	23		23	
Banks: time deposits				42,003
Marketable securities				6,352
Operating receivables	8,731	1,975	6,756	7,768
Other receivables	23,963	413	23,550	17,647
Investment accounts				
Affiliate accounts	47,582	45,565	2,017	11,127
Assets withheld	5,126		5,126	4,750
INVENTORY	**11,211**	**23**	**11,187**	**10,963**
ADVANCE PAYMENTS OR GUARANTEES	**561**		**561**	**568**
Payments on account on orders	561		561	568
ASSETS TO MATURE IN OVER 1 YEAR				
Loans				
NON-CURRENT ASSETS	**762**		**762**	**722**
Deposits and guarantees paid	762		762	722
PARTICIPATING INTERESTS	**285,472**	**59,485**	**225,987**	**236,146**
Affiliates	285,368	59,458	225,910	236,057
Other participating interests	104	27	77	89
FIXED ASSETS	**1,617,087**	**781,069**	**836,018**	**685,553**
Intangible assets:				
◆ Concessions, patents & similar	32,499	27,340	5,160	5,319
◆ Leasehold rights	18	18		
◆ Assets in progress	2,124		2,124	1,495
Property, plant & equipment:				
◆ Land	84,414		84,414	84,411
◆ Revaluation reserves as of 03/31/1979	35,611	35,611		
◆ Land development	2,491	2,491		
◆ Buildings	768,052	497,113	270,939	285,367
◆ Industrial and technical plant	182,598	161,330	21,268	26,925
◆ Other PP&E	66,278	57,166	9,112	11,480
◆ PP&E in progress	443,001		443,001	270,554
Total assets	**2,064,813**	**888,530**	**1,176,283**	**1,065,515**
CHARGES TO BE AMORTIZED	**3,284**		**3,284**	**3,847**
ACCRUED INCOME & DEFERRED CHARGES	**5,745**		**5,745**	**5,953**
Prepaid expenses	5,687		5,687	5,865
Other suspense accounts	54		54	88
Foreign exchange differences	4		4	
GRAND TOTAL	**2,073,841**	**888,530**	**1,185,312**	**1,075,315**
CLEARING ACCOUNTS				
Directors' shares held as management			5	7
Deposits and guarantees given			59,170	60,343
Deposits received			31,831	18,098
Other guarantees received			11,700	26,631
Trade payables			172,193	260,112
Third-party receivables for bank guarantees given				
Opening of credit facility and confirmed unused overdrafts			108,200	235,000
Variable-rate hedge			100,000	100,000
			483,099	**700,190**

LIABILITIES & STOCKHOLDERS' EQUITY

(in thousands of euros)	2017/2018 Fiscal Year	2016/2017 Fiscal Year
LIABILITIES PAYABLE IN LESS THAN 1 YEAR	**309,211**	**170,607**
Bank overdrafts		
Bills payable	23,785	16,954
Operating liabilities	72,772	77,384
Affiliate accounts	21,012	19,678
Employee accounts	30,685	29,599
Borrowings	127,293	914
Other liabilities	3,395	3,664
Liabilities withheld	30,270	22,415
ADVANCE COLLECTIONS OR GUARANTEES	**25,541**	**23,717**
Advances received	16,948	15,006
Deposits and guarantees received	8,593	8,711
LIABILITIES TO MATURE IN OVER 1 YEAR	**31,202**	**31,202**
Operating liabilities		
Liabilities withheld	31,202	31,202
PROVISIONS FOR CONTINGENCIES	**7,295**	**5,184**
Other provisions for contingencies	7,295	5,184
ACCRUED LIABILITIES & DEFERRED INCOME	**143,446**	**143,840**
Revenues to be recorded in future fiscal years	136,831	136,708
Other accrued liabilities and deferred income	395	330
Foreign exchange differences	23	40
Investment grant		
◆ *gross*	*17,535*	*17,535*
◆ *amortization*	*(11,339)*	*(10,772)*
STOCKHOLDERS' EQUITY		
Common stock, additional paid-in capital and reserves	**430,791**	**430,791**
Common stock: 24,516,661 shares of €1	24,517	24,517
Additional paid-in capital on shares	214,650	214,650
Revaluation reserves:		
◆ Revaluation surplus 03/31/1990	167,694	167,694
◆ Revaluation reserve 03/31/1979	23,931	23,931
Reserves:	**162,243**	**162,243**
◆ Statutory reserve	2,452	2,452
◆ Optional reserve	148,799	148,799
◆ Contingency reserve	10,992	10,992
◆ Long-term capital gains		
Results:	**75,584**	**107,732**
◆ Retained earnings	107,732	144,545
◆ Net income for the period	(32,148)	(36,814)
Total stockholders' equity	**668,618**	**700,765**
GRAND TOTAL	**1,185,312**	**1,075,315**
CLEARING ACCOUNTS		
Directors' shares held as management	5	7
Deposits and guarantees given	59,170	60,343
Deposits received	31,831	18,098
Other guarantees received	11,700	26,631
Trade payables	172,193	260,112
Third-party receivables for bank guarantees given		
Opening of credit facility and confirmed unused overdrafts	108,200	235,000
Variable-rate hedge	100,000	100,000
	483,099	**700,190**

4.1.2 Statement of income

(in thousands of euros)	2017/2018 Fiscal Year	2016/2017 Fiscal Year
MAIN ACTIVITY		
Gaming receipts	207,145	209,841
Services rendered	204,535	191,122
Sales of bought-in goods	6,218	6,144
Other receipts	5,110	6,303
Less: intra-group transfers	(12,789)	(12,585)
Total income from main activity	**410,218**	**400,825**
To be deducted:		
◆ Cost of purchase of bought-in goods	(4,395)	(4,207)
◆ Purchases of raw materials and supplies	(141,602)	(139,322)
◆ License fees, duties and taxes other than income tax	(31,770)	(31,964)
◆ Wages and salaries	(205,300)	(201,220)
◆ Other operating expenses	(18,771)	(15,960)
◆ Depreciation and amortization charges	(42,719)	(43,730)
Provisions:		
◆ Charges	(21,143)	(18,509)
◆ Write-backs	16,940	9,839
Total expenses from main activity	**(448,759)**	**(445,072)**
Share in proceeds from joint ventures	(200)	(281)
Net income/(loss) from main activity	**(38,741)**	**(44,528)**
RELATED ACTIVITIES		
Financial net income/(loss)	(458)	(170)
Revenues from participating interests	9,961	9,012
Provisions:		
◆ Charges	(46)	(30)
◆ Write-backs	9	35
Net income/(loss) from related activities	**9,466**	**8,848**
EXCEPTIONAL INCOME/(EXPENSES)		
Various exceptional expenses	573	609
Provisions:		
◆ Charges	(6,082)	(5,359)
◆ Write-backs	1,219	1,039
Net exceptional items	**(4,290)**	**(3,710)**
Losses from prior years	**1,417**	**2,577**
NET INCOME/(LOSS) FOR THE PERIOD	**(32,148)**	**(36,814)**

4.1.3 Statutory Auditors' Report

Year ended March 31, 2018

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

Jean-Humbert Croci
Expert-Comptable
12, avenue de Fontvieille
98000 Monaco

This is a free translation into English of the statutory auditor's report issued in French and is provided solely for the convenience of English speaking users. The statutory auditor's report includes information specifically required by the Monacan legislation in such reports, whether modified or not. This information presented below is the auditor's opinion on the Financial Statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Financial Statements taken as a whole and not to provide a separate assurance on any individual financial caption or on any information taken outside the Financial Statements.

Dear Shareholders,

In accordance with the legal requirements in article 25 of the law n° 408 of January 20th, 1945 and with the terms of our appointment in accordance with article 8 of the aforementioned law and the annual general shareholder meeting held on September 22nd, 2017 for the years 2017/2018, 2018/2019 and 2019/2020, we submit to you our report on the Financial Statements for the year ended March 31st, 2018.

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

Our audit, which was designed to allow us to express an opinion on these Financial Statements, was performed in accordance with professional auditing standards. It includes an examination of the balance sheet as of March 31st, 2018 and of the Statement of Profit and Loss for the year 2017/2018.

The total balance sheet is 1,185,312 K€. The net loss for the fiscal year ending March 31st, 2018, is 32,148 K€. The Shareholders' equity is worth 668,618 K€.

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

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

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

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

In our opinion, the Financial Statements attached to this report and submitted to your approval give a true and fair view of the company's position and its assets and liabilities as of March 31st, 2018 and the result of the transactions for the twelve months then ended. The Financial Statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

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

Monaco, July 6th, 2018
The statutory Auditors

André GARINO **Jean-Humbert CROCI**

4.1.4 Statutory Auditors' Special Report

Year ended March 31, 2018

André Garino	**Jean-Humbert Croci**
Expert-Comptable	Expert-Comptable
2, rue de la Lüjerneta	12, avenue de Fontvieille
98000 Monaco	98000 Monaco

Dear Shareholders,

In accordance with the legal requirements of the article 24 of the Law n° 408 dated January 20th, 1945, we are submitting you a report on the transactions covered by the article 23 of the Sovereign Ordinance dated March 5th, 1895, for the year ending March 31st, 2018 with respect to the shareholders 'meetings held in that period.

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

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

The execution of these transactions during the fiscal year 2017/2018 is described in the special report disclosed by your Board of direction. We have checked the information included in that report and have no further remark.

GENERAL MEETINGS HELD DURING THE FISCAL YEAR

During the course of the fiscal year was held:

- on September 22nd, 2017, the Annual General Meeting to approve the financial statements for the year ending March 31st, 2017 and to appoint the statutory auditors.

For this General Meeting, we have checked:

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

We do not have any remark.

Monaco, July 6th, 2018
The statutory Auditors

André GARINO — Jean-Humbert CROCI

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

4.2.1 Balance sheet as of March 31, 2018

ASSETS

(in thousands of euros)	2017/2018 Fiscal year Gross	2017/2018 Fiscal year Depreciation, amortization and provisions	2017/2018 Fiscal year Net	2016/2017 Fiscal year Net
NON-CURRENT ASSETS				
Intangible assets	**34,642**	**27,358**	**7,284**	**6,815**
Concessions, patents & similar	32,499	27,340	5,160	5,319
Leasehold rights	18	18		
Intangible assets in progress	2,120		2,120	1,495
Payments on account	4		4	
Property, plant & equipment	**1,582,445**	**753,711**	**828,734**	**678,738**
Land	122,516	38,102	84,414	84,411
Buildings	768,052	497,113	270,939	285,367
Industrial and technical plant	182,598	161,330	21,268	26,925
Other PP&E	66,278	57,166	9,112	11,480
PP&E under construction	429,084		429,084	255,586
Payments on account	13,917		13,917	14,968
Long-term investments	**291,252**	**59,875**	**231,377**	**241,604**
Participating interests	289,647	59,458	230,190	240,590
Other financial investments	8	8		
Loans	739	391	349	203
Other financial assets	858	19	839	811
Total non-current assets	**1,908,339**	**840,944**	**1,067,395**	**927,157**
CURRENT ASSETS				
Inventory	11,211	23	11,187	10,963
Payments on account – advances paid	561		561	568
Operating receivables	9,578	1,975	7,603	7,975
Other operating receivables	22,940		22,940	17,070
Other receivables	47,919	45,587	2,332	11,589
Cash and cash equivalent	64,318		64,318	90,282
Prepaid expenses	5,687		5,687	5,865
Total current assets	**162,214**	**47,586**	**114,629**	**144,311**
Deferred charges & unrealized foreign exchange losses	3,288		3,288	3,847
TOTAL ASSETS	**2,073,841**	**888,530**	**1,185,312**	**1,075,315**

LIABILITIES & STOCKHOLDERS' EQUITY

(in thousands of euros)	2017/2018 Fiscal year	2016/2017 Fiscal year
STOCKHOLDERS' EQUITY		
Common stock	24,517	24,517
Additional paid-in capital	214,650	214,650
Revaluation reserves	191,625	191,625
Statutory reserve	2,452	2,452
Long-term net capital gains reserve		
Contingency reserve	10,992	10,992
Optional reserve	148,799	148,799
Retained earnings	107,732	144,545
Net income/(loss)	(32,148)	(36,814)
Investment grants	6,196	6,763
Total stockholders' equity	**674,814**	**707,528**
PROVISIONS FOR CONTINGENCIES & LOSSES		
Provisions for contingencies	7,295	5,184
Provisions for losses	34,887	34,362
Total provisions for contingencies & losses	**42,182**	**39,546**
LIABILITIES		
Bank borrowings	127,227	292
Other borrowings	8,659	9,333
Payments on account – advances received	16,948	15,006
Trade payables and related accounts	16,364	14,561
Tax and employee-related liabilities	74,173	72,850
Other operating liabilities	8,524	9,408
Amounts payable on PP&E	54,766	46,371
Other liabilities	24,801	23,671
Prepaid income	136,831	136,708
Total liabilities	**468,292**	**328,200**
Unrealized foreign exchange gains	23	40
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**1,185,312**	**1,075,315**

4.2.2 Statement of income

(in thousands of euros)	2017/2018 Fiscal year	2016/2017 Fiscal year
OPERATING INCOME		
Net revenues	405,489	394,852
Write-back of depreciation, amortization and provisions	16,940	9,839
Expense reclassifications	102	245
Other income	5,130	6,432
Total operating income	**427,660**	**411,368**
OPERATING EXPENSES		
Purchases of bought-in goods	(3,299)	(3,080)
Changes in inventory of bought-in goods	(1,089)	(1,125)
Purchases of raw materials and other supplies	(24,569)	(23,497)
Changes in inventory of raw materials and other supplies	1,310	1,627
Other purchases and external charges	(117,437)	(115,597)
Share in proceeds from joint ventures	(200)	(281)
Duties and taxes other than income tax	(31,726)	(31,925)
Wages and salaries	(144,260)	(141,482)
Employee welfare contributions and similar charges	(61,048)	(59,738)
Depreciation and amortization on fixed assets	(42,719)	(43,730)
Charges to provisions on current assets	(12,970)	(12,581)
Charges to provisions for contingencies and losses	(8,173)	(5,928)
Other charges	(18,803)	(15,983)
Total operating expenses	**(464,984)**	**(453,319)**
NET INCOME/(LOSS) FROM OPERATIONS	**(37,323)**	**(41,951)**
FINANCIAL INCOME		
From participating interests and marketable securities	9,961	9,012
Other interest and similar income	94	356
Foreign exchange gains	70	49
Net proceeds from sale of short-term investment securities	5	6
Write-back of provisions	9	35
Total financial income	**10,138**	**9,459**
FINANCIAL EXPENSES		
Interest and similar charges	(586)	(554)
Foreign exchange losses	(41)	(26)
Net charges on sales of short-term investment securities		
Charges to provisions	(46)	(30)
Total financial expenses	**(672)**	**(611)**
NET INCOME/(LOSS) FROM FINANCIAL ITEMS	**9,466**	**8,848**
EXCEPTIONAL INCOME		
From non-capital transactions	280	188
From capital transactions	1,207	1,241
Write-back of provisions	1,219	1,039
Total exceptional income	**2,706**	**2,468**
EXCEPTIONAL EXPENSES		
On non-capital transactions	(16)	(36)
On capital transactions	(898)	(784)
Charges to provisions	(6,082)	(5,359)
Total exceptional expenses	**(6,996)**	**(6,178)**
NET EXCEPTIONAL ITEMS	**(4,290)**	**(3,710)**
CORPORATE INCOME TAX		
NET INCOME FOR THE PERIOD	**(32,148)**	**(36,814)**

4.2.3 Cash flow statement for the period ended March 31, 2018

(in thousands of euros)	2017/2018 Fiscal year	2016/2017 Fiscal year
OPERATING ACTIVITIES		
Cash flow before disposal of fixed assets	18,897	12,017
Changes in working capital requirements	9,135	22,843
CASH FLOW FROM OPERATING ACTIVITIES	**28,032**	**34,859**
INVESTING ACTIVITIES		
Purchases of PP&E and intangible assets	(194,082)	(142,841)
Investment grants		
Changes in long-term investments and deferred charges	4,792	(9,677)
Proceeds from disposal of assets	640	661
Changes in amounts payable on PP&E	8,395	36,599
CASH FLOW USED IN INVESTING ACTIVITIES	**(180,256)**	**(115,258)**
FINANCING ACTIVITIES		
Draw-downs on credit facility	126,934	292
Credit line repayments		
Dividends paid		
Share capital increase		
Changes in stable financing activities	(674)	531
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**126,261**	**824**
CHANGE IN CASH AND CASH EQUIVALENTS	**(25,964)**	**(79,574)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**90,282**	**169,856**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**64,318**	**90,282**

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

Year ended March 31, 2018

Deloitte & Associés	Jean-Humbert CROCI	André Garino
6, place de la Pyramide	12, avenue de Fontvieille	2, rue de la Lüjerneta
92908 Paris La Défense Cedex	98000 Principauté de Monaco	98000 Monaco Principauté

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

To the Shareholders,

1. OPINION

We have audited the financial statements of Société des Bains de Mer et du Cercle des Étrangers à Monaco for the year ended March 31, 2018, comprising the balance sheet, income statement and cash flow statement, as well as the notes thereto which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as of March 31, 2018 and of its financial performance and cash flows for the year then ended in accordance with generally accepted accounting principles in France.

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Responsibility of the Contractual Auditor and Statutory Auditors for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the IESBA (International Ethics Standards Board for Accountants) Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	Responses as part of our audit
Impairment of SBM International securities and related receivables *(see 1.2 "Accounting principles" of Note 1 "Accounting policies" and Note 5 "Long-term investments" to the financial statements)*	

Via SBM International, the Company has an indirect 50% share in Betclic Everest Group (BEG). SBM International's securities amounted to €1.5 million and were fully impaired in the Company's financial statements for the year ended March 31, 2018. The receivables relating to these securities totaled €232.9 million as of that date and were impaired in the amount of SBM International's losses, i.e. €55 million.
BEG is faced with various risks that could have a material impact on its value. Any impairment of BEG securities at SBM International due to these circumstances would have impacts on the impairment of the related receivables in the Company's financial statements.
BEG's recoverable amount was estimated using the discounted cash flow method based on a three-year business plan, a ten-year extrapolation and a perpetual forecast value.
The results of this discounted cash flow method were also compared with a valuation report performed by an external expert in order to support the assessment of BEG's recoverable amount.
In this context, the verification that the SBM International securities and related receivables were correctly impaired, i.e. the recoverable amount of the securities and receivables largely exceeds the net carrying amount of said assets, is a key audit matter insofar as the key assumptions adopted in the discounted cash flow method rely heavily on management's judgment.
	We obtained the most recent business plans from Management and the impairment tests performed.
	Using this information, we performed a critical review of the Company's implementation of the adopted methodology and the following procedures:
	◆ With the help of our internal specialists, we carried out a critical analysis of:
	  ◆ the models used for the Group's main entities (BetClic-Expekt-Everest and Bet-at-Home),
	  ◆ the key assumptions used to calculate the discounted cash flows (long-term growth rate, forecast margin, discount rate),
	  ◆ the period forecasts with the corresponding actual results to assess the reliability of the forecast data preparation process;
	◆ Additionally, we obtained and reviewed the sensitivity analyses performed by Management. We also performed our own sensitivity calculations to confirm that only an unreasonable change in assumptions could require the recognition of a material impairment of the goodwill;
	by comparing these items with online gaming market practices and data.
	Furthermore, using the business plans and their extrapolations, we verified that the data entered into the models was consistent with BEG's organization, action plans and projects.
	Finally, we verified that the securities and receivables relating to SBM International's securities in the Company's financial statements were correctly impaired to take into account SBM International's negative equity.

Recognition of gaming revenue	
The Company's revenue totaled €405.6 million for the year ended March 31, 2018, and the gaming sector, which mainly includes table games and automatic machines, represented a significant proportion. We considered that the recognition of gaming revenue was a key audit matter for the following reasons: ◆ gaming transactions are characterized by the constant handling of chips and cash, as well as daily manual counts used to recognize revenue in the accounts, which could be conducive to fraud and create a risk concerning the completeness of the recorded transactions; ◆ revenue is a key performance indicator and the verification that controls are not overridden by management requires particular attention.	We assessed the appropriateness of the control procedures set up by the Company in order to cover the risks of material misstatement that we identified for gaming revenue. Accordingly, we verified the effectiveness of the relevant controls to cover the risks relating to manual counts and the recording of gaming transactions, mainly by: ◆ physically observing the procedures in gaming rooms; ◆ verifying, on a sampling basis, that these relevant controls are actually performed and their effectiveness. This work was supplemented by substantive tests designed to verify, based on a sampling from the accounting records, that these transactions were properly recorded in the correct amount. We also covered the risk that gaming revenue would not be recognized in full, by verifying that a sample of gaming transactions was recorded in the accounts.

4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for supervising the Company's financial information preparation process.

The Board of Directors is responsible for approving the financial statements.

5. RESPONSIBILITY OF THE CONTRACTUAL AUDITOR AND STATUTORY AUDITORS FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6. SPECIFIC VERIFICATION

We have also verified the information pertaining to the Company that corresponds to the management report information contained in the registration document in accordance with professional practices in France. We have no comments to make on its fair presentation and consistency with the financial statements.

Paris-La Défense and Monaco, July 6th, 2018

The Contractual Auditor	*The Statutory Auditors*	
Deloitte & Associés		
François-Xavier AMEYE	**Jean-Humbert CROCI**	**André GARINO**

4.3. Company results over the last five fiscal years

	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
I - STOCKHOLDERS' EQUITY					
Common stock *(in thousands of euros)*	18,160	24,517	24,517	24,517	24,517
Number of ordinary shares	18,160,490	24,516,661	24,516,661	24,516,661	24,516,661
II - OPERATIONS AND INCOME FOR THE YEAR *(in thousands of euros)*					
Revenues before income tax	418,694	396,373	399,384	394,852	405,489
Net income/(loss) after income tax, but before depreciation, amortization & provisions	70,868	58,649	9,410	19,900	19,674
Net income/(loss) after income tax, depreciation, amortization & provisions	18,335	115	(38,317)	(36,814)	(32,148)
Dividends paid to stockholders	182				
III - PER SHARE DATA [(1)] *(in euros)*					
Net income/(loss) after income tax, but before depreciation, amortization & provisions	3.90	3.21	0.38	0.81	0.80
Net income/(loss) after income tax, depreciation, amortization & provisions	1.01	0.01	(1.56)	(1.50)	(1.31)
Dividend per share	0.01				
III - EMPLOYEES					
Number of employees as of March 31	3,252	3,274	3,195	3,224	3,322
Total payroll for the year [(2)] *(in thousands of euros)*	124,656	127,917	134,978	141,482	144,260
Employee benefits for the year (social security, social welfare, etc.) [(3)] *(in thousands of euros)*	58,339	58,681	59,718	59,738	61,048

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

4

4.4. Group consolidated financial statements – synthesis

4.4.1 Consolidated statement of financial position as of March 31, 2018

ASSETS

(in thousands of euros)	March 31, 2017	March 31, 2018
Goodwill	**32**	**32**
Intangible assets	**6,861**	**7,321**
Property, plant & equipment	**760,164**	**908,787**
Equity investments	99,257	108,637
Other non-current financial assets	23,441	16,230
Non-current financial assets	**122,698**	**124,866**
Non-current assets	**889,755**	**1,041,007**
Inventory	12,082	12,337
Trade receivables	23,565	23,775
Other receivables	31,113	32,776
Other financial assets	28	173
Cash and cash equivalents	94,850	70,952
Current assets	**161,637**	**140,013**
TOTAL ASSETS	**1,051,391**	**1,181,020**

LIABILITIES & EQUITY

(in thousands of euros)	March 31, 2017	March 31, 2018
Common stock	24,517	24,517
Additional paid-in capital	214,650	214,650
Reserves	436,563	400,132
Reserves related to the change in fair value of financial assets registred in equity	(140)	(556)
Consolidated net income for the period	(36,380)	(14,595)
Equity attributable to owners of the parent company	**639,211**	**624,148**
Non controlling interests (minority interests)	417	604
Equity	**639,628**	**624,751**
Financial liabilities and borrowings	4,721	125,219
Employee benefits	50,074	48,981
Provisions	4,364	7,051
Other non-current liabilities	130,716	130,502
Total non-current liabilities	**829,502**	**936,504**
Trade payables	20,424	23,250
Other payables	196,051	216,118
Provisions	251	483
Financial liabilities	5,164	4,663
Total current liabilities	**221,889**	**244,515**
TOTAL LIABILITIES & EQUITY	**1,051,391**	**1,181,020**

4.4.2 Consolidated statement of income

(in thousands of euros)	2016/2017 Fiscal year	2017/2018 Fiscal year
Revenue	**458,832**	**474,589**
Cost of goods sold, raw materials & other supplies	(49,437)	(52,359)
Other external charges	(120,293)	(122,400)
Taxes and similar payments	(31,990)	(31,796)
Wages and salaries	(236,623)	(244,317)
Depreciation and amortization	(49,968)	(49,206)
Other operating income and expenses	(3,342)	(1,628)
Operating income	**(32,821)**	**(27,117)**
Income from cash and cash equivalents	151	4
Gross finance costs	84	(120)
Net finance costs	**235**	**(116)**
Other financial income and expenses	462	277
Income tax expense		
Net income/(loss) of associates	(4,171)	12,511
Consolidated net income	**(36,295)**	**(14,446)**
Non controlling interests (minority shares)	(85)	(150)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	**(36,380)**	**(14,595)**
Average number of shares issued	24,516,661	24,516,661
Net earnings per share *(in euros)*	(1.48)	(0.60)
Net diluted earnings per share *(in euros)*	(1.48)	(0.60)

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	2016/2017 Fiscal year	2017/2018 Fiscal year
Consolidated net income	**(36,295)**	**(14,446)**
Items that will not be reclassified subsequently to profit or loss		
◆ Actuarial gains and losses on employee benefits (IAS 19 revised)	(960)	213
◆ Share of profit/(loss) of associates	(20)	
Items that may be reclassified subsequently to profit or loss		
◆ Gains and losses on the remeasurement of available-for-sale financial assets (IAS 39)		
◆ Share of profit/(loss) of associates	128	(180)
TOTAL COMPREHENSIVE INCOME	**(37,147)**	**(14,413)**
Of which attributable to the owners of the parent company	(37,229)	(14,561)
Of which attributable to non controlling interests (minority interests)	82	149

4.4.3 Consolidated cash flow statement

(in thousands of euros)	2016/2017 Fiscal year	2017/2018 Fiscal year
OPERATING ACTIVITIES		
Consolidated net income attributable to owners of the parent company	(36,380)	(14,595)
Non controlling interest (minority interest)	85	150
Amortization	49,968	49,206
Net income/(loss) of associates	4,171	(12,511)
Portion of investment grant recorded in profit or loss	(579)	(567)
Changes in provisions	(224)	2,040
Gains and losses on changes in fair value	(613)	(402)
Other income and expenses calculated	(65)	33
Capital gains and losses on disposal	59	267
Cash generated from operations	**16,421**	**23,621**
Net finance costs (excluding change in fair value) and income tax expense	378	518
Cash generated from operations before net finance costs and income tax expense	**16,799**	**24,138**
Tax paid		
Decrease / (increase) in WCR relating to operations	1,427	8,522
CASH FLOW FROM OPERATING ACTIVITIES	**18,226**	**32,661**
INVESTING ACTIVITIES		
Purchase of PP&E, intangible and financial assets	(111,851)	(191,812)
Gains on disposal of PP&E and intangible assets	668	645
Impact of changes in scope of consolidation		
Change in loans and advances granted	(110)	9,523
CASH FLOW USED IN INVESTING ACTIVITIES	**(111,292)**	**(181,643)**
FINANCING ACTIVITIES		
Dividends paid	(43)	(3)
Minority contributions and changes in scope of consolidation		
Share capital increase		
Changes in stable financing activities (including credit line)	794	125,612
Net interest received (paid)	(378)	(518)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**372**	**125,091**
CHANGE IN CASH AND CASH EQUIVALENTS	**(92,694)**	**(23,891)**
Cash and cash equivalents at beginning of the period	**187,546**	**94,850**
Cash restated at fair value	(3)	(7)
Cash and cash equivalents at the end of the period	**94,850**	**70,952**
Cash and cash equivalents – Assets	94,850	70,952
Bank – Liabilities		

4.4.4 Consolidated statement of changes in equity

(in thousands of euros)	Common stock	Additional paid-in capital	Items recognized directly in equity	Reserves and retained earnings	Equity attributable to the owners of the parent company	Non controlling interests (minority interests)	Equity
APRIL 1ST, 2016	**24,517**	**214,650**	**(19,951)**	**436,578**	**655,793**	**378**	**656,171**
Dividend paid						(43)	(43)
Share capital increase							
Other comprehensive income			(849)		(849)	(3)	(852)
Other variation							
Net income for the period				(36,380)	(36,380)	85	(36,295)
Other variation related to associates			20,647		20,647		20,647
MARCH 31, 2017	**24,517**	**214,650**	**(153)**	**400,199**	**639,211**	**417**	**639,628**
Dividend paid						(3)	(3)
Share capital increase							
Other comprehensive income			34		34	(1)	33
Other variation			(51)		(51)	41	(10)
Net income for the period				(14,595)	(14,595)	150	(14,446)
Other variation related to associates			(451)		(451)		(451)
MARCH 31, 2018	**24,517**	**214,650**	**(620)**	**385,604**	**624,149**	**603**	**624,751**

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

Year ended March 31, 2018

Deloitte & Associés	**Jean-Humbert Croci**	**André Garino**
6, place de la Pyramide	12, avenue de Fontvieille	2, rue de la Lüjerneta
92908 Paris La Défense Cedex	98000 Principauté de Monaco	98000 Monaco Principauté

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

To the Shareholders,

1. OPINION

We have audited the consolidated financial statements of Société des Bains de Mer et du Cercle des Étrangers à Monaco for the year ended March 31, 2018, comprising the consolidated balance sheet, consolidated income statement, statement of comprehensive income, consolidated cash flow statement and statement of changes in equity, as well as the notes thereto which include a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as of March 31, 2018 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRSs as adopted in the European Union.

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Responsibility of the Contractual Auditor and Statutory Auditors for the audit of the consolidated financial statements" section of our report. We are independent of the Company in accordance with the IESBA (International Ethics Standards Board for Accountants) Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	Responses as part of our audit
Impairment test of equity securities *(See Note 6 to the consolidated financial statements)*	

The Betclic Everest Group (BEG) securities accounted for under the equity method in the Company's consolidated financial statements for the year ended March 31, 2018 totaled €108.6 million and include implicit goodwill of €76.2 million. As the item cannot be amortized, an annual impairment test must be performed in order to verify that this valuation exceeds the recoverable amount.
BEG is faced with various risks that could have a material impact on its value.
BEG's recoverable amount was estimated using the discounted cash flow method based on a three-year business plan, a ten-year extrapolation and a perpetual forecast value.
The results of this discounted cash flow method were also compared with a valuation report performed by an external expert in order to support the assessment of BEG's recoverable amount.
In this context, the verification that the SBM International securities and related receivables were correctly impaired, i.e. the recoverable amount of the securities and receivables largely exceeds the net carrying amount of said assets, is a key audit matter insofar as the key assumptions adopted in the discounted cash flow method rely heavily on management's judgment.
	We obtained the most recent business plans from Management and the impairment tests performed.
	Using this information, we performed a critical review of the Company's implementation of the adopted methodology and the following procedures:
	◆ With the help of our internal specialists, we carried out a critical analysis of:
	  ◆ the models used for the Group's main entities (BetClic-Expekt-Everest and Bet-at-Home),
	  ◆ the key assumptions used to calculate the discounted cash flows (long-term growth rate, forecast margin, discount rate),
	  ◆ the period forecasts with the corresponding actual results to assess the reliability of the forecast data preparation process;
	◆ Additionally, we obtained and reviewed the sensitivity analyses performed by Management. We also performed our own sensitivity calculations to confirm that only an unreasonable change in assumptions could require the recognition of a material impairment of the goodwill;
	by comparing these items with online gaming market practices and data.
	Furthermore, using the business plans and their extrapolations, we verified that the data entered into the models was consistent with BEG's organization, action plans and projects.
	Finally, we verified that the securities and receivables relating to SBM International's securities in the Company's financial statements were correctly impaired to take into account SBM International's negative equity.

Recognition of gaming revenue	
The Company's revenue totaled €474.6 million for the year ended March 31, 2018, and the gaming sector, which mainly includes table games and automatic machines, represented €200.7 million. We considered that the recognition of gaming revenue was a key audit matter for the following reasons: ◆ gaming transactions are characterized by the constant handling of chips and cash, as well as daily manual counts used to recognize revenue in the accounts, which could be conducive to fraud and create a risk concerning the completeness of the recorded transactions; ◆ revenue is a key performance indicator and the verification that controls are not overridden by management requires particular attention.	We assessed the appropriateness of the control procedures set up by the Company in order to cover the risks of material misstatement that we identified for gaming revenue. Accordingly, we verified the effectiveness of the relevant controls to cover the risks relating to manual counts and the recording of gaming transactions, mainly by: ◆ physically observing the procedures in gaming rooms; ◆ verifying, on a sampling basis, that these relevant controls are actually performed and their effectiveness. This work was supplemented by substantive tests designed to verify, based on a sampling from the accounting records, that these transactions were properly recorded in the correct amount. We also covered the risk that gaming revenue would not be recognized in full, by verifying that a sample of gaming transactions was recorded in the accounts.

4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

Management is responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for supervising the Group's financial information preparation process.

The Board of Directors is responsible for approving the consolidated financial statements.

5. RESPONSIBILITY OF THE CONTRACTUAL AUDITOR AND STATUTORY AUDITORS FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6. SPECIFIC VERIFICATION

We have also verified the information pertaining to the Group that corresponds to the management report information contained in the registration document in accordance with professional practices in France. We have no comments to make on its fair presentation and consistency with the consolidated financial statements.

Paris-La Défense and Monaco, July 6th, 2018

The Contractual Auditor	*The Statutory Auditors*	
Deloitte & Associés		
François-Xavier AMEYE	**Jean-Humbert CROCI**	**André GARINO**

4.5. Statutory Auditors and Contractual Auditor's fees

	Contractual Auditor				Statutory Auditors (detail per auditor below)			
	Amount excluding taxes		%		Amount excluding taxes		%	
(in euros)	2017/2018	2016/2017	17/18	16/17	2017/2018	2016/2017	17/18	16/17
Audit								
Statutory audit, certification, and review of company and consolidated financial statements								
Issuer	283,000	301,200	95	95	81,800	80,200	79	93
Fully consolidated subsidiaries					21,125	5,900	21	7
Other procedures and services directly related to the statutory audit								
Issuer	16,259	17,100	5	5				
Fully consolidated subsidiaries								
Sub-total	**299,259**	**318,300**	**100**	**100**	**102,925**	**86,100**	**100**	**100**
Other services rendered by the networks for the fully consolidated subsidiaries								
Legal, tax and employee-related								
Acquisition audits								
Sub-total								
TOTAL FEES PAID	**299,259**	**318,300**	**100**	**100**	**102,925**	**86,100**	**100**	**100**

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

Those fees amounted to €91,925 for fiscal year 2017/2018 and €104,580 for fiscal year 2016/2017.

	Statutory Auditor Mr. André Garino				Statutory Auditor Mr. Jean-Humbert Croci				Statutory Auditor Mr. Louis Viale			
	Amount excluding taxes		%		Amount excluding taxes		%		Amount excluding taxes		%	
(in euros)	2017/2018	2016/2017	17/18	16/17	2017/2018	2016/2017	17/18	16/17	2017/2018	2016/2017	17/18	16/17
Audit												
Statutory audit, certification, and review of company and consolidated financial statements												
Issuer	40,900	53,700	100	100	40,900		66			26,500		82
Fully consolidated subsidiaries					21,125		34			5,900		18
Sub-total	**40,900**	**53,700**	**100**	**100**	**62,025**		**100**			**32,400**		**100**

Salle Blanche – Casino Monte-Carlo

5

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The report of the Chairman of the Board of Directors on the internal control and risk management procedures is presented on Chapter 16.5.1 of the “Document de Référence” filed in the French language on July 12, 2018 with the French Financial Markets Authority (*Autorité des Marchés Financiers*).

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

Buddha Bar Monte-Carlo

6

ORDINARY GENERAL MEETING HELD ON SEPTEMBER 21, 2018

6.1 Agenda

- Report of the Board of Directors
- Report of the Chairman of the Board of Directors
- Reports of the Statutory Auditors and Contractual Auditor on financial statements as of March 31, 2018
- Approval of the fiscal 2017/2018 Parent Company financial statements
- Approval of the fiscal 2017/2018 Group consolidated financial statements
- Discharge of all Directors from any liabilities with respect to the performance of their mandate
- Final discharge of Director whose term of office ended during the fiscal year
- Appropriation of earnings for the year ended March 31, 2018
- Appointment of a Director
- Authorization granted by the General Meeting to the members of the Board of Directors to deal with the company personally or in an official capacity pursuant to Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws
- Authorization for the buyback of the company shares

6.2 Board of Directors' Report

The purpose of this report is to draw your attention to the main points and issues of the draft resolutions submitted by the Board of Directors to the Ordinary General Meeting of Shareholders, due to deliberate on September 21, 2018. Therefore, this report is not comprehensive and should by no means replace your careful reading of the submitted resolutions before exercising your voting right.

The Ordinary General Meeting to be held on September 21, 2018 shall be asked to vote on eight resolutions.

Overview of the resolutions

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

The first two resolutions enable you, after familiarizing yourself with the reports of your Board of Directors, the Contractual Auditor and Statutory Auditors, to indicate whether you approve or disapprove the Company's financial statements and the consolidated financial statements for year ended March 31, 2018 as well as the transactions reflected in such financial statements and summarized in such reports.

The **first resolution** submitted to you concerns the approval of the Company's financial statements for the fiscal year ended March 31, 2018, which show a loss of €32,147,631.89.

The **second resolution** asks the Meeting to vote in order to indicate its approval (if appropriate) of the consolidated financial statements; said financial statements show a Net Consolidated Loss (Group share) of €14,595,000.

DISCHARGE TO ALL CURRENT DIRECTORS (3rd RESOLUTION)

You are asked to grant discharge to all current Directors with respect to their management during the 2017/2018 financial year.

FINAL DISCHARGE OF DIRECTOR WHOSE TERM OF OFFICE ENDED DURING THE FISCAL YEAR (4th RESOLUTION)

You are asked to grant final discharge to Mr. Michel Rey whose term of office ended as of September 29, 2017.

ALLOCATION OF PROFITS/LOSSES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018 (5th RESOLUTION)

The **fifth resolution** concerns the allocation of profit/loss.

The proposed profit/loss allocation is as follows:

- after noting that the company's net losses for the year ended March 31, 2018 amount to €32,147,631.89 and that retained earnings amount to €107,731,549.96

  Hence net income available for appropriation amounting to €75,583,918.07;
- propose to allocate the total net income for appropriation, i.e. €75,583,918.07 to retained earnings.

APPOINTMENT OF MR. CHRISTOPHE NAVARRE AS A DIRECTOR (6th RESOLUTION)

The **sixth resolution** is to propose that Mr. Christophe Navarre be appointed as a Director for a term expiring at the close of the Shareholders' Ordinary General Meeting to be held to approve the financial year 2023/2024 in accordance with Article 12 of the Bylaws.

Mr. Christophe Navarre is a graduate of the Business Administration School at the University of Liège in Belgium.

He is the CEO of investment fund Neptune International, which he founded, and Chairman of the consultancy firm White Eagle International.

He previously led Jas Hennessy & Co and then Moët Hennessy, contributing over a period of 20 years to the growth and success of the Wines and Spirits Division of the LVMH Group, of which he was also a member of the Executive Board.

He currently holds the following other roles and offices:

- Member of the Heineken Supervisory Board;
- President of the Vinexpo Supervisory Board;
- Member of the Board of Directors, JetSmarter Inc. (USA);
- Chairman of the Board of Directors, Vivino Inc. (USA).

He is also an Officer of the Order of the Legion of Honour, an Officer of the Order of the Crown in Belgium and a Commander of the Order of Léopold II.

AUTHORIZATION GRANTED BY THE GENERAL MEETING TO THE MEMBERS OF THE BOARD OF DIRECTORS TO DEAL WITH THE COMPANY PERSONALLY OR IN AN OFFICIAL CAPACITY PURSUANT TO ARTICLE 23 OF THE ORDER OF MARCH 5, 1895 AND ARTICLE 20 OF THE BYLAWS (7th RESOLUTION)

The **seventh resolution** asks you to:

- approve the transactions carried out over the course of the 2017/2018 fiscal year that fall within the scope of application of Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws;
- renew the authorization granted to the Members of the Board of Directors to enter into contracts with the Company personally or in an official capacity in accordance with said articles.

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

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

AUTHORIZATION TO BUYBACK THE COMPANY SHARES (8th RESOLUTION)

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

The Ordinary General Meeting held on September 22, 2017 gave such an authorization for an 18-month period as from the date of said Meeting, i.e. until March 22, 2019. This option has not been exercised.

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

The objectives pursued are identical to those that were indicated on September 22, 2017, i.e.:

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

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

- authorization to purchase Company shares, under the conditions set forth here below, and representing a maximum of 5% of the existing share capital as of the date of this General Meeting;
- the maximum purchase price must not exceed €80 per share, it being hereby specified that in the event of capital transactions, including but not limited to, capitalization of reserves and allocation of free shares and/or splitting or pooling of shares, this maximum price shall be adjusted accordingly;
- maximum amount of funds to be used for the buyback program shall not to exceed €30 million;
- authorization valid for an 18-month period as from September 21, 2018;
- shares to be acquired or transferred by any means, including, but not limited to, on the market or by private sale, including block purchases or transfers, through derivative financial instruments traded on a regulated market or by private sale, in accordance with the applicable laws as of the date of the transactions in question, and at such time as the Board of Directors or any person acting on the authority of the Board of Directors deems appropriate.

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

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

6.3 Resolutions submitted to the Ordinary General Meeting

FIRST RESOLUTION

APPROVAL OF THE FINANCIAL STATEMENTS OF SOCIÉTÉ DES BAINS DE MER FOR THE YEAR ENDED MARCH 31, 2018

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

- the balance sheet as of March 31, 2018, and the statement of income for the year then ended, which show a net loss of -€32,147,631.89;
- the transactions completed during the financial year, as shown in the balance sheet or summarized in the reports of the Board of Directors or the Statutory Auditors.

SECOND RESOLUTION

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The Shareholders' General Meeting, after listening to the report of the Board of Directors and the reports of the Contractual Auditor and Statutory Auditors, approves the consolidated financial statements for the financial year ended March 31, 2018, as presented to it, and the transactions reflected in the financial statements and summarized in these reports.

THIRD RESOLUTION

DISCHARGE TO ALL CURRENT DIRECTORS

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

FOURTH RESOLUTION

FINAL DISCHARGE TO A DIRECTOR WHOSE TERM OF OFFICE ENDED DURING THE FISCAL YEAR 2017/2018

The Shareholders' General Meeting granted final discharge to Mr. Michel Rey.

FIFTH RESOLUTION

ALLOCATION OF PROFITS/LOSSES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

■ notes that the loss for the 2017/2018 financial year amount to	-€32,147,631.89
■ notes that the retained earnings amount to	€107,731,549.96
hence, net income available for appropriation amounts to	€75,583,918.07
■ decides to appropriate the resulting total:	
– retained earnings	€75,583,918.07

SIXTH RESOLUTION

APPOINTMENT OF MR. CHRISTOPHE NAVARRE AS A DIRECTOR

The Shareholders' General Meeting appointed Mr. Christophe Navarre as a Director.

Mr. Christophe Navarre's term of office will expire at the Shareholders' Ordinary General Meeting to be held to approve the financial statements for the financial year 2023/2024, in accordance with Article 12 of the Bylaws.

SEVENTH RESOLUTION

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

The Shareholders' General Meeting approved the transactions that were carried out over the course of the 2017/2018 financial year and that fall within the scope of application of Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws.

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

EIGHT RESOLUTION

AUTHORIZATION TO BUYBACK COMPANY SHARES

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

- the maximum purchase price shall not exceed €80 per share, bearing in mind that in the event of share capital transactions, particularly through the capitalization of reserves and allotment of bonus shares, and/or share splits or reserve splits, this price shall be adjusted accordingly;
- the maximum amount of funds intended for this buyback program may not exceed €30 million;
- this authorization is valid for a period of 18 months as from September 21, 2018;
- these shares may be purchased or transferred, by any means, particularly on the stock exchange or in a private transaction, including through purchase or sale of blocks, use derivative financial instruments traded on a regulated market or in a private transaction, in accordance with the regulations prevailing on the date of the transactions considered, and at times that the Board of Directors or the person acting on behalf of the Board shall see fit.

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

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

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

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

NOTES

NOTES

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MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

CASINOS

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

HOTELS & RESTAURANTS

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

LEISURE & ENTERTAINMENTS

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

RESIDENTIAL

Les villas du Sporting
Les Résidences du Sporting
Le Balmoral

Société Anonyme des Bains de Mer
et du Cercle des Étrangers à Monaco
Siège social : Place du Casino – 98000 MONACO
Principauté de Monaco

www.montecarlosbm.com