PIERRE & VACANCES
GROUP

financial report 2005/2006

PIERRE & VACANCES

PIERRE & VACANCES CITY

MAEVA

RÉSIDENCES MGM

HÔTELS LATITUDES

CENTER PARCS

financial report 2005/2006

PIERRE & VACANCES
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PIERRE & VACANCES
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FINANCIAL REPORT **2005/2006**

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In application of Article 28 of Commission regulation (EC) No. 809/2004, the following information is included by reference in the present reference document:

- the consolidated financial statements and corresponding audit reports appearing on pages 65 to 125 of the reference document for 2003/2004 registered with the AMF on February 22nd 2005 under number D 05-140;
- the consolidated financial statements and corresponding audit reports appearing on pages 39 to 104 (financial report) of the reference document for 2004/2005 registered with the AMF on February 16th 2006 under the number D 06-071;
- the group's management report appearing on pages 38 to 63 of the reference document for 2003/2004 registered with the AMF on February 22nd 2005 under number D 05-140;
- the group's management report appearing on pages 1 to 38 (financial report) of the reference document for 2004/2005 registered with the AMF on February 16th 2006 under number D 06-071.

AMF

The following pages "Financial Report 2005/2006" completed by the "Business Report 2005/2006" make up the whole reference document submitted to the Autorité des Marchés Financiers* on January 31st 2007, in compliance with the 212-13 article of the General Regulations of the Autorité des Marchés Financiers. It may be used in connection with a financial transaction if completed by a prospectus approved by the Autorité des Marchés Financiers.

*French market regulator

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GROUP MANAGEMENT REPORT

The Pierre & Vacances Group is the European leader in holiday residences, operating some 45,000 apartments and homes, or 210,000 beds, located primarily in France (in mountain, seaside and countryside resorts, in Paris and the French West Indies), as well as in the Netherlands, Germany, Belgium, Italy and Spain. The Pierre & Vacances Group has two complementary businesses, namely the operation and marketing of holiday residences (70% of 2005/2006 turnover) and property development (30% of 2005/2006 turnover).

In 2005/2006, the Pierre & Vacances Group restored earnings growth on the back of improved performances by the tourism activities and robust property development business. The group is expanding in Europe, particularly via the Center Parcs brand and the city residence segment.

With a bolstered balance sheet and after three years of consolidation, the group now wants to embark on a new phase of expansion via acquisitions.

Group businesses and performance in 2005/2006

Turnover

Full-year group turnover from October 1st 2005 to September 30th 2006, rose 13.6% to €1,414.3 million on a like-for-like basis.

(in millions of euros)	IFRS 2005/2006	IFRS 2004/2005	Change Current structure	Change Like-for-like
Tourism	**996.3**	**951.9**	**+4.7%**	**+3.1%**
Pierre & Vacances / Maeva / Résidences MGM / Hôtels Latitudes	480.5	447.8	+7.3%	+3.9%
Center Parcs Europe	515.8	504.1	+2.3%	+2.3%
Property development	**418.0**	**278.7**	**+50.0%**	**+50.0%**
TOTAL	**1,414.3**	**1,230.6**	**+14.9%**	**+13.6%**

On a like-for-like basis, 2004/2005 turnover has been adjusted for the following items:

- standardisation of the accounting method for the turnover volume generated as part of the travel agency marketing business (+€11.9 million);
- consolidation of the share of turnover from the three mountain residences owned until October 31st 2005 by an institutional investor (+€2.7 million).

The impact of applying IFRS accounting methods concerns the property development business and primarily the switch from the completion method to the percentage of completion method. In accordance with IFRS, since October 1st 2005, turnover and margins on property programmes are booked under the percentage of completion method and no longer on delivery of the apartments, the method previously used by the group under French accounting standards. The percentage of completion is calculated by multiplying the percentage of progress in construction work by the percentage of property sales signed at a notary.

The difference between the two methods (+€93.7 million in 2005/2006) corresponds to the turnover booked under IFRS, depending on the state of progress of work and the property sales signed for programmes not yet delivered on September 30th 2006 (Paris Tour Eiffel, Domaine du Lac d'Ailette Center Parcs village), net of sales concerning programmes delivered during the year, turnover on which was partly booked under IFRS on September 30th 2005, given their percentage of progress on this date (Rouret village, Vars).

TOURISM

In 2005/2006, turnover from the tourism businesses rose 3.1% to €996.3 million *versus* €966.5 million on a like-for-like basis in 2004/2005:

- like-for-like turnover from the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes division rose 3.9% to €480.5 million. The division benefited from growth in the portfolio with a number of important site openings and renovations, as well as growth in French client occupancy rates at all destinations and a bolstering of direct sales channels, in particular, internet sales;
- turnover at Center Parcs Europe rose 2.3% to €515.8 million. After a virtually stable first half, turnover picked up considerably in the second half with healthy performances in all client categories (Dutch, German, French and Belgian).

Key indicators on a like-for-like basis

(in millions of euros)	2005/2006	2004/2005	Change
Like-for-like turnover	996.3	966.5	3.1%
o/w accommodation	530.4	507.1	4.6%
o/w supplementary income[a]	465.9	459.4	1.4%
ALR[b] in euros	536	525	2.1%
Number of weeks sold	989,013	965,360	2.5%
Occupancy rate	71.1%	68.6%	+3.7%

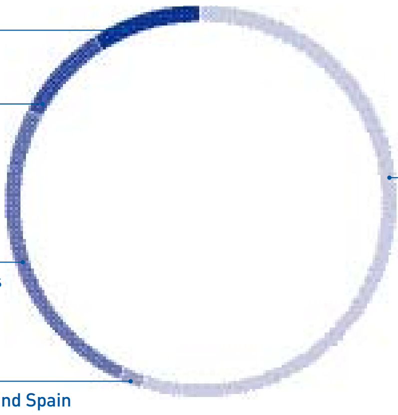
(a) catering, leisure, mini market, shops, marketing...
(b) average letting rates per week of accommodation net of distribution costs

Accommodation turnover rose 4.6% to €530.4 million, driven by:

- growth of 3.7% in the group occupancy rate to 71.1%, on the back of a recovery in frequency rates at Center Parcs (+5.6%), in particular Dutch and German clients, as well as growth in occupancy rates for all destinations in the Pierre & Vacances/ Maeva/Résidences MGM/Hôtels Latitudes division (+2.9%);
- a 2.1% rise in average letting rates thanks to the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division, which despite a limited price increase policy benefited from positive mix effects (distribution mix, product mix and destination mix), whereas average letting rates at the Center Parcs sub-division were virtually stable;
- a virtually stable number of nights available (-0.7%), the increase in the Pierre & Vacances/Maeva/Résidences MGM Hôtels Latitudes portfolio having made up for the decrease in the Center Parcs offering primarily due to one-off expansion work at the Bois-Francs site in France.

In 2005/2006, 45% of turnover stemmed from destinations outside France: 43% at Center Parcs villages located in the Netherlands, Germany and Belgium and 2% from the Pierre & Vacances and Maeva brands in Spain and Italy.

BREAKDOWN OF TOURISM TURNOVER BY DESTINATION



Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes

Turnover from the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes brands rose 3.9% to €480.5 million, of which 6.4% stemmed from accommodation and 0.2% from services.

Stable turnover from services was due to the outsourcing of the majority of the division's catering services and a decline in turnover derived from marketing of Maeva sites not operated by the group.

Accommodation turnover rose 6.4% to €292.9 million driven by:

- overall growth of 2.9% in occupancy rates for the combined sea, mountain and city destinations, with the exception of the French West Indies. The occupancy rate stood at 64.8% for all of the brands together (*versus* 63.0% in 2004/2005), 65.2% of which for Pierre & Vacances (*vs*. 64.0%), 64.0% for Maeva (*vs*. 61.2%), 74.2% for Résidences MGM (*vs*. 71.0%) and 58.1% for Hôtels Latitudes (*vs*. 55.8%);
- a 3.8% rise in average letting rates to €514 per week sold. This growth stemmed from a price increase policy limited to 1.6% (primarily in mountain locations with the roll-out of new services included in basic accommodation prices for the Pierre & Vacances sites), together with improvements in the distribution mix (development of sales via our own distribution channels, in particular internet) and the product mix (renovation and deliveries);
- a 0.5% increase in the number of nights available. This stemmed from both the deliveries made over the year (Rouret village, Port-en-Bessin, Château d'Olonne, Soulac, Vars) and annualised impacts (Val Thorens, Moliets, Trouville, Valescure, Perros-Guirec, Le Touquet). This growth was partly wiped out by withdrawals (Monaco Beausoleil, Ile-de-Ré, Bendor and Les Saisies), renovation operations causing temporary closures (Bénodet, Paris Tour Eiffel, Val d'Isère Aigle des Neiges, Belle Plagne, Méribel, Val d'Isère La Daille, Alpe d'Huez) and the pooling of units (Les Arcs Belmont and Flaine).

The portion of direct sales (call-centre, stores, group internet, onsite sales, seminars and works' councils) for the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes brands totalled 72% of 2005/2006 accommodation *versus* 70% in 2004/2005.

Internet sales grew by more than 60% and represented 12% of sales *versus* 7% in 2004/2005.

2005/2006 accommodation turnover broke down as follows:

Seaside resorts

Accommodation turnover at the seaside resorts rose 7.5%, reflecting a 4.2% increase in average letting rates, together with a 2.6% hike in occupancy rates. Growth in the portfolio under management, and particularly the opening of the Rouret village, accounted for almost half of the sales growth at the destination and reflected both growth in the number of nights available (+2%) and an improved product mix, with a positive impact on average net letting prices. Growth in occupancy rates was primarily achieved in the 3rd quarter, via sales of short breaks and holidays to foreign clients. The peak-season occupancy rate (4th quarter), rose slightly, albeit from an already high level. The majority of growth in the year stemmed from French holidaymakers, with a beneficial school calendar over the year, and primarily via internet sales.

Mountain resorts

Turnover at the mountain resorts rose 2.2%, on the back of a 3.5% increase in average letting rates and a 2.8% hike in occupancy rates, although the offering narrowed by 2.7%. Indeed, while renovation operations resulted in an improved product mix (improved quality of residences), they also prompted a decline in the number of nights available due to the pooling of units (Les Arcs Belmont, Flaine) and temporary closures for work (Val d'Isère Aigle des Neiges, Belle Plagne, Méribel, Val d'Isère La Daille, Alpe d'Huez...). The rise in average letting rates stemmed from the price policy with the roll-out of new services integrated into the basic accommodation price at Pierre & Vacances sites, a beneficial product mix thanks to the renovation policy and a positive change in the period mix (growth in occupancy rates during February and Easter holidays).

City residences

The rising momentum of the city residence business continued in 2005/2006, with growth in accommodation turnover reaching 12.8%. The destination was boosted by the offering, with the operation of Paris Haussmann this year having more than offset the closure for works of the Paris Tour Eiffel residence. On a same-structure basis, growth remained robust at 12.3% and stemmed primarily from a 7.4% increase in frequency, at both the Paris and southern French residences. The apart-hotel concept proved attractive and competitive for business and exhibition clients, which drove growth at the La Défense and Porte de Versailles residences.

French West Indies

Following growth in accommodation turnover of 10.8% last year, the destination posted further growth of 5.6% in 2005/2006, despite a strike which upset business at the Saint-Anne site in Guadeloup in the 4th quarter. Sites in the West Indies benefited from temporary or definitive closures at a number of rivals, as well as the postponement of holidays to the Reunion islands due to the Chicungunia affaire.

Like-for-like accommodation turnover by destination

(in millions of euros)	2005/2006	2004/2005	Change
Seaside	160.3	149.1	+7.5%
Mountain	86.8	85.0	+2.2%
City	35.0	31.0	+12.8%
West Indies	10.8	10.2	+5.6%
TOTAL	**292.9**	**275.3**	**+6.4 %**

Average letting rates (for one week of accommodation)

(euros bef. VAT)	2005/2006	2004/2005	Change
Seaside	502	482	+4.2%
Mountain	522	505	+3.5%
City	530	514	+3.0%
West Indies	580	568	+1.9%
Average	**514**	**495**	**+3.8%**

Number of weeks sold and occupancy rate

	Number of weeks sold			Occupancy rate		
	2005/2006	2004/2005	Change	2005/2006	2004/2005	Change
Seaside	319,522	309,787	+3.1%	61.1%	59.6%	+2.6%
Mountain	166,202	168,243	-1.2%	72.9%	70.9%	+2.8%
City	65,960	60,222	+9.5%	73.8%	68.7%	+7.4%
West Indies	18,644	18,006	+3.5%	46.8%	47.7%	-1.9%
TOTAL	**570,328**	**556,258**	**+2.5%**	**64.8%**	**63.0%**	**+2.9%**

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Center Parcs Europe

Turnover at Center Parcs Europe rose 2.3% to €515.8 million.

Growth of 2.5% in accommodation turnover to €237.5 million broke down as follows:

- growth of 5.6% in occupancy rates, primarily driven by Dutch clients. Occupancy rates of the sub-division, Center Parcs Europe, totalled 84.3% *versus* 79.9% in 2004/2005, of which 83.5% in the Netherlands (*versus* 78.1%), 79.0% in Germany (*versus* 74.8%), 87.3% in Belgium (*versus* 81.6%) and 92.5% in France (*versus* 92.3%);
- stable average letting rates at €567 per week. The decline in prices in the Netherlands was made up for by growth in France, whereas average prices remained virtually stable in Germany and Belgium;
- a 3.1% decline in the number of nights available, primarily due to one-off extension works at the Bois-Francs site.

In 2005/2006, the share of direct sales (call-centre, internet, seminars and company work's councils) rose to 85% of accommodation turnover *versus* 84% in 2004/2005. Internet sales rose by 40% to account for 22% of accommodation turnover.

Services (catering, sports and leisure, stores, childrens' clubs etc.) rose by 2.2%, in line with growth in accommodation turnover.

By region, 2005/2006 accommodation turnover broke down as follows:

The Netherlands

Business at villages located in the Netherlands picked up as of the second half on the back of a recovery in Dutch clients following an improvement in economic conditions and the marketing actions implemented during the year. Occupancy rates at the Dutch villages rose by more than five percentage points to 83.5%. Net average letting rates fell 1.6% to €554 a week, due to lower tariffs for certain periods, although this was partly offset by a decline in last-minute promotions. Growth by distribution channel showed a better performance by direct channels, thanks in particular to a 40% surge in internet sales. The share of direct sales totalled 85% of accommodation turnover in the Netherlands *versus* 84% in 2004/2005.

France

Turnover at the French villages was stable over the year, despite the upheaval caused by extension work at the Bois-Francs site in Normandy. Occupancy rates remained high at 92.5% (compared to 92.3% in 2004/2005). The decline in the number of nights available (due to Bois-Francs) was offset by higher average letting rates to €722 a week (+4.5%), driven primarily by an improvement in yield management. The direct distribution rate reached 93% of accommodation turnover generated in France.

Germany

Turnover at the German villages rose 1.4% over the full-year and was primarily driven by growth in the number of Dutch clients travelling to German villages, whereas the number of German clients remained stable in Germany. Occupancy rates increased by more than four points to 79%, while average letting rates were virtually stable at €445 (+0.7%) per week. The share of direct sales increased to 74% of accommodation turnover in Germany, *versus* 71% in 2004/2005.

Belgium

Accommodation turnover rose 5.7% in Belgium, mainly thanks to the recovery in Dutch client numbers. The occupancy rate stood at 87.3%, five points higher than in 2004/2005, while average letting rates notched up 0.8% to €619. The direct distribution rate totalled 85% of accommodation turnover derived from Belgium.

Change in accommodation turnover by destination

(in millions of euros)	2005/2006	2004/2005	Change
The Netherlands	115.3	112.1	+2.9%
France	47.5	47.5	+0.0%
Germany	38.3	37.8	+1.4%
Belgium	36.3	34.4	+5.7%
TOTAL	**237.5**	**231.8**	**+2.5%**

Change in average letting rates (for one week of accommodation)

(in euros before VAT)	2005/2006	2004/2005	Change
The Netherlands	554	563	-1.6%
France	722	692	+4.5%
Germany	445	442	+0.7%
Belgium	619	614	+0.8%
Average	**567**	**567**	**+0.1%**

Number of weeks sold and occupancy rate

	Number of weeks sold			Occupancy rate		
	2005/2006	2004/2005	Change	2005/2006	2004/2005	Change
The Netherlands	208,048	198,955	+4.6%	83.5%	78.1%	+7.0%
France	65,780	68,682	-4.2%	92.5%	92.3%	+0.2%
Germany	86,168	85,523	+0.8%	79.0%	74.8%	+5.7%
Belgium	58,690	55,941	+4.9%	87.3%	81.6%	+7.0%
TOTAL	**418,686**	**409,101**	**+2.3%**	**84.3%**	**79.9%**	**+5.6%**

Tourist residence portfolio – end-September 2006

	Pierre & Vacances[a]	Maeva[b]	Résidences MGM	Hôtels Latitudes	Citéa	Center Parcs	Total
Apartments/ homes	21,080	8,321	898	1,117	3,825	10,133	**45,374**
Beds	106,223	38,136	5,717	2,619	9,462	50,825	**212,982**

(a) 21,129 apartments and 106,468 beds including marketing activity
(b) 14,130 apartments and 68,191 beds including marketing activity

77% of the apartments operated by the group are located in France under five banners, namely Pierre & Vacances (including Pierre & Vacances City), Maeva, Résidences MGM, Hôtels Latitudes and Center Parcs. The group co-owns 50% of Citéa alongside the Gestrim group, which manages all of the two star city-based residence offering.

Geographical breakdown of tourist residence portfolio (number of apartments/homes)

	Pierre & Vacances	Maeva	Hôtels Latitudes	Citéa	Résidences MGM	Center Parcs	TOTAL
France	18,643	8,321	1,117	3,825	898	1,439	34,243
French West Indies	851	-	-	-	-	-	851
The Netherlands	-	-	-	-	-	5,121	5,121
Germany	-	-	-	-	-	2,247	2,247
Belgium	-	-	-	-	-	1,326	1,326
Italy	1 371	-	-	-	-	-	1,371
Spain	215	-	-	-	-	-	215
TOTAL	**21,080**	**8,321**	**1,117**	**3,825**	**898**	**10,133**	**45,374**

The Pierre & Vacances Group offers a multitude of destinations in France including the Northern Alpes, the Pyrenees, the Riviera, the Atlantic and Channel coasts, French provinces, Paris and the French West Indies. In 2005/2006, the French tourism offering was rounded out with new residences at Le Rouret, Port-en-Bessin, Château d'Olonne, Soulac, Vars (building B) and Bonmont (2nd round). In addition, the main renovations concerned Les Arcs Belmont, Saint-Laurent-du-Var, Flaine, Deauville, Grimaud, Cannes Verrerie, Les Coches Marelle and Antibes.

In Europe, the group is also present in the Netherlands (11.3% of the portfolio), in Germany (5%), Belgium (2.9%) via the Center Parcs villages, and under the Pierre & Vacances banner in Italy (3%) and in Spain (0.5%). In July 2005, Pierre & Vacances opened its first residence (215 apartments, 1,149 beds) in Spain at Bonmont, on the Costa Brava, fully developed and marketed by the group. Note also the group's presence in Spain via the marketing of 11 sites under the Maeva brand.

Operating of tourism portfolio on September 30th 2006 (number of apartments/homes)

	Individual investors	Leases	Mandates	Institutional investors	Leases	Mandates	Group-owned	TOTAL
Pierre & Vacances France	17,630	17,522	108	1,864	686	1,178	-	19,494
Pierre & Vacances Italy and Spain	838	389	449	599	450	149	149	1,586
Maeva	6,537	6,269	268	1,716	1,586	130	68	8,321
Hôtels Latitudes	356	356	-	761	654	107	-	1,117
Résidences MGM	898	898	-	-	-	-	-	898
Citéa	3,587	-	3,587	238	-	238	-	3,825
Center Parcs	127	127	-	10,006	10,006	-	-	10,133
TOTAL	**29,973**	**25,561**	**4,412**	**15,184**	**13,382**	**1,802**	**217**	**45,374**

At the group level, 66.1% of the apartments operated are owned by individual investors, 33.5% by institutional investors, while the remaining 0.4% was group-owned at end-September 2006.

France (excluding Center Parcs villages)

In 2005/2006, the percentage of individual investors continued to rise to the detriment of institutional investors, as a result of the group's renovation policy (acquisition of residences from institutional investors for renovation and resale to individual investors). As such, individual investors accounted for 86% of the portfolio (*versus* 79% in September 2005), while institutional investors (insurance companies and property funds primarily) accounted for 14% (*versus* 19% in September 2005). Only 68 apartments in France are owned by the group itself.

The tourist residence portfolio is operated in two ways:

- under lease agreements, whereby the lessee (Pierre & Vacances Group) pledges to pay a rent irrespective of the profits generated by operating the property. As such, the profits generated over and above the rental payment belong to the group. Renovation work is payable either by the lessor/owner or by Pierre & Vacances;
- under management agreements, whereby the agent (a Pierre & Vacances Group company) acts as a services provider and bills for management and marketing fees. Operating

income accrues to the owner (the client). In certain cases, Pierre & Vacances guarantees the owner a minimum income, and surplus profits relative to this minimum amount are shared between the two parties.

Outside France

On September 30th 2006, virtually all of the Center Parcs Europe villages belonged to institutional investors having contracted leases with the Pierre & Vacances Group over an average period of fifteen years. Note that on July 19th 2006, the Blackstone Group acquired the property assets of seven Center Parcs villages located in the Netherlands, Germany and Belgium from the former village owners (excluding the Pierre & Vacances Group).

In Spain, the Bonmont residence was fully marketed to individual investors. All of the residences operated are owned by third-parties (half institutional, half individual investors), with the exception of the Cefalù village, which is set to be sold off to individual investors.

PROPERTY DEVELOPMENT

Turnover from property development leapt a further 50% over the year to reach a record level of €418 million *versus* €278.7 million in 2004/2005 under IFRS.

Breakdown of 2005/2006 property turnover by programme (in millions of euros)

New	172.8
Ailette	77.1
Le Rouret Village	24.7
Bonmont	18.4
Château d'Olonne	13.8
Port-en-Bessin	9.7
Bois-Francs	7.1
Soulac	6.1
Vars Building B	5.2
Eguisheim	4.0
Other	6.7

Renovation	219.5
Paris Tour Eiffel	65.7
Avoriaz	16.7
Saint-Laurent-du-Var	14.4
Flaine	13.7
Les Arcs Belmont	12.0
Paris Haussmann	11.9
Plagne Néréïdes	9.3
Val d'Isère La Daille	8.4
Le Rouret Résidence	8.0
Grimaud	6.2
Méribel les Crêts	5.5
Alpe d'Huez	5.3
Other renovations	42.4
Other	**25.7**

The renovation business (including turnover from other businesses), accounted for 59% of 2005/2006 property development turnover. The activity consists of acquiring residences in privileged locations and selling them to individual investors after renovation. The business remained successful in terms of both quality (upgrading of sites and/or adaptation of products to meet customer needs) and sales. As such, over the past five years, more than 4,000 apartments have been renovated equating to around €150 million in investments, financed by individual investors. The group has also extended the business to hotel rooms operated under the Hôtels Latitudes banner, which after being bought from institutional investors and then renovated, have been sold or are in the process of being sold to individuals (Hotel du Golf at Les Arcs and Les Bruyères at Ménuires).

The main contributors to renovation turnover over the year (€219.5 million) concerned:

- Paris Tour Eiffel (375 apartments), which is to be operated as of April 2007 under the Pierre & Vacances City banner;
- apartments at Avoriaz (Antarès);
- transformation of the Heliotel Marine residence at Saint-Laurent-du-Var (Alpes Maritimes) into a four-star Pierre & Vacances residence delivered in June 2006;
- the La Forêt residence at Flaine (Haute Savoie), which was fully renovated and has been operational since December 2005;
- transformation of the Charmettoger hotel at Arc 1800 (Savoie), into a four-start residence, Le Belmont (delivered in December 2005);
- the resale and subsequent renovation to individual investors of a residence located on the Boulevard Haussmann in Paris, operated under the Pierre & Vacances City banner.

During the year, the group also bought other property for renovation from institutional investors, located mainly in the mountain resorts: the Golf hotel at Les Arcs, the Ours Blanc residence in Alpe d'Huez, the Le Pedrou residence at Font-Romeu, the Les Bruyères hotel at Ménuires, the Les Crêts residences at Méribel, Themis and Néréïdes at Belle Plagne, La Daille A and B at Val d'Isère and the residences located at La Mongie

(Pyrénées) at Bénodet (Finistère) and Arles (Camargue) and a group of apartments, primarily located at Cannes Verrerie and Cap Esterel. Since October 1st 2006, other acquisitions have been made, including Les Chalets du Forum at Courchevel, Le Britania at La Tania and Aconit residence at Ménuires.

Turnover from new property programmes totalled €172.8 million and broke down as follows:

- Center Parcs programmes: the new Domaine du Lac d'Ailette village (840 cottages) which is set to open in July 2007 and extension of the Bois-Francs village in Normandy (203 homes);
- the Pierre & Vacances residence village at Rouret (470 homes) which was opened in spring 2006 in Ardèche;
- delivery of the second round of the Bonmont programme in Spain in spring 2006;
- the residence and hotel at Château d'Olonne in Vendée (Maeva);
- the Omaha Beach residence at Port-en-Bessin in the Calvados (delivered in April 2006);
- the Soulac residences (Gironde) delivered in June 2006 and at Eguisheim (Haut-Rhin) delivered in December 2006.

"Other" turnover totalled €25.7 million and stemmed primarily from non-group marketing fees and the write-back of the support funds on property programmes already delivered.

In 2005/2006, 6% of property development turnover was derived from outside France, namely 4% from Spain following the sale of the second round of the Bonmont residence on the Costa Dorada and 2% from Italy via the sale of apartments located at Calarossa (Sardinia) and Cefalù (Sicily).

Deliveries in 2005/2006

New	Renovation	No. of units
Port-en-Bessin		100
	Deauville	74
TOTAL CHANNEL		**174**
Château d'Olonne		120
Château d'Olonne Hôtel		42
Soulac		76
TOTAL ATLANTIC		**238**
	Antibes	42
	Cannes Francia	8
	Grimaud	53
	Cannes Verrerie	54
	Cap Esterel	13
	Sainte-Maxime	4
	Saint-Laurent-du-Var	107
TOTAL FRENCH RIVIERA		**281**
Vars B		87
	Avoriaz Taïga	15
	Flaine	131
	Les Arcs Belmont	108
	Les Coches Marelle	58
TOTAL MOUNTAIN		**399**
Le Rouret Village		354
	Le Rouret Résidence	116
TOTAL COUNTRY		**470**
Bonmont		57
TOTAL SPAIN		**57**
OVERALL TOTAL		**1,619**

Breakdown of units delivered by region (number of apartments)

	2005/2006	2004/2005
Atlantic	238	338
Channel	174	192
French Riviera	281	0
Others (Spain and Italy)	57	158
SEASIDE	**750**	**688**
MOUNTAIN	**399**	**606**
COUNTRY	**470**	-
TOTAL GROUP	**1,619**	**1,294**

Group and non-group property turnover in volume terms (amount of reservations including VAT signed over the year, net of cancellations over the same period) stood at €447.7 million, corresponding to 2,039 reservations (of which €28.1 million in resales), compared with €450.2 million in 2004/2005 (of which €23.5 million in resales).

Property reservations (*incl. VAT*)

	2005/2006	2004/2005	Change
NEW			
Reservations	€419.6 million	€426.7 million	-1.7%
Number of apartments	1,869	1,988	-6.0%
Average price	€224,505	€214,638	+4.6%
RESALES			
Reservations	€28.1 million	€23.5 million	+19.6%
Number of apartments	170	170	+0.0%
Average price	€165,294	€138,112	+19.7%
TOTAL			
RESERVATIONS	**€447.7 million**	**€450.2 million**	**-0.6%**
NUMBER OF APARTMENTS	**2,039**	**2,158**	**-5.5%**
AVERAGE PRICE	**€219,568**	**€208,609**	**+5.3%**

Stock of apartments being marketed as of September 30th 2006

Programme by destination	Type of programme New (N)/ Renovation (R)	Delivery date	No. of units	% reserved
Channel				
Branville Colombages	N	December 06, July 07	99	94%
Deauville	R	April 06	74	100%
Le Crotoy 1st round	N	July 07	63	95%
Le Crotoy 2nd round	N	December 07	24	100%
Port-en-Bessin Green Beach	N	April 06	100	99%
Port-en-Bessin les maisons du Green Beach	N	July 08	46	7%
Atlantic				
Audierne	N	April 08	72	89%
Bénodet	R	December 06	59	86%
Bourgenay	N	July 03; December 03; July 04; May 05; June 05	262	100%
Château d'Olonne	N	July 06	162	100%
Port du Crouesty	R	December 06	18	100%
Moliets	R	June 05	179	100%
French Riviera				
Antibes	R	June 06	42	100%
Arles Saladelles	R	June 07	50	8%
Cannes Francia	R	June 06	8	100%
Cannes Verrerie	R	July 06	54	98%
Cap Esterel	R	July 06	13	100%
Grimaud	R	June 06	53	98%
La Croix Valmer	R	December 06	6	67%
Sainte-Maxime	R	July 06	4	100%
Saint-Laurent-du-Var	R	June 06	107	98%
Villefranche	R	December 06	3	100%
SEASIDE			**1,498**	**92%**

Programme by destination	Type of programme New (N)/ Renovation (R)	Delivery date	No. of units	% reserved
Alpe d'Huez Ours Blanc	R	December 06	69	96%
Alpe d'Huez	R	December 06	6	100%
Avoriaz Antares	R	December 06	120	100%
Avoriaz Aster	R	December 06	29	100%
Avoriaz Taïga	R	December 05	15	100%
Avoriaz	R	December 06	10	100%
Belle Plagne	R	December 06	10	80%
Flaine	R	December 05	131	99%
Font-Romeu	R	December 06	79	90%
La Mongie	R	December 06	69	43%
Les Arcs Belmont	R	December 05	108	96%
Les Coches Boulier	R	December 06	18	100%
Les Coches	R	December 06	6	50%
Les Ménuires Les Bruyères	R	December 06	95	95%
Plagne Quartz	R	December 04	68	100%
Val d'Isère Aquila	R	December 06, December 07	41	39%
Val d'Isère la Daille	R	December 06	146	95%
MOUNTAIN			**1,020**	**90%**
Eguisheim	N	December 06	98	98%
Monflanquin 3	N	July 08	47	4%
Le Rouret Résidence	R	November 05	116	100%
Le Rouret Village	N	June 06	354	100%
COUNTRY			**615**	**92%**
Bois-Francs	N	December 06	203	99%
Ailette	N	April 07	840	100%
CENTER PARCS			**1,043**	**100%**
Paris Haussmann	R	December 06	53	100%
Paris Montrouge	N	December 07	133	98%
Paris Tour Eiffel	R	December 06	375	99%
PARIS			**561**	**99%**
Cala Rossa	R	May 04	373	91%
Cefalù	N	July 04	149	14%
Bonmont	N	July 05, April 06	215	99%
Manilva	N	July 08	156	35%
ITALY and SPAIN			**893**	**77%**
TOTAL			**5,630**	**91%**

Analysis of 2005/2006 consolidated results

Highlights

DEVELOPMENT PROJECT FOR FOURTH CENTER PARCS VILLAGE IN MOSELLE, FRANCE

On June 26th 2006, the Pierre & Vacances Group signed two memorandum of understandings ratifying the construction of a Center Parcs in the Moselle region of France at Bois des Harcholins, one with the Moselle County Council and one with the Lorraine local authorities.

The building of the Center Parcs villages is set to represent an investment of some €220 million, including construction of around 800 cottages and 20,000 square metres of leisure and catering facilities (aquamundo, sports hall, childrens' farm etc.). The financial engineering, calling on private and state funds is currently being finalised. The cottages are to be sold to individual investors who will benefit from particularly attractive tax breaks under the rural renewal zone framework.

CHANGE IN OWNER OF PROPERTY AT SEVEN VILLAGES RUN BY CENTER PARCS IN EUROPE

On July 19th 2006, the Blackstone Group acquired the property assets at seven Center Parcs villages located in the Netherlands, Germany and Belgium. The property assets remained let under the same terms as Center Parcs Europe which is continuing to operating tourism at the 16 villages located in continental Europe. As part of this deal, in 2005/2006, the Pierre & Vacances Group booked exceptional income of €23.2 million for an earn-out clause negotiated in 2003 with the former owners of these property assets.

NOMINATION OF ÉRIC DEBRY AS DEPUTY CHIEF EXECUTIVE OFFICER OF THE PIERRE & VACANCES GROUP

As of October 2nd 2006, Éric DEBRY, former member of the Executive Committee of group TUI, Chief Executive Officer at TUI Western Europe and Chairman of Nouvelles Frontières, was nominated Deputy Chief Executive Officer of the Pierre & Vacances Group.

ACQUISITIONS OF RESIDENCES AND HOTELS FOR RENOVATION

During the year, the group continued its policy to buy tourism residence property from institutional investors with a view to renovating the accommodation and reselling the units to individual investors with an associated lease. As such, for a net investment of €77 million, around 1,600 units were acquired at 27 residences and hotels operated by the group, 19 of which in mountain resorts (17 in the Alps, and two in the Pyrenees), 7 at seaside resorts and 1 in the country (Arles).

Presentation of the consolidated financial statements

After suffering from difficult economic conditions in Europe in 2004/2005, the Pierre & Vacances Group restored earnings growth in 2005/2006. Like-for-like turnover rose 13.6% to €1,414.3 million, including growth of 3.1% for the tourism activities and 50% for the property division (see previous paragraph on turnover). The two business divisions contributed to the 30% rise in current operating income to €97.6 million and the 75% hike in attributable net income to €73.7 million.

CURRENT OPERATING INCOME

Current operating income rose 30% to €97.6 million with both of the group's business divisions, tourism and property, contributing to the growth.

(in millions of euros) **IFRS data**	**2005/2006**	**2004/2005**
EBITDA*	129.6	97.2
Depreciation and amortisation net of write backs	-32.0	-22.2
Current operating income	**97.6**	**75.0**
Operating margin	*6.9%*	*6.0%*

* *EBITDA = Earnings before interest, taxes, depreciation and amortisation*

Tourism division current operating income

The contribution to current operating income from tourism activities rose 29.8% to €54.8 million. Operating margin totalled 5.5% *versus* 4.4% in 2004/2005.

(in millions of euros)	**PV/Maeva/MGM/Latitudes**		**Center Parcs Europe**		**TOURISM**	
IFRS data	**2005/2006**	**2004/2005 ***	**2005/2006**	**2004/2005**	**2005/2006**	**2004/2005***
Turnover	480.5	462.4	515.8	504.1	996.3	966.5
Current operating income	15.3	11.7	39.5	30.5	54.8	42.2
OPERATING MARGIN	**3.2%**	**2.5%**	**7.7%**	**6.1%**	**5.5%**	**4.4%**

* *on a like-for-like basis, the 2004/2005 turnover has been adjusted for the following items: standardisation of accounting of the marketing business and consolidation of turnover from three residences owned until October 31st 2005 by an institutional investor*

The Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division turned in current operating income of €15.3 million, up 30.4% *versus* 2004/2005, driven by a 6.4% increase in accommodation turnover and costs savings of €7 million generated over the year. Operating margin therefore totalled 3.2% *versus* 2.5% in 2004/2005 on a like-for-like basis.

The contribution from sub-division Center Parcs Europe to current operating income rose 29.6% to €39.5 million. Growth stemmed from a 2.3% increase in turnover and €15 million in cost savings produced over the year. Current operating margin widened from 6.1% in 2004/2005 to 7.7%.

Property development current operating income

Current operating income in the property development activities rose 30.6% to €42.8 million. Operating margin stood at 10.2% *versus* 11.8% in 2004/2005.

(in millions of euros) **IFRS data**	**2005/2006**	**2004/2005**
Turnover	418.0	278.8
Current operating income	42.8	32.8
Operating margin	**10.2%**	**11.8%**

ATTRIBUTABLE NET INCOME

(in millions of euros) IFRS data	2005/2006	2004/2005	Change
Turnover	1,414.3	1,230.6	+14.9%
Current operating income	**97.6**	**75.0**	**+30.2%**
Financial income	-5.6	-10.0	-43.7%
Corporate income tax*	-33.2	-23.3	+43.1%
Share in earnings of companies accounted for by the equity method	0.1	0.2	-
Minority interests	-0.2	-0.3	-
Attributable current net income*	**58.7**	**41.6**	**+41.0%**
Other operating expenses and earnings net of tax*	15.0	0.5	-
Attributable net income	**73.7**	**42.1**	**+74.8%**

* *other operating expenses and earnings are presented net of tax. They also include non-recurring tax items (tax savings, update of group fiscal position) which are reclassified from accounting tax*

Financial expenses totalled €5.6 million *versus* €10.0 million in 2004/2005, following the €81.6 million reduction in the group's net financial debt.

Corporate tax (excluding exceptional items) totalled €33.2 million in 2005/2006, representing an effective tax rate of 36.2%, similar to the 35.8% seen in 2004/2005.

The share in earnings of companies accounted for by the equity method totalled €0.1 million and the share of minority interests in the group's consolidated earnings stood at €0.2.

Attributable net income rose 41% to €58.7 million, compared with €41.6 million in the previous financial year.

Other operating expenses and earnings net of tax mainly included:

- the €23.2 million gain from an earn-out clause as part of the disposal of property at seven Center Parcs villages in July 2006;
- restructuring costs of €8.5 million due to the roll-out of cost-saving programmes, primarily for the tourism division.

After factoring in these items, attributable net income totalled €73.7 million versus €42.1 million in 2004/2005, representing growth of 74.8%. Following the exercise of stock options by the company's senior officers over the period, the weighted average number of outstanding shares came to 8,699,145 for 2005/2006 *versus* 8,690,416 in the previous year. Earnings per share rose 39% to €6.74 *versus* €4.85 in 2004/2005.

A dividend payment of €2.50 per share is to be proposed to shareholders, representing a 67% increase on the 2004/2005 level and an overall pay-out of €22 million, or 37% of attributable net income.

Investments and balance sheet

MAIN CASH FLOWS

In 2005/2006 the Pierre & Vacances Group posted surplus cash of €82.1 million before changes in borrowings. This stemmed from 36% growth in cash flow from the group's activities (+€27.9 million) and a rise in the cash generated from changes in working capital requirements (+€53.3 million) and was achieved despite the fact that the group:

- continued its policy to buy tourism residence property assets from institutional investors for renovation and resale of the units to individual investors under Pierre & Vacances sales formulas with a lease attached. Around 1,600 apartments were therefore acquired during the year.
- These investments were made:
  - either by directly acquiring property assets (stocks located in 23 residences operated by the group, for an overall amount of €57.7 million),
  - or by acquiring the legal structures owning the property assets (four residences located in mountain resorts, Méribel, Val d'Isère, Alpe d'Huez and Belle Plagne) for a total investment of €19 million;
- continuing to invest heavily (€51.3 million) in renovating the tourism portfolio and overhauling the IT system.

This surplus cash flow enabled the group to reduce financial debt by €50.1 million, thereby showing surplus net cash of €32 million over the year.

Summary cash flow statement

(in millions of euros)	2005/2006	2004/2005
Cash flow (after financial interests and tax)	104.5	76.6
Change in working capital requirements	63.8	10.5
Cash flow from operating activities	**168.3**	**87.1**
Capital expenditure and investments	-104.5	-50.5
Asset disposals	34.5	24.2
Cash flow from investment activities	**-70.0**	**-26.3**
Capital increase	0.6	3.8
Acquisition/disposal of treasury stock	-3.2	-1.9
Dividends paid*	-13.6	-16.2
Change in borrowings	-50.1	-45.8
Cash flow from financing activities	**-66.3**	**-60.1**
Change in cash and cash equivalents	**32.0**	**0.7**

* *dividends paid to shareholders of the parent company and to minority interests of consolidated companies*

Cash generated by the group's tourism and property development businesses in 2005/2006 rose by €81.2 million to €168.3 million. This growth was driven by both the €27.9 million increase in cash flow (after financial interest and tax) and the €53.3 million in cash provided by changes in working capital requirements.

Growth in 2005/2006 cash flow to €104.5 million stemmed mainly from:

- the €22.6 million increase in current operating income;
- the €3.9 million fall in the amount of tax paid following the use of tax-loss carry-forwards during 2005/2006.

Surplus cash generated in 2005/2006 by changes in working capital requirements (€63.8 million) stemmed mainly from property development and corresponded to:

- a decline in property stocks relative to the programmes underway, generating a total resource of €44.6 million. Change in property stocks included:
  - a €329.7 million decline in stocks following property operations (Le Domaine Center Parcs du Lac d'Ailette, Paris Tour Eiffel, Le Rouret, Bonmont, Avoriaz, Paris Haussmann, Château d'Olonne, Flaine...),
  - a €57.7 million investment in renovation works, relative to accommodation located in 23 villages, residences and hotels already operated by the group:
    - 15 in mountain resorts: 13 in the Alps (Les Coches: 4, Val d'Isère: 2, Belle Plagne: 2, Avoriaz: 2, Les Ménuires, Alpe d'Huez, Arc 1800) and two in the Pyrenees (Font Romeu, La Mongie),
    - 7 in seaside resorts: Cannes, Villefranche, Cap Esterel, Saint-Tropez, Sainte-Maxime, Port du Crouesty, Benodet,
    - 1 in the countryside: Arles,
  - the acquisition of land worth €6.7 million as part of new construction programmes (primarily Manilva in Spain, Montrouge, Le Crotoy and Audierne),
  - €220.7 million in works undertaken during the year on new programmes or for renovation works (Le Domaine Center Parcs du Lac d'Ailette, Paris Tour Eiffel, Le Rouret, extension of Center Parcs village at Bois Francs, Château d'Olonne, Port-en-Bessin...);
- change in operating debts and receivables for the property businesses.

Cash flows used for investments totalled €70 million. These sums corresponded mainly to:

- investments made in operating the tourism business (€51.3 million);
- sums committed on September 30th 2006 (€28.5 million) and refinanced by a sale and lease-back operation as part of the construction of central equipment (tropical paradise, restaurants, bars, stores, sports and leisure facilities etc.) at the new Center Parcs village at Lac d'Aillette in the Aisne region of France;
- the acquisition of legal structures (€19 million) owning the business goodwill and property of the 4 residences located in mountain resorts, Méribel, Val d'Isère, Alpe d'Huez and Belle Plagne. These residences were previously run by the group under a management mandate and marketed under the Pierre & Vacances and Maeva brands;
- a €23.2 million exceptional gain as part of the deal undertaken on July 19th 2006 between Blackstone and the previous owners for an earn-out clause negotiated in 2003 with the previous owners of property assets at the 7 Center Parcs villages located in the Netherlands, Germany and Belgium.

The investments made in operating the tourism business (€51.3 million) included:

- investments made by Center Parcs Europe (€25.1 million):
  - €16 million mainly for improving the product mix at all of the villages, €9.5 million of which for the Dutch villages, €2.7 million for the French villages, €2.2 million for the German villages and €1.6 million for the Belgian villages,
  - €7.1 million for the extension of central equipment at the French village at Bois Francs in Normandy, in order to increase capacity in association with the property programme to build 203 new cottages. In 2006/2007, these investments are set to be disposed to the owner of the village's property assets.
  - €1.9 million for overhauling IT systems;
- spending by the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division (€26.2 million):
  - €13 million for furnishing homes and apartments as well as acquiring general services and leisure equipment (swimming pools, sports and leisure installations) at the villages and residences delivered during the year (€5.4 million of which for delivery of the Rouret village and residence in Ardèche, comprising 470 accommodation units.
  - €8.3 million for renovation work on the portfolio, €4.2 billion for the Hôtels Latitudes at Val d'Isère and Arc 1800.
  - €4.9 million for the overhaul of IT systems.

Bank borrowings fell by an overall €50.1 million (excluding bank overdraft facilities) on September 30th 2006 *versus* September 30th 2005, mainly on the back of:

- annual amortisation (€37 million) of the group's corporate debt, contracted for acquisitions;
- a net fall of €32.4 million in property debt, primarily concerning:
  - repayment of the remaining capital (€52.5 million) on financing set up for the city residences, Paris Tour Eiffel (€32.3 million) and Paris Haussmann (€14 million), as well as the Bonmont residence located in Spain (€6.2 million),
  - the roll-out of new bridging loans (€23.2 million) as part of the financing framework for new property development (€20.9 million of which for the acquisition of hotels and residences located in mountain resorts Arc 1800 and Val d'Isère);
- the financing put in place on September 30th 2006 (€26.4 million) as part of the financing lease of central equipment for the new Domaine du Lac d'Ailette Center Parcs village;
- repayment of the remaining mortgage loans (€5.8 million) contracted by non-group companies which own the property of the Sainte-Anne village in Guadeloupe, loans which the Pierre & Vacances Group had booked in its balance sheet given the full delegation consented in favour of the credit institutions.

CHANGE IN BALANCE SHEET

Given the asset and liability management principles adopted by the Pierre & Vacances Group in its tourism and property development businesses, the following points should be noted regarding the contribution of these two activities to the consolidated balance sheet.

The tourism business is not very capital intensive since the group does not intend to own the villages or residences that it operates. As such, investment spending primarily concerns:

- furniture for apartments sold unfurnished to individual investors;
- infrastructure facilities for the residences;
- leisure facilities for holiday villages (swimming pools, tennis courts, childrens' clubs etc.);
- commercial premises (restaurants, bars, conference rooms, etc.).

Ownership of these assets is a guarantee of the group's long-term management of the sites concerned.

Working capital requirements in the tourism business are structurally negative, but vary significantly over the year depending on the season.

Concerning the group's traditional **property development businesses**, the new property construction activity should be distinguished from property renovation activities:

- **New construction programmes at** Pierre & Vacances generally mobilise little equity and have the following financial characteristics:
  - the capital required to fund each new residence is equivalent to around 10% of the cost price before VAT;
  - bridging loans are set up for each transaction, and maximum use is made of these facilities before the notarised deeds of sale are signed;
  - the relative size of balance-sheet items (accounts receivable, work in progress, deferred income and prepayments) is significant. Sales signed with a notary and not yet recognised in earnings are booked to the balance sheet as deferred income. At the same time, costs incurred in connection with the property are recorded as work in progress, or in the case of selling costs, as accrued income and pre-paid expense. Turnover and margins on property programmes are booked under the percentage of completion method and no longer on delivery of the apartments, the method previously used by the group under French accounting standards. The percentage of completion is calculated by multiplying the percentage of progress in construction work by the percentage of property sales signed at a notary. Stocks of completed properties and land are kept low by the group's marketing method (properties sold off-plan for delivery on completion) as well as its policy to market properties before construction work is started and to not acquire land before final planning permission has been obtained.
- **The property renovation programme** generates a temporary deterioration in working capital requirements. In this business, the Pierre & Vacances Group acquires existing 2/3-sun rated residences in prime locations, generally from institutional investors, with the aim of renovating and upgrading them to a 3/4 sun rating and selling them on to individual investors under its traditional sales formulas. The fact that the group owns the land and property during the residence renovation period increases its property portfolio and hence, temporarily increases working capital requirements until the properties are delivered to individual investors.

The cash flows generated by the group's business in 2005/2006 helped further bolster the balance sheet, such that the net debt-to-equity ratio stood at just 16% on September 30th 2006 compared with 46% at end-September 2005.

Simplified balance sheet

(in millions of euros)	30/09/2006	30/09/2005	Change
Goodwill	130.3	128.0	2.3
Net fixed assets	358.2	312.7	45.5
INVESTMENTS	**488.5**	**440.7**	**47.8**
Shareholders' equity	368.8	309.0	59.8
Provisions for risks and charges	53.6	50.8	2.8
Net financial debt	59.1	140.7	-81.6
Working capital requirements	7.0	-59.8	66.8
RESOURCES	**488.5**	**440.7**	**47.8**

The €2.3 million rise in the net value of goodwill stemmed from the acquisition of the business goodwill at the residences located in mountain resorts (Méribel, Val d'Isère, Alpe d'Huez and Belle Plagne) and previously operated by the group under management mandates.

On September 30th 2006, net book value of the main goodwill items broke down as follows:

- Center Parcs Europe €63.3 million
- Maeva €49.1 million
- Résidences MGM €8.2 million

The increase in net book value of fixed assets (€45.5 million) stemmed primarily from:

- the €51.3 million in investments in the tourism business (see above);
- the costs incurred at September 30th 2006 (€28.5 million) and refinanced by a sale and lease-back operation for building the central facility of the new village, the Center Parcs Domaine du Lac d'Ailette. As part of this operation, the Pierre & Vacances Group signed a public service agreement with the Conseil Général (Regional Authority) of the Aisne department, which is delegating to the group the design, construction and operation of the leisure centre facility. Furthermore, a tripartite agreement was signed between Pierre & Vacances, the Conseil Général de l'Aisne and a finance house to put up the finance for the construction work on this leisure centre facility. A part of the cost of building the facility is provided by a facility subsidy from the Conseil Général de l'Aisne. The rest of the finance is based on the transfer of the assets to the finance house in the form of an off-plan sale by the group accompanied by leasing of the facility. By virtue of these agreements, the group will operate the central facility up to December 31st 2038. When the concession expires, the Conseil Général will resume ownership of the facility free of charge.

After deduction of:

- depreciation, amortisation and provisions of €27 million;
- the removal from the balance sheet of the receivables due to companies owning the property assets at the Sainte-Anne village in Guadeloupe (€5.8 million) following the reimbursement during 2005/2006 by these companies of the remaining mortgage loans contracted from financial institutions. Since the Pierre & Vacances Group had consented a full delegation to the lending institutions, the amount corresponding to the remaining loans was booked as both a financial asset and a financial debt;
- reclassification as stocks (€3 million) of property assets for which the group has decided to undertake renovation operations.

Net fixed assets on September 30th 2006 broke down as follows:

- €125.9 million in intangible fixed assets;
- €203.3 million in tangible fixed assets;
- €29.0 million in financial fixed assets and securities accounted for by the equity method.

The contribution from Center Parcs Europe to intangible fixed assets stood at €89.5 million, €85.9 million of which for the Center Parcs brand. The share of the sub-division in net tangible fixed assets was €93.1 million.

After factoring in:

- a dividend pay-out of €13.1 million;
- a capital increase of €0.6 million for the exercise of stock options;
- a net decline in equity before earnings of €1.4 million due to IFRS accounting for stock options, the Pierre & Vacances shares owned by the group, as well as the change in fair value of financial hedging instruments;
- net income of €73.7 million.

Shareholders' equity totalled €368.8 million on September 30th 2006 *versus* €309.0 million on September 30th 2005.

The €2.8 million increase in provisions for risks and charges to €53.6 million on September 30th 2006 was due to the following increases:

- €1.6 million in provisions for renovation, the sums set aside over the year (€6.1 million m) being higher than those written back following renovation works (€4.5 million);
- €1.2 million in pension provisions following the changes made to a defined-benefit pension plan in the Netherlands during the year.

On September 30th 2006, provisions for risks and charges broke down as follows:

- provisions for renovation €35.8 million
- provisions for pensions €10.9 million
- provisions for restructuring and various risks €6.9 million

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Net debt reported by the group on September 30th 2006 broke down as follows:

(in millions of euros)	30/09/2006	30/09/2005	Change
Borrowings	176.5	226.1	-49.6
Cash and cash equivalents net of bank overdrafts	-117.4	-85.4	-32.0
NET FINANCIAL DEBT	**59.1**	**140.7**	**-81.6**

Debt reduction is analysed in the section «Main Cash Flows» under section «Investments and Balance Sheet».

Net debt on September 30th 2006 (€59.1 million) corresponded primarily to:

- the remaining capital due (€111 million) in terms of corporate debt contracted by the group on November 29th 2004 in order to refinance loans contracted during acquisitions operations. On September 30th 2006, the portfolio of refinancing loans broke down as follows:
  - €85.7 million for the acquisition of the additional 50% stake in sub-division Center Parcs Europe,
  - €21 million for the acquisition of Gran Dorado and the first 50% stake in Center Parcs Europe,
  - €4.3 million for the acquisition of Maeva;
- loans contracted by the group (€29.1 million) as part of the financing of property assets destined for disposal, including the Hôtel du Golf (Arc 1800 - €12.8 million), Val d'Isère (€8.1 million), Cefalù (€5.2 million) and Manilva in Spain (€2.3 million). In general, funds invested in the property business (debt plus equity) represented €121 million (including €92 million in equity investments). The net value of the corresponding assets to be sold off totalled €176 million on September 30th 2006;
- financial debt (€26.4) booked as part of the lease financing contract for central equipment at the Center Parcs village at Lac d'Ailette;
- net of available cash.

Switch to IFRS accounting

Financial data for 2004/2005 under IFRS as presented in the appendix to the Consolidated Financial Statements as of September 30th 2006 has been adjusted marginally relative to that reported in the Management Report of 2004/2005. These adjustments have mainly stemmed from the completion of work to analyse and validate the impact of applying IAS 32 and IAS 39 (liabilities and financial instruments), IAS 38 (costs to allocate and advertising costs) and IAS 16 (amortisation of tangible fixed assets by component). Their impact on the group's equity as of October 1st is fairly insignificant, at -€2,755 thousand.

Remuneration of members of the Board of Directors and the Executive Committee

Remuneration of senior officers

For the year-ending September 30th 2006, no salary (including benefits in kind) was paid to an officer of the parent company directly by the companies of the Pierre & Vacances Group controlled within the meaning of Article L. 233-16 of the French Commercial Code or by Pierre & Vacances SA itself. In contrast, the *Society d'Investissement Touristique et Immobilier* (a company owned by the Chairman and Chief Executive Officer, the founder and majority shareholder of Pierre & Vacances SA) as the lead company, invoices for fees for the services rendered by Gérard Brémond, François Georges, Thierry Hellin and Patricia Damerval. The fees invoiced by SITI are determined on the basis of the direct costs (payments made + related employer's charges + other direct costs: travel expenses, premises costs, secretarial costs) plus 5% and calculated proportional to the time spent by each individual in managing the activity of the Pierre & Vacances Group.

The total gross annual salaries (including benefits in kind) paid by SITI to each of the senior officers broke down as follows:

(in euros)	2005/2006 remuneration due for the year	2005/2006 remuneration paid during the year	2004/2005 remuneration due for the year	2004/2005 remuneration paid during the year
Gérard Brémond Chairman and CEO				
Fixed remuneration[a]	182,843	182,843	183,943	183,943
Variable remuneration[b]	90,000	65,204	-	-
TOTAL	**272,843**	**248,047**	**183,943**	**183,943**
François Georges Deputy CEO				
Fixed remuneration[a]	N/A	N/A	205,772	205 772
Variable remuneration[b]	N/A	N/A	-	300 000
TOTAL	**N/A**	**N/A**	**205,772**	**505 772**
Thierry Hellin Group Deputy CE				
Fixed remuneration[a]	224,514	224,514	185,908	185,908
Variable remuneration[b]	75,000	65,000	65,000	55,000
TOTAL	**299,514**	**289,514**	**250,908**	**240,908**
Patricia Damerval Group Deputy CE				
Fixed remuneration[a]	208,008	208,008	N/A	N/A
Variable remuneration[b]	75,000	43,116	N/A	N/A
TOTAL	**283,008**	**251,124**	**N/A**	**N/A**

(a) including reintegration of benefits in kind in the form of a company car
(b) variable remuneration is paid in the year following that for which it is due

For each of these senior officers, the variable bonus is set according to the group's financial performance, as well as the achievement of individual targets.

The Pierre & Vacances Group has not implemented an arrival or departure bonus system for the senior officers.

François Georges exercised his mandate as Deputy CEO of Pierre & Vacances SA until May 31st 2005 and his mandate as Board member until October 10th 2005. As part of the halt to his work contract, Mr Georges received a total payment of €200,000 in departure compensation, in addition to his fixed remuneration in 2004/2005.

The group has no specific complementary pension plans in place for the senior officers. There are no specific supplementary pension schemes for them. As part of their employment contract with SITI, they receive a retirement package calculated according to the rules applicable to all employees.

Attendance fees paid to directors

The amount of attendance fees paid in 2006 for the 2005/2006 financial year totalled €150,000, identical to amount paid in 2004/2005.

	2005/2006 remuneration		2004/2005 remuneration	
	due for the year	paid during the year	due for the year	paid during the year
Sven Boinet	30,000	30,000	30,000	30,000
Olivier Brémond*	30,000	30,000	30,000	30,000
Ralf Corsten*	30,000	30,000	30,000	30,000
Michel Dupont	30,000	30,000	30,000	30,000
Marc R. Pasture*	30,000	30,000	30,000	30,000
TOTAL	**150,000**	**150,000**	**150,000**	**150,000**

* *Mrrs Brémond, Corsten and Pasture effectively received the sum of €22,500 each in 2005/2006 (after deduction of €7,500 representing at source charges directly paid by Pierre & Vacances SA to the French tax authorities)*

Loans and guarantees granted by Pierre & Vacances SA

No loan nor guarantee was granted to the members of the Management Committee or of the Board of Directors.

Payments allocated to members of the Executive Committee

The total gross annual salaries (including benefits in kind) paid to members of the Executive Committee, as listed on page 7 of the Business Report[1], during 2005/2006 stood at €2,478,329, €1,909,599 of which for fixed remuneration in 2005/2006 and €568,730 for variable remuneration due for 2004/2005 (bonus for 2004/2005 paid in the first half 2005/2006).

The following table showed the total gross remuneration paid to members of the Executive Committee during 2004/2005 and 2005/2006 (in euros):

	Paid in 2005/2006	Paid in 2004/2005
Fixed remuneration[a]	1,909,599	1,821,394
Variable remuneration[b]	568,730	921,517
TOTAL	**2,478,329**	**2,742,911**

(a) including reintegration of benefits in kind in the form of a company car
(b) variable remuneration is paid in the year following that for which it is due

(1) with the exception of Éric Debry who joined the company in October 2006

Recent developments and outlook

The market

During 2006, the European tourism sector benefited from improved economic conditions, particularly in Germany and the Netherlands, and renewed interest on the part of European tourists for destinations closer to home, considered as safer and less affected by the hike in air transport costs following the surge in oil prices.

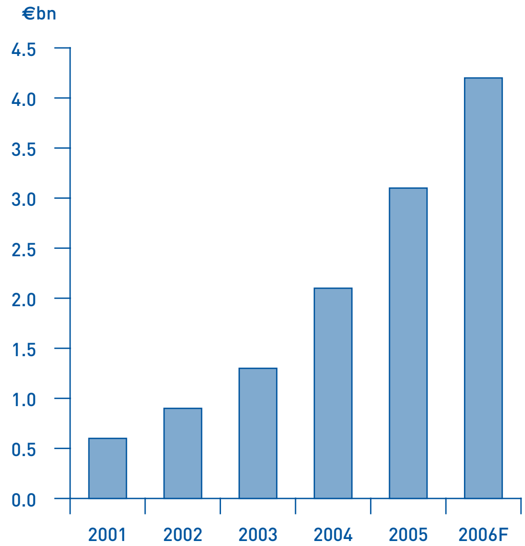
The October 2006 World Tourism Organization barometer showed that over the first eight months of 2006, tourism arrivals in Europe rose by 3.1%, 2.1% in western Europe.

The economic survey, ODIT France/FNOTSI/ANMSM covering 803 tourism offices, showed that the summer season in France 2006 was better than in the two previous years. Frequency rates seem to have notched up slightly for both French and foreign holidaymakers compared with 2005. In terms of foreign holidaymakers, tourists from the UK and Spain were the most active, while those from other countries were primarily stable.

A report published by agency, Protourisme, also suggested that in summer 2006, France benefited from a 2% decline in the number of French holidaymakers travelling abroad, mainly in view of higher prices for long-haul destinations due to higher air transport costs.

The Protourism agency estimates that Internet sales continued to increase and accounted for 35% of total reservations and 10% of sales volumes for the summer 2006 period.

CHANGE IN E-TOURISM SALES IN FRANCE



source : ICE, Fevad, Journal du Net, La Tribune

Total accommodation capacity in France on January 1st 2006

	No. of beds (thousands)	%
Tourist hotels	1,227.6	7.0%
Tourist residences	475.2	2.7%
Camp sites	2,777.9	15.8%
Holiday villages	245.2	1.4%
Tourism furnished apartments	722.5	4.1%
Bed and breakfast	69.7	0.4%
Youth hostels	14.0	0.1%
Total commercial accommodation	**5,532.1**	**31.5%**
Second homes	12,022.5	68.5%
TOTAL	**17,554.6**	**100.0%**

source: Insee, tourism department (French Ministry of Transport and Equipment), professional bodies

The Pierre & Vacances Group is the European leader in the holiday residence market[1], boasting 265 sites housing 45,400 apartments operated in Europe.

The Pierre & Vacances Group has a leading position in holiday residences in France. Its main rivals are Lagrange (10,300 apartments), Odalys (8,500 apartments), VVF Vacances (6,700 apartments) and France Location (3,600 apartments). On October 2006, institute BDO MG Hôtels et Tourisme identified that France has 379 hotel residences in city locations, or around 28,000 apartments and that 11 networks house half of the portfolio of residences and more than 60% of available capacity in the market. These are mainly Citadines (34 units, 3,600 apartments), Pierre & Vacances City (13 residences, 1,800 apartments), Citéa (40 residences, 3,800 apartments) and Appart City Cap Affaires (20 residences, 2,400 apartments).

In northern Europe, rivals to Center Parcs are Landal Greenparks (59 villages, or 10,000 cottages in the Netherlands, Belgium, Germany, Czech Republic and Austria), Roompot (31 villages or 2,300 cottages in the Netherlands) and Sunparks (4 villages, or 2,100 cottages in Belgium).

Targets for 2006/2007

After 2004/2005 was affected by difficult economic conditions in Europe, particularly in the Netherlands, the group posted sharp growth in 2005/2006 earnings on the back of improved operating performances and cost-cutting moves.

Actions undertaken in the tourism activities are set to be continued in 2006/2007.

Those implemented in the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes mainly concerned:

- **enhancing brand identity, differentiation and awareness**, based on a new organisation implemented under the framework of the DEFI plan. The new organisation in place since October 2006 focuses on five business units, namely Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes and Pierre & Vacances City. Each business unit has specific marketing and operating resources and shares central sales expertise (quality/development, commercial management, e-commerce/customer relation management and revenue management);
- the **rising momentum of Internet sales**, which are set to increase by around 40% in 2006/2007. The aim is to boost the conversion rate of site visits into holiday reservations with new technical functionalities helping client choices. The group also aim to bolster its presence outside France by setting up an international team of webmasters (UK, Germany, the Netherlands, Italy and Spain), responsible for site animation (offers targeted for each country, local referencing, etc.);
- **expansion of customer relation management** with an enhanced and better segmented client base. The focus is to be placed on targeted commercial animation depending on the extent of customer loyalty and further moves to dematerialise customer relations (travel documents, welcome plan and satisfaction questionnaires available online);
- **bolstering commercial presence outside France** with sales offices in London and Brussels (covering all of Benelux) and the development of sales with major online tour operators (Expedia, Travel Horizon, E.Bookings…);
- **boosting on-site sales**, on the back of an incentive policy for operating teams for extending the duration of holidays, upgrades or the sale of services;
- **making services activities profitable**, these being almost entirely outsourced at present and with a very small contribution to earnings. Outsourcing of catering services continued last year and helped produce profitability gains. In addition, actions are in place to improve margins generated on rental of ski equipment and bicycles, offerings for apartments equipped for babies, installing automatic distributors in sites and billing client residence owners for technical services (maintenance, renovation works, etc.);
- **cost control** based on a group-wide purchasing policy (energy, maintenance, insurance, mailings, etc.) and an optimised organisation of head office functions. In addition, the introduction of rent indexation caps when leases are renewed should help limit exposure to changes in the construction cost index.

At Center Parcs Europe, efforts have focused on the following areas:

- **product development**. In order to clarify and standardise its offering, Center Parcs plans to extend leisure facilities and upgrade cottages to five bird standard the Hochsauerland and Port Zélande village. Renovation and upgrade work on the cottages at Zandvoort, Kempervennen and Hauts de Bruyères is also on the cards. In order to enhance differentiation of the Center Parcs concept, the services offering has been improved and underscored relative to rivals, and is also better segmented in the Netherlands in line with customer expectations (full experience, family, active and relax & nature);
- the **marketing policy**: marketing has been rolled out to 360°, covering all media platforms and specific advertising campaign has been launched in France to plan for marketing of the new domain at Lac d'Ailette for summer 2007. The revenue management strategy rewards early booking and Internet reservations given that reservation costs are lower. Sales and marketing actions have been bolstered to target certain client segments (teenagers, pensioners and groups);
- **developing Internet sales**, which is set to account for 50% of reservations by the end of 2008. The aim is to improve the conversion rate of site visits by 30%, thanks in particular to technical progress with a new website and online holiday preparation tools;

(1) consolidation of information collected from professional bodies includ the French National Syndicate for Tourism Residences (Syndicat National des Résidences de Tourisme – SNRT)

- **strengthened customer relations management** thanks to new tools enabling better segmentation of clients and a dematerialisation of client relations at their arrival on holiday, during the stay and after the holiday;
- **widening distribution** by creating teams and implementing communication tools specific to the new markets targeted (eastern Europe, Scandinavia) in BtoB and the development of partnerships (Ikea, Flair, Postes, Nutricia, T-Online…);
- **optimising operating costs**, via the group'-wide purchasing policy. Controlling energy consumption (installing thermostats and low-consumption lighting) and making services more flexible are two sources of cost cutting. Catering concepts have been simplified and prices adapted, while sports and leisure activities have been defined depending on the villages and the clients present at the site and finally, efforts are focusing on improving store management (optimising surfaces, stocks and referencing).

2006/2007 is set to see the opening in France of the new Center Parcs at Lac d'Ailette (861 cottages) and the Pierre & Vacances City residence, Paris Tour Eiffel (375 apartments).

In terms of property development, 2005/2006 reservation turnover of €448 million including VAT *versus* €450 million in 2004/2005, guarantees a high level of turnover and margins for 2006/2007.

Deliveries in 2006/2007 are currently estimated at around 2,700 apartments and homes, of which 1,300 for new programmes (Ailette, Bois-Francs, Branvillle, Eguisheim, Le Crotoy) and 1,400 renovations (Alpe d'Huez, Arles, Avoriaz, Bénodet, Coches, Font-Romeu, La Mongie, Les Arcs, Les Ménuires, Méribel, Paris Tour Eiffel, La Plagne, Val d'Isère).

In addition, the group is set to open marketing for the cottages at the 4th Center Parcs village in Moselle during 2006/2007.

Aided by a bolstered balance sheet, the Pierre & Vacances Group is continuing its traditional expansion via property and after three years of consolidation, is hoping to embark on a new phase of acquisitions in its businesses in Europe.

Expansion at the Pierre & Vacances Group is set to focus on:

- **Center Parcs in Europe**, with the **opening and acquisition of villages** in Germany and Belgium.
- **Pierre & Vacances City, where the target is to manage 35 residences by 2010** in the main French towns (Paris and its suburbs, Lyon, Grenoble, Lille, Toulouse) and European cities (Brussels, Basel, Vienna, London, Edinburgh, Hamburg, Barcelona, Madrid, Lisbonne).
- The **Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes division, by looking for properties to renovate in France and development at new destinations outside France**. The group is already successfully present in Spain and hopes to develop as a priority in the Costa Brava, Costa Dorada and Costa del Sol regions. Preliminary studies have also confirmed the group's aim to set up in Morocco and more specifically in Marrakech and Agadir.

Recent developments

Acquisitions and disposals made since the end of the year are set out in note 41 of the appendix to the consolidated financial statements.

FIRST QUARTER 2006/2007 TURNOVER

Consolidated turnover for the 1st quarter of 2006/2007 (from October 1st 2006 to December 31st 2006) were €441.0 million, an increase of 40.0% over the same period the previous year.

(in millions of euros)	IFRS 2006/2007	IFRS 2005/2006	Changes Current structure	Changes Like-for-like[a]
Tourism	**173.2**	**176.3**	**-1.8%**	**-1.9%**
Pierre & Vacances / Maeva / Résidences MGM / Hôtels Latitudes	56.0	52.9	+5.8%	+3.7%
Center Parcs Europe	117.2	123.4	-5.0%	-4.4%
Property development	**267.8**	**138.8**	**+93.0%**	**+93.0%**
TOTAL 1ST QUARTER	**441.0**	**315.1**	**+40.0%**	**+39.9%**

(a) on a like-for-like basis, 2005/2006 1st quarter sales are restated with the following items:
booking of sales volume on the two West Indies villages following the switch from management contracts (in which only management fees are received) to lease contracts since October 1st 2006;
the impact of the shift of part of France's Christmas holidays to the 2nd quarter of the group financial year estimated at a €0.9 million reduction for Pierre & Vacances / Maeva / Résidences MGM / Hôtels Latitudes and €0.8 million reduction for Center Parcs Europe

Tourism turnover

Tourism turnover were €173.2 million, 1.9% down compared with the 1st quarter 2005/2006 on a like-for-like basis:

- accommodation turnover for the Pierre & Vacances / Maeva / Résidences MGM / Hôtels Latitudes brands was up 5.1% (+3.0% without restatement of Christmas holiday shift). The growth was due to very good business on the seaside (+8%), West Indies (+15%) and city centre (+8%) sites which account for 74% of the quarter's sales. Mountain destinations recorded a decrease of 4%, due to a reduced offer associated with disengagements from certain unprofitable sites and ongoing renovation works.

  Given the bookings to date and the lack of snow adversely affecting January, we currently anticipate a level of first half business that is close to last year.

- Center Parcs Europe accommodation turnover was €2.9 million down over the 1st quarter on a like-for-like basis, after a particularly strong activity at the end of 2005/2006 probably reflecting short stays being taken in advance. An additional cost-cutting plan introduced by Center Parcs Europe will offset this loss of revenues over the year.

  Bookings for the 2nd quarter are slightly up, partially compensating for the 1st quarter reduction.

Property development

Property development turnover reached €267.8 million, compared with €138.8 million for the same period last year. Such a high level of business reflects particularly marked seasonality with a high number of signatures before December 31st and the completion of many renovation projects in the mountain resorts (860 apartments delivered in these destinations out of a total of 1,048 units).

The main contributions to sales for the quarter were:

- new properties (46% of turnover): Domaine du Lac d'Ailette Center Parcs village, extension of the Bois-Francs village, and the residences in Eguisheim and Branville;
- renovated properties: residences of Paris Tour Eiffel, Méribel, Val d'Isère, La Plagne, Alpe d'Huez, Avoriaz and Courchevel.

Property development business for 2006/2007 should be comparable to the level recorded in 2005/2006.

2

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

To September 30th 2006

Consolidated profit and loss account

(in thousand of euros)	Note	2005/2006	2004/2005
Turnover	3/4	1,414,356	1,230,634
Purchases and external services	26	-946,118	-790,217
Personnel expenses	27	-305,269	-302,774
Amortisation and provisions	28	-42,354	-37,302
Other current items	29	-22,996	-25,352
CURRENT OPERATING INCOME	**3**	**97,619**	**74,989**
Other operating expenses and earnings	3/30	11,208	-6,173
OPERATING INCOME	**3**	**108,827**	**68,816**
Financial earnings	31	4,331	3,031
Financial expenses	31	-9,957	-13,020
FINANCIAL INCOME		**-5,626**	**-9,989**
Corporate income tax	32	-29,450	-16,521
Share of income of companies accounted for by the equity method	9	106	193
NET INCOME		**73,857**	**42,499**
Including:			
- Attributable		73,676	42,160
- Minority interests	19	181	339
Net attributable earnings per share *(in euros)*	33	8.44	4.85
Diluted attributable earnings per share *(in euros)*	33	8.40	4.82

Consolidated balance sheet

Assets

(in thousand of euros)	Note	30/09/2006	30/09/2005
Goodwill	5	130,260	128,028
Intangible fixed assets	6	125,934	118,738
Tangible fixed assets	8	203,289	159,430
Investments in companies accounted for by the equity method	9	1,417	1,311
Non-current financial assets	10	27,537	33,234
Deferred tax assets	32	48,087	74,243
NON-CURRENT ASSETS	**3**	**536,524**	**514,984**
Inventories and work in progress	12/13	190,532	207,418
Trade receivables and related accounts	14	242,701	319,271
Other current assets	15/22	196,260	200,897
Cash and cash equivalents	16/23	118,292	86,210
CURRENT ASSETS	**3**	**747,785**	**813,796**
TOTAL ASSETS	**3**	**1,284,309**	**1,328,780**

Liabilities

(in thousand of euros)		30/09/2006	30/09/2005
Share capital		87,818	87,691
Additional paid-in capital		7,671	7,218
Treasury stock		-5,286	-2,085
Items reported directly in shareholders' equity		274	-428
Reserves		204,685	174,421
Consolidated income		73,676	42,160
ATTRIBUTABLE SHAREHOLDERS' EQUITY	**18**	**368,838**	**308,977**
Minority interests	19	2	282
SHAREHOLDERS' EQUITY		**368,840**	**309,259**
Long-term debt	21/23	113,715	183,835
Provisions for contingencies and charges, non-current	20	35,278	38,000
Deferred tax liabilities	32	-	-
NON-CURRENT LIABILITIES	**3**	**148,993**	**221,835**
Short-term debt	21/23	64,026	42,454
Provisions for contingencies and charges, current	20	18,298	12,765
Trade payables and related accounts	24	269,981	235,431
Other current liabilities	22/25	414,171	507,036
CURRENT LIABILITIES	**3**	**766,476**	**797,686**
TOTAL LIABILITIES		**1,284,309**	**1,328,780**

Consolidated cash flow statement

(in thousand of euros)	Note	2005/2006	2004/2005
Operations			
Net consolidated income		**73,857**	**42,499**
Depreciation, amortisation and provisions (not related to current assets)		26,249	22,531
Expenses related to share subscription and purchase option plans		1,142	956
Capital gains and losses on disposals		-22,714	925
Share in income of companies accounted for by the equity method	9	-106	-193
Cost of net long-term debt	31	5,867	11,789
Taxation (including deferred taxes)	32	29,450	16,521
Cash flow generated by operations		**113,745**	**95,028**
Net cost of long-term debt: net interest paid		-4,475	-9,723
Taxes paid		-4,803	-8,730
Cash flow after debt interest and taxes		**104,467**	**76,575**
Change in working capital requirement from operations (including debt relating to staff benefits)	17	63,841	10,543
NET CASH FLOW FROM OPERATING ACTIVITIES (I)		**168,308**	**87,118**
Investments			
Acquisitions of tangible and intangible fixed assets	6/8	-81,506	-42,622
Acquisitions of long-term investments		-3,173	-2,552
Acquisitions of subsidiaries (net of cash acquired)	17	-19,855	-5,303
Subtotal of disbursements		-104,534	-50,477
Disposals of tangible and intangible assets		23,661	2,159
Disposals of long-term investments		10,443	4,552
Disposals of subsidiaries (net of cash paid)	17	415	17,499
Subtotal of receipts		34,519	24,210
NET CASH FLOW FROM INVESTMENT ACTIVITIES (II)		**-70,015**	**-26,267**
Financing			
Capital increases in cash by the parent company	18	580	3,821
Acquisitions and disposals of treasury stock	18	-3,201	-1,916
Dividends paid to parent company shareholders		-13,085	-15,576
Dividends paid to minority shareholders in subsidiaries	19	-461	-603
Receipts from new bank loans	21	49,881	204,405
Repayment of bank loans	21	-99,830	-242,330
Other flows from financing operations	21	-141	-7,949
NET CASH FLOW FROM FINANCING ACTIVITIES (III)		**-66,257**	**-60,148**
CHANGE IN NET CASH FLOW (IV=I+II+III)		**32,036**	**703**
Cash and cash equivalents at beginning of year (V)	17	85,357	84,654
Cash and cash equivalents at end of year (VI=IV+V)	17	117,393	85,357

Statement of changes in attributable consolidated shareholders' equity

(in thousand of euros)	Number of shares	Capital stock	Additional paid-in capital	Treasury stock	Changes reported directly in shareholders' equity	Reserves	Consolidated income	Attributable shareholders' equity	Minority interests	Total share-holders' equity
BALANCE AT 01/10/2004	**8,653,160**	**86,532**	**4,556**	**-169**	**-354**	**129,549**	**59,462**	**279,576**	**549**	**280,125**
Hedging instruments	-	-	-	-	-107	-	-	-107	-	-107
Deferred taxes on these items	-	-	-	-	33	-	-	33	-	33
Changes in value recognised directly in shareholders' equity	**-**	**-**	**-**	**-**	**-74**	**-**	**-**	**-74**	**-**	**-74**
Net income	-	-	-	-	-	-	42,160	42,160	339	42,499
Total expenses and earnings booked	**-**	**-**	**-**	**-**	**-74**	**-**	**42,160**	**42,086**	**339**	**42,425**
Capital increase	115,938	1,159	2,662	-	-	-	-	3,821	-	3,821
Dividends	-	-	-	-	-	-15,576	-	-15,576	-603	-16,179
Change in treasury stock	-	-	-	-1,916	-	30	-	-1,886	-	-1,886
Expenses on option plans	-	-	-	-	-	956	-	956	-	956
Other movements	-	-	-	-	-	59,462	-59,462	0	-3	-3
BALANCE AT SEPTEMBER 30TH 2005	**8,769,098**	**87,691**	**7,218**	**-2,085**	**-428**	**174,421**	**42,160**	**308,977**	**282**	**309,259**
Hedging instruments	-	-	-	-	1,003	-	-	1,003	-	1,003
Deferred taxes on these items	-	-	-	-	-301	-	-	-301	-	-301
Changes in value recognised directly in shareholders' equity	**-**	**-**	**-**	**-**	**702**	**-**	**-**	**702**	**-**	**702**
Net income	-	-	-	-	-	-	73,676	73,676	181	73,857
Total expenses and earnings booked	**-**	**-**	**-**	**-**	**702**	**-**	**73,676**	**74,378**	**181**	**74,559**
Capital increase	12,738	127	453	-	-	-	-	580	-	580
Dividends	-	-	-	-	-	-13,085	-	-13,085	-461	-13,546
Change in treasury stock	-	-	-	-3,201	-	47	-	-3,154	-	-3,154
Expenses on option plans	-	-	-	-	-	1,142	-	1,142	-	1,142
Other movements	-	-	-	-	-	42,160	-42,160	0	-	0
BALANCE AT SEPTEMBER 30TH 2006	**8,781,836**	**87,818**	**7,671**	**-5,286**	**274**	**204,685**	**73,676**	**368,838**	**2**	**368,840**

Notes to the consolidated financial statements

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Preamble

Pierre & Vacances is a French "société anonyme" with a Board of Directors, listed on Euronext Paris.

The consolidated financial statements reflect the financial reporting situation of the account of Pierre & Vacances and its subsidiaries (hereinafter called "the group") and the interests in associate companies and joint venture companies. They are given in euros rounded to the nearest thousand.

The Board approved the consolidated financial statements to September 30th 2006 on December 5th 2006.

Note 1 - Accounting principles

1.1 – GENERAL CONTEXT

In application of European regulation No. 1606/2002 of July 19th 2002, the consolidated financial statements for 2005/2006 have been drawn up in accordance with the IFRS (International Financial Reporting Standards) as adopted by the European Union.

The group's published consolidated financial statements to September 30th 2005 were drawn up according to French accounting principles namely from October 1st 1999 according to the accounting rules and methods relating to the consolidated financial statements approved by the interministerial order of June 22nd 1999 ratifying regulation No. 99-02 of April 29th 1999 of the Comité de la Réglementation Comptable (France's accounting regulation committee). The consolidated financial statements for the years 2004/2005 and 2003/2004 drawn up according to French standards are available in the reference document for 2004/2005 deposited with the Autorité des Marchés Financiers (France's stock market regulator) on February 16th 2006.

The IFRS reference documentation includes the IFRS standards, the IAS (International Accounting Standards) standards and the interpretations of the IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee).

The standards and interpretations used to draw up the 2005/2006 consolidated financial statements and the 2004/2005 comparative financial statements are those adopted by the European Union at September 30th 2006 and whose application is currently mandatory, or those that the group has chosen to apply in advance.

The standards, interpretations and amendments to existing standards applicable to the accounting periods beginning on or after October 1st 2006 can be grouped into three categories:

- those applied in advance by the group:
  - IFRIC 4 on the conditions for determining whether an agreement contains a lease (applicable to years beginning on or after January 1st 2006);
- those not yet applied in the attached financial statements:
  - the limited revision of IAS 19 "Employee benefits" concerning actuarial gains and losses, group schemes and disclosures (applicable to years beginning on or after January 1st 2006),
  - the limited revision of IAS 39 "Financial Instruments": recognition and measurement" concerning the fair value option and the financial guarantees (applicable to years beginning on or after January 1st 2006),
  - the new IFRS 7 "Financial instruments: disclosures" (applicable to years beginning on or after January 1st 2007),
  - amendments to standard 1 "Presentation of financial statements" relating to disclosure son capital (applicable to years beginning on or after January 1st 2007),
  - the new IFRS 8 standard "operating segments" (applicable to years beginning on or after January 1st 2009),
  - IFRIC 10 on interim financial reporting and impairment (applicable to years beginning on or after November 1st 2006),
  - IFRIC 11 relating to options granted within a group and to own shares bought to cover options plans (applicable to years beginning on or after March 1st 2007),
  - IFRIC 12 relating to service concession arrangements (applicable to years beginning on or after January 1st 2008).

The group is reviewing these standards and interpretations in order to measure their potential impact on the consolidated income, financial position and cash flow and to assess the impact on disclosures. At this stage of the analysis, the group does not anticipate any material impact.

- those that do not apply to the group because of its current configuration:
  - the amendments to IAS 21 "Effects of changes in foreign exchange rates" relating to net investment in a foreign entity (applicable to years beginning on or after January 1st 2006),
  - the limited revision to IAS 39 "Financial instruments: recognition and measurement" concerning the coverage of cash flow for future intra-group transactions (applicable to years beginning on or after January 1st 2006),
  - the new IFRS 6 standard "Exploration for and evaluation of mineral resources" (applicable to years beginning on or after January 1st 2006),
  - IFRIC 5 on the rights to interests arising from decommissioning, restoration and environmental rehabilitation funds (applicable to years beginning on or after January 1st 2006),
  - IFRIC 6 on liabilities arising from participating in a specific market – Waste electrical and electronic equipment (applicable to years beginning on or after December 1st 2005),
  - IFRIC 7 on practical methods of restating financial statements according to IAS 29 "Financial reporting in hyperinflationary economies" (applicable to years beginning on or after January 1st 2006),
  - IFRIC 8 on the scope of IFRS 2 "Share-based payment" (applicable to years beginning on or after May 1st 2006),
  - IFRIC 9 on the reassessment of embedded derivatives that are within the scope of IAS 39 "Financial instruments: recognition and measurement" (applicable to years beginning on or after June 1st 2006).

1.2 – FIRST-TIME ADOPTION OF IFRS

Since the group has an offset financial year-end date (September 30th), the consolidated financial statements for 2005/2006 (the year beginning October 1st 2005 and ending September 30th 2006) are the first financial statements drawn up according to IFRS standards.

For the purpose of publishing its comparative financial statements for 2005/2006, the group has prepared an opening balance at October 1st 2004 according to the recommendations in IFRS 1 "First-time adoption of international financial reporting standards" and financial statements for 2004/2005 according to the IFRS standard, including the application of IAS 32 and 39. This information was presented in the reference document for 2004/2005 (pages 22 to 33 of the financial report) and is shown in the "Appendix on the transition to IFRS standards" (see page 101).

The IFRS standards have been applied retrospectively to the assets and liabilities that satisfy the IFRS recognition criteria on the transition date of October 1st 2004. According to IFRS 1 relating to first-time adoption of the IFRS, the impacts of the transition were reported in shareholders' equity at the beginning of the year on October 1st 2004. However, this standard allows for optional exemptions to the retroactivity rule whereby it is possible to make a choice when reporting certain transactions to IFRS standards for the first time. The following exemptions have been chosen by the group:

- business combinations: the option of not retrospectively applying the terms of IFRS 3 to business combinations that occurred before October 1st 2004 has been adopted;
- fair value or revaluation used as a "deemed cost": the option not to revalue tangible and intangible assets at fair value has been adopted;
- share-based transactions: the option to apply IFRS 2 only to equity instruments granted after November 7th 2002 for which the rights had not been acquired on January 1st 2005 has been adopted.

The other exemptions, "employee benefits", "accumulated translation differences", "compound financial instruments", "assets and liabilities of subsidiaries, associates and joint ventures", "designation of previously recognised financial instruments", "insurance contracts", "decommissioning liabilities included in the cost of property, plant and equipment", "leases" and "fair value measurement of financial assets or financial liabilities at initial recognition" have not been used or do not apply to the group on the transition date.

1.3 – PRINCIPLE OF PREPARING AND PRESENTING THE FINANCIAL STATEMENTS

The consolidated companies' financial statements, drawn up according to the accounting rules in force in their respective countries, are restated so as to comply with the group's accounting principles.

All fully or proportionally consolidated companies are consolidated recurrently on the basis of annual financial statements or situations closed on the closure date of the consolidating company, namely September 30th.

The group's consolidated financial statements have been drawn up according to the principle of historical cost, except for the following assets and liabilities which, when they are present on the closure date, are recognised at their fair value: derivatives, investments held for negotiating purposes and financial assets held for sale. The book value of the assets and liabilities that are the subject of fair value hedging is adjusted to take account of the fair value changes attributable to the risks covered.

The profit and loss account is presented by type. Within operating income, the item "other operating expenses and earnings" identifies elements of a specific type in order to determine the level of "current operating income".

The balance sheet items are presented according to the current and non-current assets, current and non-current liabilities classification. Assets intended for sale or consumed during the group's normal operating cycle and cash and cash equivalents form the group's current assets. The other assets are non-current.

Borrowings that fall due during the group's normal operating cycle or within the twelve months following the year-end are current borrowings. The other borrowings are non-current.

The method of presenting the cash flow table is the indirect method.

1.4 – USE OF ESTIMATES

Drawing up consolidated financial statements according to international accounting principles requires group management to use a number of estimates and assumptions that have an effect on the assets and liabilities and on the expenses and earnings of the profit and loss account and on any assets and liabilities mentioned in the appendix. In particular this involves determining the recoverable amount of intangible assets with an indeterminate life and assumptions on the recoverability of the tax losses. These estimates are made assuming business continuity and are drafted according to the information available when they were made. It is possible that the actual amounts are subsequently found to be different from the estimates and assumptions made in preparing the financial statements presented.

1.5 – SCOPE AND METHODS OF CONSOLIDATION

The following consolidation methods have been used:

- full consolidation: all the companies over which the group exerts exclusive control directly or indirectly in law or in fact;
- proportional integration: companies operated jointly in a joint venture situation;
- equity method: shares of companies over which the group directly or indirectly exerts notable influence without however having control. This influence is presumed when the group holds more than 20% of the voting rights.

"Sociétés en participation" (partnerships governed by French law) which are managed by the group and have separate accounting records are consolidated as follows:

- using the full consolidation method, when the group's percentage interest is more than 40% and no other individual shareholder has an interest greater than that held by the group;
- using the proportional consolidation method, when the group's percentage interest is more than 20% and another individual shareholder has an interest equal to or greater than that held by the group.

The results of companies bought during the period are consolidated from the date on which control (exclusive or joint) or notable influence begins. The results of the companies sold during the year are consolidated up to the date on which control or notable influence ceases.

1.6 – INTERNAL TRANSACTIONS BETWEEN CONSOLIDATED COMPANIES

Intra-group transactions and balances are eliminated both in the balance sheet and the profit and loss account. Eliminations are made up to the limit of the holding share reflected in the consolidated financial statements. Losses made between consolidated companies that are indicative of impairment are not eliminated.

1.7 – TRANSLATION METHODS

Translation of transactions denominated in currency

A company's operating currency is the currency of the main economic environment in which the company operates. Transactions made in a currency other than the operating currency are translated at the exchange rate in force at the time of the transaction. At the close, the corresponding receivables and payables are converted into the operating currency at the exchange rate in force at the year-end. The exchange rate differences that result are recognised in income.

Translation of financial statements drawn up in foreign currencies

The balance sheets of companies whose operating currency is not the Euro are converted into euros at the year-end exchange rate and their profit and loss accounts at the average exchange rate for the year. The translation differences that result appear in shareholders' equity and will be recognised in the profit and loss account for the year during which the businesses are sold.

The group has no subsidiaries outside the Euro zone.

1.8 – BUSINESS COMBINATIONS

Business combinations prior to October 1st 2004 have not been restated retrospectively as required by the IFRS standards.

Cost of buying shares

The cost of buying shares equals the fair value of the assets handed over and the liabilities incurred and the equity instruments issued by the buyer on the date of purchase, plus the gross value of all the other costs directly chargeable to the purchase. When the purchase agreement specifies a purchase price adjustment dependent on future events, this adjustment is included in the valuation of the business combination on the date of purchase if the adjustment is probable and can be measured reliably.

Identifiable assets and liabilities and goodwill

When they join the group, the assets and liabilities that can be valued separately are entered in the consolidated balance sheet at their fair value. Assets intended for resale are valued at their market value net of the cost of sale. Goods intended for use in operation are valued at their fair value. The share of assets and liabilities from minority interests is also recognised at its fair value.

The fair value of identifiable intangible components of the assets represented by brands is determined using a multi-criteria approach generally used for the purpose (royalties method, excess cash-flows method and cost approach).

Monies resulting from the valuation of identifiable assets form their new gross value. This serves as a basis for subsequent calculations of gains or losses in the event of sale, and for depreciation and provisions for impairment.

After they have been assigned, all valuation differences follow the accounting rules specific to their nature.

The difference between equity purchase cost and the percentage holding of the buying company in the valuation at their fair value of the assets and liabilities identified on the date of acquisition forms the goodwill. If the difference is positive, it is recorded under "goodwill" for companies consolidated by the full or proportional consolidation method and in "shares accounted for by the equity method" for the companies in which the group exercises notable influence. If the difference is negative, it is posted directly to income.

If, in the twelve months following the date of purchase, new information leads to a new assessment of the fair values of the assets and liabilities when they were included in the consolidated balance sheet, they are modified. A change in the gross value of the goodwill automatically results from this.

When a company is purchased in stages, each significant transaction is treated separately to determine the fair value of the identifiable assets and liabilities purchased and the resulting goodwill.

When an additional purchase results in gaining control of a company, the percentage holding previously held by the group is revalued on the basis of the fair values of the identifiable assets and liabilities determined at the time of this additional purchase. The corresponding amount of the revaluation is recognised in shareholders' equity.

Additional purchases occurring after control has been taken no longer give rise to a revaluation of the identifiable assets and liabilities. The positive or negative goodwill generated between the purchase and cost and the additional holding bought in the net assets of the company is reported as goodwill.

1.9 – GOODWILL VALUATION TESTS

According to IFRS 3 "Business combinations", goodwill is not amortised. It is the subject of an impairment test as soon as indications of losses in value appear and at least once a year at the end of the reporting period, namely on September 30th. This test is carried out in order to take account of any changes that may have reduced the profitability and value of these assets. Such events or circumstances include significant unfavourable changes of a sustainable nature, affecting the economic environment or the assumptions and objectives adopted on the date of acquisition.

The assets are combined into cash generating units (CGU). CGUs are the smallest group of assets generating cash flows broadly independent of other asset groups. In each business sector, the CGU group adopted by Pierre & Vacances to assess the recoverable value of goodwill is the combination level used by the group to manage its businesses operationally. Therefore, for the tourism business, which is the business segment to which virtually all the goodwill on the balance sheet relates, this valuation is made by combining the activities carried out within each of the divisions. The reporting segments defined within the group for controlling the tourism businesses reflects these division concepts. They are mainly:

- the Center Parcs Europe division which combines the activity of the Center Parcs and former Gran Dorado villages under the "Center Parcs" brand;
- and the tourism division which combines the business of the residences and villages of Pierre & Vacances, Maeva, formerly Orion and Résidences MGM under the Pierre & Vacances brands, Pierre & Vacances City, Maeva, Résidences MGM and Hôtels Latitudes.

Within each division, this level of analysis reflects:

- the grouping in terms of management and operational control of the whole tourism stock marketed under each of the various brands;
- the grouping of sets sharing the same specialism and market features;
- the strategic premiums that Pierre & Vacances has accepted to pay to acquire businesses of a similar kind in order to combine them with those previously held within coherent subgroups, and thereby extracting the synergies.

Through these valuation tests, the group ensures that the recoverable value of goodwill is not less than the net book value. The recoverable value is the market value or the value in use whichever is the higher. If an asset is to be sold, the recoverable value is determined with reference to the market value.

The market value is the selling price that could be obtained in a transaction carried out in normal market conditions between informed and consenting parties, less the cost of sale and the costs of withdrawing from the business. The asset's selling price is determined with reference to similar recent transactions or valuations made by independent experts when a sale is in the offing.

Value in use is the net discounted cash flow that would be generated by the CGU or group of CGUs. Cash flow projections come from the business plans developed internally over an explicit period of four years. Beyond that, they are estimated by applying a perpetual growth rate. The assumptions used for changes in turnover and terminal values are reasonable and in line with the market data available. The discount rate used is based on the average cost of capital reflecting current market assessments of the time value of the money and the risks specific to the asset tested. These discount rates are after-tax rates applied to after-tax cash flows. They are used to determine recoverable values that are identical to those obtained using pre-tax rates applied to non-fiscalised cash flows.

A loss of value is recognised in profit and loss if the book value of a goodwill item is greater than its recoverable value. The impairment charge is then recorded in "other operating expenses and earnings". Any impairments assigned to a goodwill item are irreversible.

1.10 – INTANGIBLE FIXED ASSETS

Intangible fixed assets acquired separately appear on the balance sheet at their purchase cost less total amortisation and any impairment. Intangible fixed assets acquired as part of a business combination are reported, at their fair value on the date of acquisition, separately from the goodwill if they satisfy one of the following conditions:

- they are identifiable, that is they result from legal or contractual rights;
- they can be separated from the entity acquired.

In essence they are the brands.

Intangible fixed assets include:

- brands that the group has qualified as intangible fixed assets with an indefinite life. They are recorded on the balance sheet on the basis of a valuation made on the date of acquisition by independent experts using a multi-criteria approach, which takes into account brand awareness and expected future contribution to earnings. They account for most of the net book value of intangible fixed assets recorded on the group's consolidated balance sheet. So brands are not amortised but their value is subject to a test as soon as indications of impairment appear and at least once a year at the end of the accounting period, namely on September 30th. A provision for impairment is reported if applying the valuation methods leads to a valuation lower than their net book value. On the basis of business plans produced internally, the group determines the value in use of each of its brands by updating their valuation using the initially defined multi-criteria approach. The projections are over a four-year period. Beyond this period, cash flows are extrapolated using a perpetual growth rate equal to general price inflation expectations. The discount rate used for these valuations is the estimated cost of capital for the brand in question. The parameters used are consistent with those used to value goodwill. In the event of impairment, this is recorded under "Other operating expenses and earnings" in the profit and loss account. This provision may be written back subsequently if the value in use returns to a level higher than the net book value;
- the other intangible fixed assets that the group has qualified as fixed assets with a definite life. Essentially, these are concessions and patents that mainly include software licences and expenditure on computer programs. These assets are amortised using the straight-line method over periods reflecting their useful lives, usually between three and eight years. If there is an indication of impairment, a valuation test is automatically carried out.

1.11 – INVESTMENT SUBSIDIES

Investment subsidies are shown on the balance sheet as a reduction in the value of the asset for which they were received.

1.12 – TANGIBLE FIXED ASSETS

Tangible fixed assets are booked on the balance sheet at their historic acquisition cost or at their purchase cost or else, for assets owned by entities consolidated for the first time, at their fair value on the date the group acquired them less the accumulated amortisation and reported impairments. Interest on capital borrowed to finance the production of fixed assets during the period prior to their being put to use are considered to be an integral part of the purchase cost of the assets.

Lease agreements are qualified as lease financing and are restated in the consolidated financial statements when they have the effect of substantively transferring to the group virtually all the risks and benefits inherent in ownership of these goods. The level of risk transferred is valued by analysing the contract terms.

Tangible fixed assets acquired through lease financing agreements are shown in assets on the balance sheet at the lower of the asset's market value and the discounted value of future lease payments. Amortisation is applied over the period of use of the good, the corresponding debt being entered under liabilities with the related interest and lease payments cancelled out in the profit and loss account.

Unlike lease finance agreements, simple operating leases are reported in the profit and loss account as lease payments under "Purchases and external services". Lease commitments, relating to the total future instalments over the residual period of the lease, are indicated in Note 35 "Off-balance sheet commitments".

From the date on which the good is put to use, tangible fixed assets are amortised using the straight line method according to a component-based approach over their period of use:

Buildings	20-54 years
General fixtures and fittings	5-16 years
Furniture	8-12 years
Other tangible assets	3-4 years

Tangible fixed assets are depreciated when their economic value appears lower than their net book value as a result of events or circumstances occurring during the financial year.

Thus, at each year-end, the group assesses whether there is any indication of impairment relating to identifiable asset groups whose continuous use generates cash flows that are largely independent of those generated by other assets or asset groups. Consequently, the group analyses, for example, the change in turnover or in operating income generated by these cash generating units. In the case of a significant unfavourable change, the group then determines the recoverable value of all the assets in question. It reflects the higher of the market value or the value in use. The value in use is determined on the basis of the discounted cash flow estimated using the same methodology as described for goodwill.

This analysis is carried out for all accommodation units and, if appropriate, for each accommodation unit (village, residence or hotel). The sets of accommodation units are combined under the brand to which they belong (Center Parcs Europe, Pierre & Vacances, Pierre & Vacances City, Maeva, Résidences MGM, Hôtels Latitudes), their category and their geographic proximity.

If there is impairment, it is recorded under "Other operating expenses and earnings" in the profit and loss account and this provision may be written back subsequently if the economic value returns to a level higher than the net book value.

1.13 – NON-CURRENT FINANCIAL ASSETS

This category mainly includes unconsolidated marketable securities, receivables associated with short-term investments, loans and guarantees that mature in more than 12 months.

Unconsolidated investments are treated as shares held for sale and therefore appear on the balance sheet at their fair value. Positive and negative changes in value are recorded directly in shareholders' equity. For shares listed on the stock market and for unlisted shares, fair value is an estimate of their realisation value. If the fair value cannot be determined reliably, the shares are entered at their cost. If there is an objective indication of depreciation of these shares (a significant or prolonged fall), a provision for irreversible depreciation is reported for in income.

Other financial assets are booked at cost amortised at the effective interest rate. If there is an objective indication of impairment, a provision for depreciation corresponding to the difference between the net book value and the recoverable value is reported in income. This provision is reversible if the recoverable value changes for the better in the future.

1.14 – INVENTORIES AND WORK IN PROGRESS

Inventories mainly include the inventories and work in progress of the property development business, assets held for sale and stocks of merchandise intended for resale as part of the group's tourism business.

Inventories and work in progress are valued at the lower of cost of purchase or of production and their probable net realisable value. If the realisable value of the stock (price net of selling expenses) is less than the stock's net book value, a provision for depreciation is recorded accordingly.

The group applies the "percentage progress" method to report the turnover and margins of its property development business. Except for the marketing costs that are reported as prepayments, all direct costs for ongoing property development programmes are inventoried, including the financial expenses (net of financial earnings as appropriate) that can be assigned to the operations. When the work is completed, committed expenditure that is not yet invoiced is provisioned and included in inventories.

1.15 – TRADE RECEIVABLES

Because of the group's businesses, trade receivables are short term. So they are booked at their nominal value since the effect of discounting receivables is not significant.

A provision for risk of non-recovery of receivables is reported when a debtor shows a risk of insolvency or, where necessary, when recovery of the receivable is contested or is the subject of abnormal payment delays. The provisions are based on an individual or statistical assessment of this risk of non-recovery.

Under the "Ownership & Holidays" sales scheme offered to investors in properties developed and marketed by the group, the buyers do not have to pay out the full purchase costs of the assets. Receivables linked to prepaid rent commitments receive interest. Repayments are made each year using the rent payments from the tourism operating companies, with the authorisation of the owners. They are booked under "trade receivables and related accounts" before completion of the programme. They are subsequently transferred to "other receivables and prepayments" before being securitised where applicable.

Securitisation

Pierre & Vacances regularly securitises receivables arising from sales made by the group's property development division under the "Ownership & Holidays" scheme. These refinancing transactions involve transferring the receivables to a banking consortium (GIE) in return for payment of the securitisation proceeds. A rental agreement covering these repayments is granted to the group's tourism operating companies in connection with these property sales.

The commercial receivables thus securitised are kept on the balance sheet in current assets with a countervailing bank loan when, after analysis of the contracts, the risks and advantages attached to the receivables or the control of these receivables are not transferred to the financing bodies.

Details of total securitised receivables are given under off-balance sheet commitments.

1.16 – PREPAYMENTS

Prepayments are the expenses paid during one financial year that relate to subsequent years.

For assets marketed off-plan, a first half of the marketing fees are invoiced when the customer makes the reservation and the second half when the deed of sale is signed in the notary's office. "Prepayments" includes in particular the share of the marketing fees invoiced by the subsidiary Pierre & Vacances Conseil Immobilier relating to property development plans for which the degree of progress has not been recorded at the year-end. This share is determined for each property development programme according to the progress of the work and sales (signings of notarised deeds) relative to the total marketing fees budget for the programme.

In the tourism business, advertising and marketing expenses, in line with the IFRIC's discussions on IAS 38, are reported as expenses for the year in which they are incurred without waiting for the future benefit that the company may derive from them. So, the cost of brochures is reported in income proportional to the distribution of the brochures, and the cost of advertising spots is booked to expense on the date of broadcasting.

1.17 – CASH

The gross cash balance, as presented under assets on the balance sheet, includes cash and cash equivalents, site deposits and short-term investments with a maturity of three months or less that are classified as short-term investments. These investments are liquid and are not subject to significant risks of change in value.

Cash in the cash flow statement is gross cash less overdrafts.

Accrued interest on items included in net cash is booked under net cash.

1.18 – CASH EQUIVALENTS

Cash equivalents are made up mostly of unit trust and mutual investment funds that the group intends to resell in the short term (less than three months). These assets are valued at their fair value, so they can be sold at any time with no impact on the liquidity value. They carry a negligible risk of a change in value and are considered to be investments held for sale. The changes in fair value are automatically booked in income.

1.19 – PIERRE & VACANCES TREASURY STOCK

Shares in Pierre & Vacances held by the parent company and/or by group companies, irrespective of the purpose of the holding, are recorded at their acquisition cost as a reduction to consolidated shareholders' equity. The result of any sale of treasury stock is charged directly to consolidated reserves at their value net of tax and does not contribute to income for the year.

1.20 – SHARE-BASED PAYMENT

Options to subscribe for and purchase shares allocated by the group to its employees and managers are reported at a personnel expense representing the expectation of gain for the beneficiaries of the plans. So the reported expense reflects the fair value of the options granted calculated on the date of grant by the Board according to the "Black & Scholes" method. This expense is spread over the period of rights acquisition as the countervailing entry of an increase in reserves.

According to the transitional terms of IFRS 2, only plans granted after November 7th 2002 in which rights have not been acquired on January 1st 2005 are valued and booked at their fair value on the date of acquisition and amortised over the rights acquisition period.

The allocation of benefits to personnel through a group savings plan also falls under the scope of IFRS 2 to the extent that a discount is given when the employee buys the shares. So when the subscription price granted to employees includes a discount from the fair value of the share on the date of allocation, an expense is booked immediately or over the rights acquisition period unless acquisition is immediate.

1.21 – PROVISIONS FOR CONTINGENCIES AND CHARGES

A provision is reported when, at the year-end, the group has an obligation to a third party that results from a past generating fact the measure of which can be estimated reliably and will probably or certainly cause an outflow of resources to the benefit of the third party with no at least equivalent consideration expected from that party. This obligation may be legal, regulatory, contractual or implicit. Provisions are reported at the value that represents the best estimate of the amount to be paid to settle the obligation. If the amount or the maturity cannot be estimated sufficiently reliably, it is a possible liability and is covered in the notes.

So, to take account both of its contractual commitments and its policy of maintaining the whole property stock under lease, the group reports provisions for refurbishment expenses in its financial statements. The reporting of these provisions is intended to take account, as the assets are used, of the refurbishment costs that the group still has to pay. They are calculated on the basis of projected cost for the refurbishment work.

Furthermore, in the case of restructuring, an obligation is constituted as soon as the restructuring has been announced or included in a written, detailed plan, before the year-end.

1.22 – PROVISIONS FOR RETIREMENT COMMITMENTS AND RELATED BENEFITS

Post-employment benefits

The Pierre & Vacances Group complies with employee pension legislation, regulations and customs in each of the countries in which it operates.

Group companies pay salary-based contributions to the appropriate bodies. As such, they carry no actuarial liability for these retirement plans. For these defined-contribution plans, payments made by the group are recorded in the profit and loss account as charges for the period to which they relate.

Certain entities within the group have their own pension scheme for their employees. The corresponding actuarial liability is provisioned for in the consolidated financial statements. The same applies in France for group commitments to employees for end-of-service lump sum payments. For these defined benefit plans, costs are estimated using a retrospective method based on end-of-service salaries. Under this method, the cost of commitments is booked directly in the profit and loss account in such a way as to spread it evenly over the period of employment. The amount of the provision includes the present value of estimated future payments taking into account length of service, life expectancy, staff turnover rates and valuation and discounting assumptions. For defined-benefit schemes partially or wholly financed by contributions paid into a separate fund or an insurance company, the assets of these entities are valued at their fair value. The liability is then recorded on the balance sheet minus the value of the scheme assets that cover this obligation.

The actuarial differences result from the change in actuarial assumptions used for valuations from one year to the next, and any variance noted in the obligation or the value of the funds relative to the actuarial assumptions made at the beginning of the year. These actuarial differences are amortised for each plan according to the "corridor" method (differences exceeding 10% of the market value of the fund or of the discounted value of the obligation), over the average number of years' service remaining for the personnel benefiting from the scheme.

Other long-term benefits

When signing corporate agreements, the group also grants its personnel other long-term benefits during employment such as bonuses and free holidays in the properties managed by the group; they are given to employees according to their years of service. These benefits are also the subject of provisions that are determined by using an actuarial calculation comparable to that used for retirement provisions. Where necessary, the actuarial differences that are revealed in the year are amortised immediately in the year in which they are reported.

Cost of past services

The modification or introduction of a new benefits scheme after employment has ceased, or other long-term benefits may increase the present value of the obligation reflecting the benefits defined for services rendered during previous years and called "cost of past services". This cost of past services is booked in expenses, using the straight line method over the average period still to run until the corresponding rights are acquired by the personnel. The rights acquired when the scheme is adopted or modified are booked immediately in expenses for the year.

The expense representing the change in net commitments for pensions and other benefits after employment has ended is booked in current operating income or in other financial expenses and earnings according to the underlying nature. Specifically, the incidence of de-actualisation of pension commitments, net of expected returns on the covering assets, is reported in "Other financial earnings and expenses".

The proportion at more than one year of the provisions for retirement commitments and other related benefits is classified as non-current provisions and the proportion at less than one year as current provisions. This current proportion reflects the payments that the group estimates it will have to make in the twelve months following the year-end.

1.23 – LOANS AND BANK BORROWINGS

All loans are initially recorded at cost which reflects the fair value of the amount received net of the costs for setting up the loan. Thereafter, the loans are booked at the amortised cost using the effective interest rate method, the difference between the cost and the repayment value being booked in the profit and loss account over the term of the loans.

The effective interest rate is the rate used to obtain the book value of a loan at the outset by discounting the future cash payments and receipts over the life of the loan. The book value of the loan at the outset includes the transaction costs and any additional paid-in capital.

If the future interest expense is hedged, the bank borrowings whose cash flows are hedged are still booked at the amortised cost, the change in value of the effective proportion of the hedging instrument being recorded in shareholders' equity.

In the absence of any hedging relationship, or for the ineffective portion of the hedging instrument, the changes in value of the derivatives are recorded in financial income.

1.24 – DERIVATIVES

For borrowings and payables with lending establishments offering variable interest rates, the Pierre & Vacances Group hedges its future interest expense by using derivatives such as interest rate swaps and cap and floor contracts. The group's policy is to reduce its exposure to interest rate fluctuations.

These risks are managed centrally which means that we can define the main hedging guidelines. The positions are traded over the counter with first rank banking counterparties.

Hedging reporting is applicable if:

- the hedging relationship is clearly documented on the date it is put in place and,
- the effectiveness of the hedging relationship is demonstrated prospectively and retrospectively at each period end.

Derivatives are reported on the balance sheet at their fair value. The market value is established on the basis of market data and is confirmed by finance house quotations.

The changes in fair value of the derivatives contracted in this way to cover certain payables are booked directly in shareholders' equity for the effective portion of the coverage and directly in financial income for the ineffective portion.

1.25 – DEFERRED TAXES

All temporary differences existing at the close of each financial year between the book values and the asset and liability items and the values given to those same items for determining taxable income are booked as deferred taxes calculated according to the liability method. Temporary differences and losses carried forward are calculated at approved rates and will apply on the probable date of reversal of the differences concerned, if these are fixed, or, failing this, at tax rates approved on the date the accounts are closed. The effects of tax rate changes are recorded in income for the year during which the rate change is made.

Income from deferred taxes arising from tax losses that can be carried forward and amortisations considered deferred are not reported unless there is a high likelihood that they will be used within four years.

The tax charge is booked in income except for tax relating to items recognised in shareholders' equity that is booked directly in shareholders' equity.

Deferred tax assets and liabilities, irrespective of their due date, are not discounted and are offset when they relate to a single tax entity.

1.26 – DEFERRED INCOME

Deferred income is income that is received or booked before the services and supplies justifying it have been performed or supplied.

This item mainly includes:

- sales signed in the presence of a notary for property not yet delivered, for the proportion exceeding the turnover calculated by the percentage progress method;
- support funds. Specifically, the "Financial ownership" and "Ownership & Holidays" sales schemes involve the sale of property to owners, accompanied by group undertaking to pay an annual rent proportional to the sale price of the property. When the rent commitments are greater than the market rates at the time of the sale, the excess rent, called "support funds" is booked as a reduction to the selling price of the property. In this way, the excess portion of the asset margin is booked in deferred income and, when the property is delivered, is written back according to a straight-line method over the duration of the lease.

1.27 – TURNOVER

Consolidated turnover comprises:

- **for the tourism business:** the pre-tax value of holidays and related income generated under lease agreements for holidays taken during the year and sales of holidays made as part of its marketing activity by the French travel agency subsidiary (Pierre & Vacances Maeva Distribution). For residences run under management agreements, only management fees invoiced to the customer are included in turnover;
- **for the property development business:**
  - property sales generated by the property development business booked according to the percentage progress method (see Note 1.28 "Recognition of earnings from the property development business") minus, on the date the apartments are delivered, the "support funds" (see Note 1.26 "Deferred income") that is booked in deferred income to be written back to turnover over the duration of the lease using a straight line method,
  - project management fees billed as the work progresses to property development programmes based in non-group entities,
  - marketing fees billed to non-group companies.

All turnover is valued at the fair value of the consideration received or to be received, net of deductions, discounts and rebates, VAT and other taxes. Services are booked when the service is rendered.

1.28 – RECOGNITION OF EARNINGS FROM THE PROPERTY DEVELOPMENT BUSINESS

Turnover and margins from the property development business are reported in the profit and loss account according to the percentage progress method. Since there are no specific standards on the subject, the group has defined percentage progress by multiplying the percentage progress of the work by the percent of turnover from sales signed in the presence of a notary.

For ongoing programmes that are not yet delivered, when the situation on completion is a loss, a provision for losses on completion, taking account of the most likely assumptions, is immediately reported as a provision for inventory depreciation.

1.29 – PERSONNEL EXPENSES

Personnel expenses include all the monies paid or provisioned by the group, including employee profit-sharing and the expenses associated with share-based payments.

1.30 – OTHER OPERATING EXPENSES AND EARNINGS

Other operating expenses and earnings include items of income which, because of their special nature, are not considered part of the business and the group's current operating income. This includes gains or losses on the sale of non-current assets, depreciation of non-current tangible and intangible assets, restructuring expenses and costs of lawsuits of significant substance to the group, that affect the comparability of current operating income from one period to another.

1.31 – CORPORATE INCOME TAX

Corporate income tax expense or income includes both current taxes and deferred taxes resulting from temporary differences and consolidation adjustments, where justified by the tax position of the group's companies.

1.32 – EARNINGS PER SHARE

Earnings per share are calculated by dividing net attributable income by the weighted average number of shares in circulation during the financial year, minus the Pierre & Vacances treasury stock recorded as a deduction to shareholders' equity. The average number of shares in circulation during the year is the number of ordinary shares in circulation at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year.

To calculate net diluted earnings per share, net attributable income for the year and the weighted average number of shares are adjusted to take account of the maximum impact of the conversion of dilutive instruments into ordinary shares. The impact of any possible future share issue resulting from the conversion of instruments including those that give deferred access to the share capital of the parent company is therefore factored into the calculation of earnings per share.

The negative impact linked to the existence of instruments with an equity component is calculated by taking into account all dilutive instruments issued, whatever their maturity and regardless of the probability of conversion to ordinary shares, excluding accretive instruments.

For the years shown, the existing dilutive instruments include options to subscribe for or buy shares. The dilutive effects of options to subscribe for or buy shares are calculated according to the "share buyback" method by which the funds that will be collected when the option is exercised or purchased are considered to be assigned primarily to buying back Pierre & Vacances shares at the market price.

Note 2 - Scope of consolidation

2.1 – MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

The main changes to the scope of consolidation since September 30th 2005 relate to:

Acquisitions made in 2005/2006

As part of the property refurbishment business, on December 15th 2005, the group bought, through the SNC Tourisme Montagne Développement, the whole equity of four companies owning property assets:

- two companies holding the property assets of residences previously operated under the Pierre & Vacances brand, the SNC Alpe d'Huez Soleil, the company owing the land and buildings of the Ours Blanc residence (123 apartments) in the Alpe d'Huez ski resort, and the SNC Méribel Soleil, a company owning the land and buildings of the Les Crêts residence (181 apartments) in Méribel;
- two companies holding the property assets of residences previously operated under the Maeva brand, the SNC La Daille Soleil, a company owning the land and buildings of the La Daille A residence (126 apartments) in the Val d'Isère ski resort and the SNC Belle Plagne Soleil, a company owing the land and buildings of the Néréides residence (101 apartments) in the Belle Plagne ski resort.

These four companies are wholly owned and fully consolidated. After the purchase from the shareholders of debts existing on the date of purchase to the value of 3,161 thousand euros for the SNC Alpe d'Huez Soleil, 4,584 thousand euros for the SNC Méribel Soleil, 2,322 thousand euros for the SNC La Daille Soleil and 3,293 thousand euros for the SNC Belle Plagne Soleil, the total purchase cost of the shares was respectively 2,397 thousand euros, 8,496 thousand euros, 5,026 thousand euros and 2,191 thousand euros.

The first consolidation of these four SNCs after valuation at their fair value of the assets and liabilities purchased, did not generate any goodwill.

Because the date of purchase of these four companies was so close to December 31st (the year-end date for these companies), and because the amount of business they did over this period was insignificant (zero contribution to consolidated turnover), their inclusion in the consolidated financial statements took effect only from January 1st 2006. According to the group's strategy to hold only the buildings of the assets it operates, the property assets of these four residences are being refurbished to be resold piecemeal to individual investors under the Pierre & Vacances sales scheme with attached lease.

Furthermore, at the same time as these purchases, the group bought the goodwill of the four residences for a total of 2,232 thousand euros; their operation has been leased back after having been managed by the group under a management agreement.

As part of the sale made on November 28th 2003, to a third company, of 50% of the capital of Green Buyco B.V. (the company which, on September 25th 2003, bought the land and buildings of seven villages in the Netherlands, Belgium and Germany from the Center Parcs Europe sub-group), Green Participation SAS (a company indirectly held by the Chairman and Chief Executive Officer, founder and indirect majority shareholder of Pierre & Vacances SA) negotiated an earn-out clause calculated according to the return on investment obtained by the buyer. Green Participation SAS then withdrew in favour of Pierre & Vacances from receiving any profits attached to this transaction. Because of the disposal of the fixed assets of the seven Center Parcs villages, the Pierre & Vacances Group, via BNG Resort Holdings BV, bought, on June 29th 2006 for 1,080 million euros, 100% of the shares of Holding Green BV (which in turn held all the capital of Green Participation SAS). The full consolidation of the structures purchased did not generate any reported goodwill. This acquisition led to the reporting of a one-off profit of 23,169 thousand euros when the earn-out clause was applied, as part of the acquisition made, on July 19th 2006 by the Blackstone group, of all the capital of Green Buyco BV.

Disposal made in 2005/2006

On May 23rd 2006, Clubhotel SARL sold the shares of Marazul del Sur SA, a company owning shops in the Canary Islands in a residence operated under a management agreement under the Maeva brand. The removal of these shares from the scope of consolidation took place from April 1st 2006, the date on which the financial statements used to determine the selling price were established. The business generated by Marazul del Sur during the period between its removal from the scope of consolidation and the date of disposal is insignificant in the group's consolidated financial statements (a contribution of less than 0.1% of consolidated turnover). The transaction was worth 387 thousand euros and the pre-tax impact of this disposal on the group's consolidated income is a gain of 378 thousand euros.

Since these changes to the scope of consolidation have no significant impact on the group's consolidated financial statements, no comparative proforma data have been produced. Specifically, their contribution to the main items of the financial statements for 2005/2006 is analysed as follows:

(in thousand of euros)	Turnover 2005/2006	Current operating income 2005/2006	Attributable net income 2005/2006	Net bank borrowings 30/09/2006	Total assets 30/09/2006
Acquisitions					
SNC Alpe d'Huez Soleil	5,303[a]	779	477	-897	7,015
SNC Méribel Soleil	5,467[a]	1,401	844	-9	17,275
SNC La Daille Soleil	4,535[a]	1,011	624	-276	9,878
SNC Belle Plagne Soleil	8,707[a]	849	578	-391	3,034
Holding Green BV	-	-5	-5	-3	3
TOTAL ACQUISITIONS	**24,012[a]**	**4,035**	**2,518**	**-1,576**	**37,205**
As % of group total assets	1.70%	4.13%	3.42%	-2.67%	2.90%
Disposal					
SA Marazul del Sur[b]	20	-123	-101	28	91
TOTAL DISPOSAL	**20**	**-123**	**-101**	**28**	**91**
As % of group total assets	-	-0.13%	-0.14%	0.05%	0.01%

(a) reflects the turnover associated with the resale to individual investors of the property assets after refurbishment
(b) contribution to the consolidated financial statements of SA Marazul del Sur up to the date of disposal

Other changes made in 2005/2006

- The creation, for the property development business, of 14 new companies that are consolidated during 2005/2006 following the launch of new residence construction or refurbishment programmes: Arcs 1800 Loisirs, Arles Saladelle Loisirs, Audierne Loisirs, Britania Loisirs, Courchevel Forum Loisirs, Font Romeu Loisirs, Francia La Villa, La Mongie Loisirs, Les Hauts de Bruyère Loisirs, Ménuires Aconit Développement, Ménuires Bruyère Développement, Montrouge Développement, Plagne Thémis Néréides Développement, Tréboul Tourisme Développement.
- Coincident with the purchase made on December 15th 2005 of the four companies each holding the property assets of a mountain resort residence (see above), the group leased back the operation of these residences which it used to manage under a management agreement, by acquiring their goodwill. This leaseback involved taking 100% control of the partnership companies which operated these residences thus causing them to be switched from proportional consolidation to full consolidation (SEP Alpe d'Huez, SEP Méribel, SEP Val d'Isère and SEP Belle Plagne). The total purchase price for this goodwill was 2,232 thousand euros and has been reported as goodwill. During the year, these four partnership companies were merged into Pierre & Vacances Maeva Tourisme Exploitation.

Furthermore, during 2005/2006, the group continued its policy of rationalising and simplifying the operational and legal organisations in France and in the Center Parcs Europe sub-group by creating new companies or making internal changes of scope (mergers, dissolving companies by asset mergers and partial asset contributions).

Main changes in the scope of consolidation in 2004/2005

The significant changes in scope for 2004/2005 were:

- the acquisition on November 29th 2004, as part of a property refurbishment activity, of all the capital of Société Financière des Arcs (S.F.A.), a company owning the land and buildings of two hotels in the Arc 1800 resort, the Charmettoger hotel (170 rooms) and the Golf hotel (274 rooms), assets operated by the group under the Hôtels Latitudes brand. Because of shareholder debts of 13,034 thousand euros existing on the date of acquisition, the cost of buying the shares was 2 euros. Its first consolidation, after valuing the purchased assets and liabilities at their fair value, did not generate any goodwill;
- the acquisition on February 22nd 2005, of 100% of Hôtelière Haussmann, which owned the goodwill and land and buildings of a holiday residence (53 apartments) on Boulevard Haussmann in Paris. Operation of the holiday residence under the "Pierre & Vacances City" brand took effect from September 1st 2005 and the apartments were sold after refurbishment to individual investors using Pierre & Vacances sales schemes. After buying the shareholder debts of 11,457 thousand euros existing on the date of acquisition, the cost of buying the shares was 5,739 thousand euros. Its first consolidation, after the purchased assets and liabilities were valued at their fair value, generated goodwill of 1,002 thousand euros;
- the sale and lease-back on July 6th 2005 of the shares of Center Parcs Holding Deutschland GmbH, holding the leasehold and buildings of the Butjadinger Küste village in Tossens in Germany, according to the Pierre & Vacances Group's financial policy of not owing the assets managed. The value of the transaction, made with a Dutch investor, was a total of 17,499 thousand euros. A fifteen-year rental agreement was

signed between the Center Parcs Bungalowpark Butjadinger Küste subsidiary of Center Parcs Europe operating the Butjadinger Küste village and the new owner of the buildings.

The pre-tax impact of this disposal on consolidated income was a loss of 292 thousand euros, recorded in other operating expenses and earnings.

2.2 – SCOPE OF CONSOLIDATION

French companies

Legal form	Companies	Consolidation method [a]	% stake at 30/09/2006	% stake at 30/09/2005
HOLDING COMPANIES				
SA	Pierre & Vacances	Parent company	100.0%	100.0%
SNC	Pierre & Vacances FI	Full	100.0%	100.0%
GIE	Pierre & Vacances Services	Full	100.0%	100.0%
Tourism France				
SA	Groupe Maeva	Full	100.0%	100.0%
SA	Pierre & Vacances Maeva Tourisme	Full	100.0%	100.0%
SA	Pierre & Vacances Tourisme Europe	Full	100.0%	100.0%
Center Parcs				
SNC	Center Parcs Holding Belgique	Full	100.0%	100.0%
SNC	Center Parcs Holding France	Full	100.0%	100.0%
SNC	Center Parcs Holding Franco-Belge	Full	100.0%	100.0%
Property Development				
SAS	Pierre & Vacances Immobilier Holding	Full	100.0%	100.0%
SARL	Pierre & Vacances Transactions	Full	100.0%	100.0%
TOURISM				
French Tourism Division				
SEP	Alpe d'Huez	Proportional	-	46.5%
SCI	Auberge de Planchamp	Full	100.0%	100.0%
SEP	Avoriaz La Falaise	Proportional	28.5%	28.5%
SEP	Belle Plagne	Full	-	79.8%
SA	Cannes Beach Résidence	Full	100.0%	100.0%
SA	Citéa	Proportional	50.0%	50.0%
SARL	Clubhotel	Full	100.0%	100.0%
SA	Clubhotel Multivacances	Full	100.0%	100.0%
SARL	Club Univers de France	Full	99.0%	99.0%
SNC	Commerce Patrimoine Cap Esterel	Full	100.0%	100.0%
SA	Compagnie Hôtelière Pierre & Vacances	Full	100.0%	100.0%
SA	Domaine Skiable de Valmorel	Equity	25.0%	25.0%
SEP	Hyères La Pinède	Full	47.5%	47.5%
SNC	Latitudes Toulouse	Full	100.0%	100.0%
SNC	Locarev Maeva Residences	Full	100.0%	100.0%
SA	Marazul del Sur	Full	-	100.0%

(a) Full: fully consolidated – Proportional: proportionally consolidated – Equity: equity method

Legal form	Companies	Consolidation method [a]	% stake at 30/09/2006	% stake at 30/09/2005
TOURISM				
French Tourism Division (continued)				
SEP	Méribel	Proportional	-	42.2%
SCI	Orion Antibes 2	Full	100.0%	100.0%
SCI	Orion Deauville	Full	100.0%	100.0%
SAS	Parking de Val d'Isère La Daille	Full	100.0%	100.0%
SAS	Pierre & Vacances Esterel Développement	Full	100.0%	100.0%
SNC	Pierre & Vacances Investissement 9	Full	100.0%	100.0%
SA	Pierre & Vacances Maeva Distribution	Full	100.0%	100.0%
SAS	Pierre & Vacances Maeva Tourisme Exploitation	Full	100.0%	100.0%
SAS	Pierre & Vacances Maeva Tourisme Management	Full	100.0%	100.0%
SAS	Pierre & Vacances Rénovation Tourisme	Full	100.0%	-
SAS	SET Pierre & Vacances Guadeloupe	Full	100.0%	100.0%
SAS	SET Pierre & Vacances Martinique	Full	100.0%	100.0%
SARL	SGRT	Full	100.0%	100.0%
SNC	SICE	Full	100.0%	100.0%
SARL	Société de Gestion des Mandats	Full	100.0%	100.0%
SA	Société Financière des Arcs	Full	100.0%	100.0%
SA	Sogire	Full	100.0%	100.0%
SEP	Val d'Isère	Proportional	-	29.4%
Center Parcs Division				
SCS	Center Parcs France	Full	100.0%	100.0%
SNC	Domaine du Lac de l'Ailette	Full	100.0%	100.0%
PROPERTY DEVELOPMENT				
French Property Development Division				
SNC	Alpe Huez Soleil	Full	100.0%	-
SNC	Arcs 1800 Loisirs	Full	100.0%	-
SNC	Argentat Loisirs	Full	-	100.0%
SNC	Arles Saladelles Loisirs	Full	100.0%	-
SNC	Audierne Loisirs	Full	100.0%	-
SNC	Avoriaz Loisirs	Full	100.0%	100.0%
SNC	Avoriaz Tourisme Développement	Full	100.0%	100.0%
SNC	Ax-les-Thermes Loisirs	Full	-	100.0%
SNC	Belle Dune Loisirs	Full	100.0%	100.0%
SNC	Belle Plagne Soleil	Full	100.0%	-
SNC	Bénodet Tourisme Développement	Full	100.0%	100.0%
SNC	Biscarrosse Loisirs	Full	100.0%	100.0%
SNC	Bourgenay Loisirs	Full	-	100.0%

(a) Full: fully consolidated – Proportional: proportionally consolidated – Equity: equity method

Legal form	Companies	Consolidation method [a]	% stake at 30/09/2006	% stake at 30/09/2005
PROPERTY DEVELOPMENT				
French Property Development Division (continued)				
SNC	Branville Tourisme Développement	Full	100.0%	100.0%
SNC	Britania Loisirs	Full	100.0%	-
SNC	Buttes-Chaumont Développement	Full	100.0%	100.0%
SNC	Cannes Beach Loisirs	Full	100.0%	100.0%
SNC	Cap Océan	Full	100.0%	100.0%
SNC	Charmettoger Développement	Full	100.0%	100.0%
SNC	Château d'Olonne Loisirs	Full	100.0%	100.0%
SARL	Cobim	Full	100.0%	100.0%
SNC	Coches Boulier Développement	Full	100.0%	100.0%
SNC	Coches Tourisme Développement	Full	100.0%	100.0%
SNC	Coudalère Loisirs	Full	100.0%	100.0%
SNC	Courchevel Forum Loisirs	Full	100.0%	-
SNC	Deauville Tourisme Développement	Full	-	100.0%
SCI	Du Port	Full	100.0%	100.0%
SNC	Eguisheim Loisirs	Full	100.0%	100.0%
SNC	Flaine Loisirs	Full	100.0%	100.0%
SNC	Font Romeu Loisirs	Full	100.0%	-
SNC	Francia La Villa	Full	100.0%	-
SNC	Grimaud Les Restanques	Full	100.0%	100.0%
SNC	Grimaud Tourisme Développement	Full	100.0%	100.0%
SNC	Haussmann Développement	Full	100.0%	100.0%
SNC	Houlgate Loisirs	Full	100.0%	100.0%
SNC	Isola Loisirs	Full	100.0%	100.0%
SNC	Lacanau Tourisme Développement	Full	100.0%	100.0%
SNC	La Daille Soleil	Full	100.0%	-
SNC	La Mongie Loisirs	Full	100.0%	-
SNC	La Rochelle Loisirs	Full	-	100.0%
SCI	La Valériane	Full	-	100.0%
SNC	Le Crotoy Loisirs	Full	100.0%	100.0%
SNC	Le Douhet Loisirs	Full	100.0%	100.0%
SCI	Le Hameau de la Pinède	Full	-	100.0%
SNC	Le Rouret Loisirs	Full	100.0%	100.0%
SCI	Les Terrasses de Saint-Tropez	Full	-	100.0%
SARL	Les Villages Nature de Val d'Europe	Proportional	50.0%	50.0%
SNC	Le Touquet Loisirs	Full	100.0%	100.0%
SNC	Loches Loisirs	Full	100.0%	100.0%
SNC	L'Orée du Golf II	Full	-	100.0%
SNC	Mandelieu Maure Vieille Loisirs	Full	100.0%	100.0%

(a) Full: fully consolidated – Proportional: proportionally consolidated – Equity: equity method

Legal form	Companies	Consolidation method [a]	% stake at 30/09/2006	% stake at 30/09/2005
PROPERTY DEVELOPMENT				
French Property Development Division (continued)				
SNC	Marciac Loisirs	Full	-	100.0%
SNC	Maubuisson Loisirs	Full	100.0%	100.0%
SNC	Ménuires Aconit Développement	Full	100.0%	-
SNC	Ménuires Bruyère Développement	Full	100.0%	-
SNC	Mer Montagne Développement	Full	100.0%	100.0%
SNC	Méribel Soleil	Full	100.0%	-
SNC	Moliets Tourisme Développement	Full	100.0%	100.0%
SNC	Monflanquin Loisirs	Full	100.0%	100.0%
SCI	Montrouge Développement	Proportional	50.0%	-
SAS	Paris Tour Eiffel Développement	Full	100.0%	100.0%
SNC	Perros-Guirec Loisirs	Full	100.0%	100.0%
SARL	Peterhof II	Full	100.0%	100.0%
SA	Pierre & Vacances Conseil Immobilier	Full	100.0%	100.0%
SARL	Pierre & Vacances Courtage	Full	100.0%	100.0%
SA	Pierre & Vacances Promotion Immobilière	Full	100.0%	100.0%
SA	Pierre & Vacances Développement France Internationnal	Full	100.0%	-
SNC	Plagne Lauze Loisirs	Full	100.0%	100.0%
SNC	Plagne Quartz Développement	Full	100.0%	100.0%
SNC	Plagne Thémis Néréides Développement	Full	100.0%	-
SNC	Plöemel Loisirs	Full	100.0%	100.0%
SNC	Pont Royal II	Full	100.0%	100.0%
SNC	Port-d'Albret Loisirs	Full	-	100.0%
SNC	Port-en-Bessin Loisirs	Full	100.0%	100.0%
SNC	Pyrénées Loisirs	Full	-	100.0%
SNC	Résidence du Lac	Full	100.0%	100.0%
SNC	Saint-Lary Loisirs	Full	-	100.0%
SNC	Saint-Quay Portrieux Loisirs	Full	100.0%	100.0%
SARL	SETI	Full	-	100.0%
SA	Société de Développement de Bourgenay	Full	100.0%	100.0%
SNC	Soulac Loisirs	Full	100.0%	100.0%
SNC	Tourisme Montagne Développement	Full	100.0%	-
SAS	Tourisme et Rénovation	Full	100.0%	100.0%
SNC	Tréboul Tourisme Développement	Full	100.0%	-
SNC	Trouville Loisirs	Full	100.0%	100.0%
SNC	Uhart Cize Loisirs	Full	100.0%	100.0%
SNC	Valloire Loisirs	Full	100.0%	100.0%
SNC	Val d'Europe Loisirs	Full	100.0%	100.0%

(a) Full: fully consolidated – Proportional: proportionally consolidated – Equity: equity method

Legal form	Companies	Consolidation method [a]	% stake at 30/09/2006	% stake at 30/09/2005
PROPERTY DEVELOPMENT				
French Property Development Division (continued)				
SNC	Val d'Isère la Daille B Loisirs	Full	100.0%	100.0%
SNC	Val d'Isère Loisirs	Full	100.0%	100.0%
SNC	Valmeinier Loisirs	Full	100.0%	100.0%
SNC	Val Thorens Loisirs	Full	-	100.0%
SNC	Vars Loisirs	Full	100.0%	100.0%
Center Parcs Division				
SNC	Ailette Cottages	Full	100.0%	100.0%
SNC	Ailette Équipement	Full	100.0%	100.0%
SNC	Bois Francs Loisirs	Full	100.0%	100.0%
SNC	Les Hauts de Bruyère Loisirs	Full	100.0%	-
OTHER				
SNC	Financière Pierre & Vacances I	Full	100.0%	100.0%
SNC	Financière Pierre & Vacances II	Full	100.0%	100.0%
SNC	La Financière Pierre & Vacances & Cie	Full	100.0%	100.0%
SAS	Pierre & Vacances Investissement 24	Full	100.0%	100.0%
SAS	Pierre & Vacances Investissement 25	Full	100.0%	100.0%
SAS	Pierre & Vacances Investissement 27	Full	100.0%	100.0%
SAS	Pierre & Vacances Investissement 28	Full	100.0%	100.0%
SAS	Pierre & Vacances Investissement 29	Full	100.0%	100.0%
SAS	Pierre & Vacances Investissement 30	Full	100.0%	100.0%
SAS	Pierre & Vacances Investissement 31	Full	100.0%	100.0%
SAS	Pierre & Vacances Investissement 32	Full	100.0%	100.0%
SAS	Pierre & Vacances Investissement 33	Full	100.0%	100.0%
SAS	Pierre & Vacances Marques	Full	100.0%	100.0%
SAS	Pierre & Vacances Marques Management	Full	-	100.0%

(a) Full: fully consolidated – Proportional: proportionally consolidated – Equity: equity method

Foreign companies

Legal form	Companies	Country	Consolidation method[a]	% stake at 30/09/2006	% stake at 30/09/2005
HOLDING COMPANY					
Center Parcs					
NV	Center Parcs Europe	Netherlands	Full	100.0%	100.0%
BV	Center Parcs BF Holding	Netherlands	Full	100.0%	100.0%
GmbH	Center Parcs Deutschland Kunden-Center	Germany	Full	100.0%	-
GmbH	Center Parcs Germany	Germany	Full	100.0%	-
BV	Center Parcs Germany Holding	Netherlands	Full	100.0%	100.0%
GmbH	Center Parcs Medebach Beteiligungs	Germany	Full	100.0%	100.0%
BV	Center Parcs NL Holding	Netherlands	Full	100.0%	100.0%
NV	Center Parcs Real Estate Development	Netherlands	Full	100.0%	100.0%
GmbH & Co.KG	Center Parcs Service	Germany	Full	100.0%	-
Property Development					
SE	Tourism Real Estate Property Holding	Europe	Full	100.0%	100.0%
SE	Tourism Real Estate Services Holding	Europe	Full	100.0%	100.0%
TOURISM					
Center Parcs Division					
NV	Center Parcs België	Belgium	Full	100.0%	100.0%
GmbH	Center Parcs Bungalowpark Bispingen	Germany	Full	100.0%	100.0%
GmbH	Center Parcs Bungalowpark Heilbachsee	Germany	Full	100.0%	100.0%
GmbH	Center Parcs Bungalowpark Hochsauerland	Germany	Full	100.0%	100.0%
GmbH	Center Parcs Leisure Deutschland	Germany	Full	100.0%	100.0%
NV	Center Parcs Netherlands	Netherlands	Full	100.0%	100.0%
GmbH	Center Parcs Bungalowpark Butjadinger Küste	Germany	Full	100.0%	100.0%
Other Tourism Divisions					
Srl	Part House	Italy	Proportional	55.0%	55.0%
Srl	Pierre & Vacances Italia	Italy	Full	100.0%	100.0%
GmbH	Pierre & Vacances Tourisme	Germany	Full	100.0%	100.0%
SL	SET Pierre & Vacances España	Spain	Full	100.0%	100.0%
PROPERTY DEVELOPMENT					
SL	Bonavista de Bonmont	Spain	Full	100.0%	100.0%
Srl	Cala Rossa Immobiliare	Italy	Full	100.0%	100.0%
SL	Nuit & Jour Projections	Spain	Proportional	50.0%	100.0%
SL	Pierre & Vacances Développement España	Spain	Full	100.0%	100.0%
SL	Pierre & Vacances Inversion Inmobiliaria	Spain	Full	100.0%	100.0%
Srl	Progetto Tao	Italy	Full	100.0%	100.0%

(a) Full: fully consolidated – Proportional: proportionally consolidated – Equity: equity method

Legal form	Companies	Country	Consolidation method[a]	% stake at 30/09/2006	% stake at 30/09/2005
HOLDING COMPANY					
OTHER					
BV	BNG Resort Holding	Netherlands	Full	100.0%	-
BV	Center Parcs Netherlands 2	Netherlands	Full	100.0%	100.0%
BV	Holding Green	Netherlands	Full	100.0%	-
BV	Multi Resorts Holding	Netherlands	Full	100.0%	-
BV	Pierre & Vacances Group Trademarks	Netherlands	Full	100.0%	100.0%
BV	Pierre & Vacances Group Trademarks Management	Netherlands	Full	100.0%	100.0%

(a) Full: fully consolidated – Proportional: proportionally consolidated – Equity: equity method

Sector information

Based on the group's internal organisation, the sector information is given by business division (primary information) and by geographic region (secondary information).

This breakdown reflects the operating organisation of the group's businesses in terms of management, operational control and financial reporting. The group develops its activities through two dovetailed lines of business:

- the property development business which aims to increase the holiday destinations offering and adapt the stock of existing residences, villages and hotels to suit changes in customer requirements. It includes the building and marketing to individual investors of hotel rooms, apartments and new or renovated houses. The property development programmes currently developed are in France, Italy and Spain;
- the tourism business organised partly around the Pierre & Vacances/Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes division and partly around the Center Parcs Europe division.

The Pierre & Vacances/Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes division, within the same operating department, includes the operation of the residences, villages and hotels marketed under these brands and located in France, Italy and Spain.

The Center Parcs Europe division includes the operation of all the villages marketed under the Center Parcs brand and located in the Netherlands, Germany, Belgium and France.

Within each activity and within each division, there is a country-based organisation that runs the businesses from day-to-day.

Inter-divisional turnover is generated under normal market conditions.

The unassigned assets include shares accounted for by the equity method, long-term investments, other assets of a financial nature and current and deferred tax receivables.

The unassigned liabilities include bank borrowings and current and deferred tax payables.

The information by geographic region is shown for each geographic region in which the subsidiaries are located.

Note 3 - Information by business division

(in thousand of euros)	2005/2006 TOURISM P&V/ P&V City/ Maeva/ MGM/ Latitudes	2005/2006 TOURISM Center Parcs Europe	2005/2006 PROPERTY DEVELOP-MENT	2005/2006 Unassi-gned	2005/2006 TOTAL	2004/2005 TOURISM P&V/ P&V City/ Maeva/ MGM/ Latitudes	2004/2005 TOURISM Center Parcs Europe	2004/2005 PROPERTY DEVELOP-MENT	2004/2005 Unassi-gned	2004/2005 TOTAL
Business turnover	503,440	516,680	422,578	-	1,442,698	487,386	504,052	283,205	-	1,274,643
Turnover between business groups	-22,953	-856	-4,533	-	-28,342	-39,556	-	-4,453	-	-44,009
External turnover	**480,487**	**515,824**	**418,045**	**-**	**1,414,356**	**447,830**	**504,052**	**278,752**	**-**	**1,230,634**
Current operating income	**15,284**	**39,463**	**42,872**	**-**	**97,619**	**11,725**	**30,440**	**32,824**	**-**	**74,989**
Other operating expenses and earnings	-6,273	20,119	-2,638	-	11,208	202	-6,375	-	-	-6,173
Operating income	**9,011**	**59,582**	**40,234**	**-**	**108,827**	**11,927**	**24,065**	**32,824**	**-**	**68,816**
Amortisation expenses	**13,508**	**12,609**	**635**		**26,752**	**12,760**	**11,875**	**937**	**-**	**25,572**
Depreciation expenses	**112**	**-**	**-**	**-**	**112**	**31**	**-**	**-**	**-**	**31**
Tangible and intangible investments	**26,245**	**25,131**	**28,671**	**1,459**	**81,506**	**14,713**	**27,101**	**286**	**522**	**42,622**
Non-current assets	178,013	245,952	31,574	80,985	536,524	165,620	233,379	3,261	112,724	514,984
Current assets	128,592	51,999	420,001	147,193	747,785	137,606	50,361	512,887	112,942	813,796
Total assets	**306,605**	**297,951**	**451,575**	**228,178**	**1,284,309**	**303,226**	**283,740**	**516,148**	**225,666**	**1,328,780**
Non-current liabilities	11,666	22,660	217	114,450	148,993	12,261	24,858	196	184,520	221,835
Current liabilities	234,313	130,876	313,846	87,441	766,476	238,295	119,984	378,523	60,884	797,686
Total liabilities excluding shareholders' equity	**245,979**	**153,536**	**314,063**	**201,891**	**915,469**	**250,556**	**144,842**	**378,719**	**245,404**	**1,019,521**

Note 4 - Information by geographic region

(in thousand of euros)	2005/2006 Turnover	2005/2006 Intangible and tangible investments	2005/2006 Total assets	2004/2005 Turnover	2004/2005 Intangible and tangible investments	2004/2005 Total assets
France	558,643	34,571	336,375	528,653	17,149	326,678
Netherlands	255,470	11,417	74,810	247,506	12,790	73,681
Germany	85,877	2,179	21,146	84,845	10,789	17,899
Belgium	79,539	1,639	8,205	75,806	885	6,064
Italy	15,081	573	13,569	14,548	191	13,349
Spain	1,701	997	1,238	524	10	82
unassigned [a]	-	-	149,213	-	-	149,213
TOURISM	**996,311**	**51,376**	**604,556**	**951,882**	**41,814**	**586,966**
France	392,040	28,610	416,283	246,731	286	460,581
Italy	7,562	61	16,506	20,032	-	24,245
Spain	18,443	-	18,786	11,989	-	31,322
PROPERTY DEVELOPMENT	**418,045**	**28,671**	**451,575**	**278,752**	**286**	**516,148**
UNASSIGNED	**-**	**1,459**	**228,178**	**-**	**522**	**225,666**
TOTAL	**1,414,356**	**81,506**	**1,284,309**	**1,230,634**	**42,622**	**1,328,780**

(a) goodwill and the Center Parcs brand that cannot be valued separately by country

Analysis of main balance sheet items

Note 5 - Goodwill

(in thousand of euros)	30/09/2006	30/09/2005
Gross values	151,969	149,737
Accumulated amortisation and impairments	-21,709	-21,709
NET VALUES	**130,260**	**128,028**

Goodwill was automatically value-tested on September 30th 2006 according to the procedures described in Notes 1.9. and 7. The tests did not reveal the need to report an impairment by income for 2005/2006. The same applied on September 30th 2005.

The changes in the net balance of goodwill for 2005/2006 are analysed as follows:

(in thousand of euros)	
Net values on October 1st 2005	**128,028**
Increase in gross value and impact of additions to the scope	2,232
Disposals	-
Impairments	-
Reclassification and other changes	-
NET VALUES ON SEPTEMBER 30TH 2006	**130,260**

The change in the gross value of goodwill is associated with the December 15th 2005 purchase of the goodwill of four mountain resort residences (the Ours Blanc residence in Alpe d'Huez, the Les Crêts residence in Méribel, the La Daille A residence in Val d'Isère and the Néréides residence in Belle Plagne) where operation was leased back after having been managed by the group under a management agreement (see Note 2: Scope of consolidation). The total purchase cost was 2,232 thousand euros.

Net values at the year-end

(in thousand of euros)	30/09/2006	30/09/2005
Center Parcs Europe	59,988	59,988
Maeva	49,088	48,196
Résidences MGM	8,194	8,194
Gran Dorado	3,356	3,356
Pierre & Vacances Tourisme	2,311	971
Clubhôtel Multivacances	1,775	1,775
Pierre & Vacances Promotion Immobilière	1,463	1,463
Orion Vacances	1,138	1,138
Hôtelière Haussmann	1,002	1,002
PV Srl	980	980
SETI	497	497
Pierre & Vacances Développement España	336	336
Sofinvalmorel	132	132
TOTAL NET VALUE	**130,260**	**128,028**

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Note 6 - Intangible fixed assets

(in thousand of euros)	Brands	Other intangible fixed assets	Total intangible fixed assets
On October 1st 2005			
Gross values	98,200	33,316	131,516
Accumulated amortisations and depreciations	-1,508	-11,270	-12,778
NET VALUES	**96,692**	**22,046**	**118,738**
Changes			
Acquisitions	-	8,035	8,035
Disposals and write-offs	-	-460	-460
Business combinations	-	-	-
Amortisations	-	-3,974	-3,974
Impairments	-	-	-
Writebacks of amortisations and impairments	-	355	355
Reclassifications	-	3,240	3,240
TOTAL CHANGES FOR THE YEAR	**0**	**7,196**	**7,196**
On September 30th 2006			
Gross values	98,200	44,806	143,006
Accumulated amortisations and impairments	-1,508	-15,564	-17,072
NET VALUES	**96,692**	**29,242**	**125,934**

The main changes of intangible fixed assets in gross value are essentially:

- investments made by the group as part of upgrading the information systems of its tourism businesses (6,924 thousand euros):
  - the Pierre & Vacances/Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes division made investments during 2005/2006 worth a total of 4,978 thousand euros which 1,442 thousand euros was for new developments on the sales reservation software package,
  - the Center Parcs Europe division, during 2005/2006, made investments worth 1,946 thousand euros;
- reclassification as "other intangible fixed assets", on October 1st 2005, of the investments the Center Parcs Europe division made in the information system (net value of 3,003 thousand euros) which were previously classified as tangible fixed assets.

So, in net value:

- **the "brands" item includes** 85,870 thousand euros for the Center Parcs brand, 7,472 thousand euros for the Pierre & Vacances brand, 3,236 thousand euros for the Maeva brand and 114 thousand euros for the Multivacances brand. According to the method described in the reporting principles for intangible fixed assets (Note 1.10), an impairment test was carried out on September 30th 2006 for each of the brands on the balance sheet according to the procedures described in Note 7. This impairment test did not lead to the recording of depreciation;
- **the "other intangible fixed assets" item** includes respectively for 22,695 thousand euros and 3,602 thousand euros, the investments of the Pierre & Vacances/Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes and Center Parcs Europe divisions mainly for upgrading their information systems.

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Note 7 - Valuation tests of goodwill and intangible assets with an indefinite life

Intangible fixed assets with an indefinite life consist mainly of brands and goodwill. They are not amortised and are subjected to an impairment test as soon as indications of impairment appear and at least once a year at the year-end, namely on September 30th of each year.

As indicated in Note 1.9. and in the absence of a market value available at the year-end, the recoverable value of the cash generating units (CGU) is determined on the basis of their value in use.

The recoverable value of each group of assets tested was therefore compared with its value in use defined as being equal to the sum of the net discounted cash flows.

Cash flows were based on four-year business plans produced by the operating and finance managers of the division whose main assumptions (average net selling prices, occupancy rates, inflation, etc.) were reviewed by the group's Finance Department, according to the division's past performance and outside macro-economic information in Europe. Note that the business plans are produced on a like-for-like basis, that is without increased capacity, even though the projects are already identified. Beyond this explicit projection period, cash flows are extrapolated by applying a perpetual growth rate which, to be on the safe side, was assumed to be slightly lower than the long-term growth rate of the countries in which the businesses operate. The discount rate used is the average weighted cost of capital, that is the weighted average rate of shareholders' equity and borrowings.

Without each business sector, the CGU group used to assess the recoverable value of the assets reflects the operating organisation of the group's activities in terms of management, operational control and financial reporting. So, for the group's tourism businesses, which are the business segment for virtually all the goodwill and brands on the balance sheet, the CGU groups used to run the value tests are the Pierre & Vacances/Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes division and the Center Parcs Europe division.

The Pierre & Vacances/Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes division contains within the same operating management the operation of the residences and villages in France, Italy and Spain, arising both from the group's internal property development and outside acquisitions (mainly those of Orion in March 1999, Maeva in September 2001 and Résidences MGM in February 2003).

The Center Parcs Europe division contains the business of Center Parcs Europe Continentale and Gran Dorado, companies that the group purchased in stages in 2000, 2001 and 2003. All the activity of the companies has been merged and is today marketed under the single Center Parcs brand in the Netherlands, Germany, Belgium and France.

The assignment of goodwill and brands to the various CGUs thus identified appears as follows on September 30th 2005 and 2006.

(in thousand of euros)	30/09/2006 Goodwill	30/09/2006 Brand	30/09/2006 Total	30/09/2005 Goodwill	30/09/2005 Brand	30/09/2005 Total
P&V/P&V City/Maeva/ Résidences MGM/Hôtels Latitudes	65,117	10,822	75,939	62,885	10,822	73,707
Center Parcs Europe	63,344	85,870	149,214	63,344	85,870	149,214
Other CGU groups	1,799	-	1,799	1,799	-	1,799
TOTAL NET VALUES	**130,260**	**96,692**	**226,952**	**128,028**	**96,692**	**224,720**

The table below summarises the main assumptions used to estimate the value in use and the sensitivity of that recoverable value to changes in perpetual growth rate and discount rate:

	Pierre & Vacances/Pierre & Vacances City/Maeva/ Résidences MGM/Hôtels Latitudes	Center Parcs Europe
Perpetual growth rate	**1.5%**	**1.5%**
Discount rate used	**8.4%** (versus 7.9% on September 30th 2005)	**8.4%** (versus 7.8% on September 30th 2005)
Sensitivity of the recoverable value to the perpetual growth rate	A half-point increase and decrease in the perpetual growth rate has an impact of +7% and -6% respectively on the recoverable value	A half-point increase and decrease in the perpetual growth rate has an impact of +7% and -6% respectively on the recoverable value
Sensitivity of the recoverable value to the discount rate	A one-point increase and decrease in the discount rate has an impact of -14% and +19% on the recoverable value respectively	A one-point increase and decrease in the discount rate has an impact of -13% and +17% on the recoverable value respectively

On September 30th 2006, no impairment was reported for goodwill and intangible assets with an indeterminate life, the recoverable value of each of the CGU groups exceeding the net book value of the assets assigned to them.

Note 8 - Tangible fixed assets

(in thousand of euros)	Land	Buildings	Fixtures and fittings	Other tangible fixed assets and fixed assets in progress	Total tangible fixed assets
On October 1st 2005					
Gross values	14,243	70,810	109,984	132,334	327,371
Accumulated amortisation and depreciation	-1,347	-25,732	-56,831	-84,031	-167,941
NET VALUES	**12,896**	**45,078**	**53,153**	**48,303**	**159,430**
Changes					
Acquisitions	1,448	8,946	15,811	47,266	73,471
Disposals and write-offs	-181	-1,042	-12,866	-17,705	-31,794
Business combinations	4	-	-	-	4
Amortisation	-4	-3,547	-8,435	-10,829	-22,815
Impairment	-	-	-	-	0
Writebacks of amortisation and impairment	125	886	12,745	17,527	31,283
Reclassifications	-498	-2,093	1	-3,700	-6,290
TOTAL CHANGES FOR THE YEAR	**894**	**3,150**	**7,256**	**32,559**	**43,859**
On September 30th 2006					
Gross values	15,012	74,302	112,923	155,729	357,966
Accumulated amortisation and depreciation	-1,222	-26,074	-52,514	-74,867	-154,677
NET VALUES	**13,790**	**48,228**	**60,409**	**80,862**	**203,289**

THE TANGIBLE FIXED ASSETS, WITH A NET BOOK VALUE OF 203,289 THOUSAND EUROS AT SEPTEMBER 30TH 2006, ESSENTIALLY INCLUDE THE ASSETS:

- **of the Center Parcs Europe tourism division** with a net book value on September 30th 2006 of 93,137 thousand euros. It is made up mainly of 87,685 thousand euros worth of furniture and general fittings necessary for operating villages.

  The main changes for the year arise from:

  - investments of 23,185 thousand euros including in particular:
    - 16,026 thousand euros for improving the product mix of all the villages including 9,471 thousand euros for the Netherlands villages, 2,737 thousand euros for the French villages, 2,179 thousand euros for the German villages and 1,639 thousand euros for the Belgian villages,
    - 7,159 thousand euros for extending the central facilities of the French Bois-Francs village in order to increase reception capacity in liaison with the property programme to build 203 new cottages,
  - write-offs, to the gross value of 29,735 thousand euros, of totally amortised assets,
  - amortisation for the year to the value of 11,211 thousand euros;
- **of the Pierre & Vacances/Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes division** to the net value of 77,180 thousand euros. It mainly comprises:
  - general services, various rooms, fittings and equipment necessary for operating the sites in France to the value of 51,619 thousand euros. During the year, the operating companies purchased general services for 8,450 thousand euros particularly for the Le Rouret, Charmettoger, Flaine, Château d'Olonne and Paris Haussmann sites, and did refurbishment work on the properties they operate to the value of 8,236 thousand euros, particularly in the Val d'Isère and Arc 1800 Hôtels Latitudes (4,192 thousand euros),
  - furniture for apartments operated in France to the value of 16,448 thousand euros. Specifically, when the investor buys an unfurnished apartment from Pierre & Vacances, the tourism operating company, which holds the lease, in some cases finances the furnishing of the property. Acquisitions for the year were worth 3,584 thousand euros,

- the shops owned by CPCE on the Cap Esterel site, to the net value of 1,166 thousand euros,
- assets held in Italy to the net value of 2,679 thousand euros and consisting essentially of the furniture of the Cefalù residence in Sicily operated by the group since July 2004 (net value 1,293 thousand euros) and of the Dehon residence in Rome (net value 584 thousand euros),
- general services of the Bonmont residence in Spain to the net value of 997 thousand euros acquired following delivery of the second tranche of the programme in Spring 2006;

- **of the property development division** to the net value of 29,543 thousand euros. This essentially reflects the net costs committed at September 30th 2006 (28,470 thousand euros) and refinanced by a sale and lease-back transaction as part of the construction of central facilities (tropical paradise, restaurants, bars, shops, sports and leisure facilities) of the new Center Parcs village in the Domaine du Aisne, the Lac d'Ailette village. As part of this operation, Pierre & Vacances signed a public service agreement with the Conseil Général (Regional Authority) of the Aisne department, which is delegating to the group the design, construction and operation of the leisure centre facility. Furthermore, a tripartite agreement was signed between Pierre & Vacances, the Conseil Général de l'Aisne and a finance house to put up the finance for the construction work on this leisure centre facility. A part of the cost of building the facility is provided by a facility subsidy from the Conseil Général de l'Aisne. The rest of the finance is based on the transfer of the assets to the finance house in the form of an off-plan sale by the group accompanied by leasing of the facility. By virtue of these agreements, the group will operate the central facility up to December 31st 2038. When the concession expires, the Conseil Général will resume ownership of the facility free of charge.

  Gross costs committed at September 30th 2006 to construct this central facility were 39,130 thousand euros (of which 938 thousand euros is the cost of financing), financed to the tune of 10,660 thousand euros by the facility subsidy received to that date, the amount of which is shown in the balance sheet as a reduction to the fixed asset.

  Furthermore, during the year, the following reclassifications were made:

  - in inventories, to the net value of 2,993 thousand euros, of fixed assets for which the group decided to carry out property renovation operations combined with a resale of these assets to individual investors after renovation. The main operation relates to a property group in Bénodet where the group, during the year, took up the option to buy out the mortgage early,
  - in intangible fixed assets, to the net value of 3,209 thousand euros, of the investments mainly for the information system of the Center Parcs Europe division.

LEASE FINANCING CONTRACTS

On September 30th 2006, the net value of tangible fixed assets includes a total of 29,060 thousand euros for the restatement of the fixed assets held under lease financing agreements, compared with 2,344 thousand euros at September 30th 2005. The corresponding residual long-term debt stood at 26,926 thousand euros at September 30th 2006 compared with 1,692 thousand euros at September 30th 2005 (see Note 21 "Long-term debt"). It relates to the 26,398 thousand euros financing for the central facilities of the new Center Parcs village.

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Note 9 - Companies accounted for by the equity method

(in thousand of euros)	30/09/2006	30/09/2005
Domaine Skiable de Valmorel	1,417	1,311
TOTAL	**1,417**	**1,311**

The 106 thousand euros increase in shares accounted for by the equity method includes the group's recognition of the share in the income of D.S.V.

The equity value of Domaine Skiable de Valmorel includes no goodwill.

The simplified financial statements used to calculate the equity value at September 30th 2006 and 2005 are:

Information on the balance sheet

(in thousand of euros)	30/09/2006	30/09/2005
Non-current assets	12,442	14,237
Current assets	2,124	2,000
TOTAL ASSETS	**14,566**	**16,237**
Shareholders' equity	5,668	5,238
Non-current liabilities	4,201	3,862
Current liabilities	4,697	7,137
TOTAL LIABILITIES	**14,566**	**16,237**

Information on the profit and loss account

(in thousand of euros)	2005/2006	2004/2005
Turnover	10,678	10,570
Current operating income	1,772	1,402
Net income	425	770

The above financial statements are the annual financial statements restated according to the reporting principles of the Pierre & Vacances group at December 31stt 2005 and 2004 of "Domaine Skiable de Valmorel" (D.S.V.). Since D.S.V. closes its financial year on December 31st and does not produce interim accounts, the December 31st 2005 financial statements are the most recent available at September 30th 2006 for calculating the equity value of the D.S.V. shares.

Note 10 - Non-current financial assets

(in thousand of euros)	Non-consolidated short-term investments	Related receivables	Loans and other financial assets	Total financial assets
On October 1st 2005				
Gross values	2,203	415	32,616	35,234
Accumulated depreciation	-1,793	-	-207	-2,000
NET VALUES	**410**	**415**	**32,409**	**33,234**
Changes				
Change in scope	-42	-	259	217
Acquisitions	1,553	3	1,713	3,269
Disposals	-1,760	-287	-8,904	-10,951
Impairment	-	-	-112	-112
Impairment write-backs	1,750	-	130	1,880
TOTAL CHANGES FOR THE YEAR	**1,501**	**-284**	**-6,914**	**-5,697**
On September 30th 2006				
Gross values	1,954	131	25,684	27,769
Accumulated depreciation	-43	-	-189	-232
NET VALUES	**1,911**	**131**	**25,495**	**27,537**

The net book value of the **non-consolidated short-term investments** is 1,911 thousand euros at September 30th 2006. The detail of the non-consolidated short-term investments is shown in Note 11.

The net value of **"loans to non-consolidated companies"** stands at 131 thousand euros. The reduction relates essentially to the repayment of a 287 thousand euros receivable held by Société Financière des Arcs on a company in which the group had a minority holding and which was liquidated during the year.

"Loans and other long-term investments", representing a net book value of 25,495 thousand euros at September 30th 2006 mainly consist of:

- guarantee deposits in the amount of 21,995 thousand euros paid to property owners/lessors and suppliers. These deposits mainly concern the Pierre & Vacances/Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes division (5,553 thousand euros) and the Center Parcs Europe division (15,511 thousand euros which 9,750 thousand euros relates to deposits of three months rent paid to the owners of seven villages disposed of in 2002/2003 and of which 5,522 thousand euros relates to deposits paid for the Chaumont and Bois Francs villages);
- a 2,420 thousand euros loan granted to joint venture groups in connection with the securitisation of receivables arising from sales made under the "Ownership & Holidays" scheme. These are fixed-rate loans (with rates from 5.12% to 6.40% depending on the loan) and are repayable according to a schedule established when they were set up. The final repayment date varies between November 2nd 2009 and September 30th 2013. The repayment of these loans by the joint venture groups is subordinate to the full payment of all their creditors.

The changes for the year in "loans and other long-term investments" are mainly due to the early repayment of 5,752 thousand euros the balance of the receivable on SNC Société Hôtelière Rivière à la Barque and SNC Société Hôtelière Anse à la Barque, companies owning the assets of the Sainte-Anne village in Guadeloupe. This receivable, which resulted from an agreement made by Pierre & Vacances to substitute for the debtor vis-à-vis the lenders of the abovementioned SNCs, was settled during the year following a repayment made by these SNCs of the balance of their mortgages (see Note 21 "Long-term debts").

Note 11 - Shares in non-consolidated companies

On September 30th 2006, the net book value of shares in non-consolidated companies breaks down as follows:

		Net book value of shares held *(in thousand of euros)*		Financial information on the companies *(in thousand of euros)*	
Company	**% holding**	**Gross**	**Net**	**Shareholders' equity**	**Net income**
Gran Dorado Zandvoort BV	10.00 %	827	827	8,240	-133
Gran Dorado Port Zélande BV	10.00 %	661	661	6,563	-162
Medebach Park BV	10.00 %	64	64	430	-607
Property II SpA	10.00 %	221	221	2,244	47
Other shares	-	181	138	-	-
TOTAL		**1,954**	**1,911**	**-**	**-**

"Shares in non-consolidated companies" are mainly:

- 10% of the capital held by Multi Resorts Holding BV to the value of 1,552 thousand euros in Gran Dorado Zandvoort BV, Gran Dorado Port Zélande BV and Medebach Park BV. The group was required to buy these shares when renegotiating the leases with the new owner of the land and buildings of these three Center Parcs villages. The contracts include refurbishment work that the owner accepted to finance and the work took a long time;
- the 221 thousand euros investment by Pierre & Vacances Italia Srl in 10% of the capital of the Italian company Property Two SpA, an entity that participates in the property promotion of the Cala Rossa site in Sardinia.

The other "shares in non-consolidated companies" are shares in a range of companies in which the percentage holding (less than 20%) is insufficient to be consolidated in the Pierre & Vacances Group.

The change in gross value (1,954 thousand euros at September 30th 2006 compared with 2,203 thousand euros at September 30th 2005) arises mainly from:

- the acquisition of shares by Multi Resorts Holding BV to the value of 1,552 thousand euros (see above);
- the disposal of the group's investment in Alpha Ferien Park Köln GmbH (gross value of 900 thousand euros fully provisioned);
- the departure of the shares held by Société Financière des Arcs in a property company that was liquidated during the year (gross value of 850 thousand euros fully provisioned).

Note 12 - Inventories and work in progress

(in thousand of euros)	30/09/2006	30/09/2005
Work in progress	39,178	81,923
Finished products	144,998	115,220
Provisions	-8,138	-7,038
PROPERTY DEVELOPMENT PROGRAMMES	**176,038**	**190,105**
Other inventories	14,494	17,313
TOTAL	**190,532**	**207,418**

The reduction reported during the year in the net balance of inventories and work in progress (-16,886 thousand euros) mainly reflects the change in the contribution of the property development programmes (-14,067 thousand euros) the balance of which at September 30th 2006 is 176,038 thousand euros (details of the contribution of each property development programme to the gross value of the inventories is shown in Note 13).

Note 13 - Contribution of property development programmes to the gross value of inventories

(in thousand of euros)	30/09/2005	Changes in scope	Increases	Reductions	Reclas-sification	30/09/2006
Bois Francs	**2,394**	-	18,904	-4,561	-	**16,737**
Hôtel du Golf aux Arcs	**-**	-	16,830	-1,531	-	**15,299**
Méribel Soleil	**-**	12,168	5,276	-2,530	-	**14,914**
Val d'Isère (l'Aquila)	**491**	-	12,992	-40	-	**13,443**
Cefalù	**14,022**	-	-	-1,308	-	**12,714**
Paris Tour Eiffel	**37,674**	-	30,539	-56,537	-	**11,676**
Manilva	**5,992**	-	4,273	-	-	**10,265**
La Daille Soleil A	**-**	6,832	2,196	-2,420	-	**6,608**
Plagne (le Themis & les Néréides)	**-**	-	7,798	-2,055	-	**5,743**
Avoriaz (Taïga, Antares & Aster)	**15,908**	-	3,691	-14,246	-	**5,353**
Calarossa	**6,289**	-	1,962	-3,026	-	**5,225**
La Daille B	**-**	-	7,526	-2,375	-	**5,151**
Alpe d'Huez Soleil	**-**	5,145	2,622	-3,399	-	**4,368**
Branville	**3,565**	-	949	-656	-	**3,858**
Benodet	**-**	-	1,169	-	2,204	**3,373**
Saint Laurent du Var	**10,246**	-	3,969	-10,919	-	**3,296**
Font Romeu	**-**	-	4,746	-1,656	-	**3,090**
Cannes Verrerie	**-**	-	5,333	-2,374	-	**2,959**
Eguisheim	**1,976**	-	3,706	-2,857	-	**2,825**

(in thousand of euros)	30/09/2005	Changes in scope	Increases	Reductions	Reclas-sification	30/09/2006
La Mongie	**-**	-	2,757	-	-	**2,757**
Issambres et Mandelieu	**3,033**	-	-	-542	-	**2,491**
Les Arcs Belmont	**5,545**	-	1,461	-4,567	-	**2,439**
Hôtel les Bruyères aux Ménuires	**-**	-	4,645	-2,235	-	**2,410**
Le Crotoy	**120**	-	2,083	-378	-	**1,825**
Haussmann	**11,900**	-	310	-10,510	-	**1,700**
Montrouge	**-**	-	1,840	-183	-	**1,657**
Arles	**-**	-	1,473	-	-	**1,473**
Audiernes	**-**	-	1,448	-	-	**1,448**
Les Coches (le Boulier)	**-**	-	2,093	-863	-	**1,230**
Flaine	**7,934**	-	2,931	-9,648	-	**1,217**
Bonmont	**16,371**	-	-	-15,236	-	**1,135**
Le Domaine du Lac d'Ailette	**22,145**	-	73,675	-94,706	-	**1,114**
Port en Bessin	**1,921**	-	7,697	-8,641	-	**977**
Cannes (la Villa Francia)	**-**	-	1,039	-92	-	**947**
Courchevel	**-**	-	939	-	-	**939**
Les Ménuires (Aconit)	**-**	-	816	-	-	**816**
Bourgenay	**1,866**	-	-	-1,082	-	**784**
Le Crouesty	**-**	-	1,215	-472	-	**743**
Le Rouret	**7,599**	-	19,598	-26,571	-	**626**
Grimaud	**3,392**	-	882	-3,676	-	**598**
Château d'Olonne	**2,203**	-	8,814	-10,493	-	**524**
Antibes	**2,114**	-	593	-2,349	-	**358**
Deauville	**1,786**	-	1,007	-2,515	-	**278**
Moliets	**718**	-	1	-495	-	**224**
Britania	**-**	-	209	-	-	**209**
Cannes Beach	**1,070**	-	155	-1,106	-	**119**
Belle Plagne Soleil	**-**	5,170	1,393	-6,451	-	**112**
Cogolin	**1,564**	-	-	-1,579	15	**0**
Soulac	**573**	-	3,662	-4,235	-	**0**
Le Touquet	**565**	-	14	-579	-	**0**
Other property development programmes	**6,168**	-	7,928	-8,072	105	**6,129**
PROPERTY DEVELOPMENT SUBTOTAL	**197,144**	**29,315**	**285,159**	**-329,766**	**2,324**	**184,176**

The gross change in work in progress and finished products of the property development programmes comprises:

- increases for the year arising essentially from:
  - inclusions in the scope, to a total of 29,315 thousand euros, reflecting the group's purchase of the legal structures owning the land and buildings of four residences in mountain resorts where the fair value of the inventory on the date of acquisition breaks down as follow:
    - Méribel Les Crêts: 12,168 thousand euros,
    - Val d'Isère La Daille A: 6,832 thousand euros,
    - Alpe d'Huez Ours Blanc: 5,145 thousand euros,
    - Belle Plagne Soleil: 5,170 thousand euros;

- acquisitions of the land and buildings of residences during the year for the refurbishment of the common areas and the accommodation units for subsequent resale to individual investors using the Pierre & Vacances sales scheme with attached lease. These purchases represent 57,685 thousand euros. They mainly include:
  - the buildings and land of the Aquila and La Daille B residences at Val d'Isère (contributing 12,077 thousand euros and 5,624 thousand euros respectively), Thémis and Néréides in la Plagne (5,686 thousand euros), Le Pedrou at Font Romeu (3,868 thousand euros), La Mongie in the Pyrenees (2,251 thousand euros), le Boulier at Les Coches (1,759 thousand euros) and in Arles (1,367 thousand euros),
  - 163 apartments in 15 residences bought from a pension fund and situated mainly in Cannes (4,866 thousand euros), in Cap Esterel (1,293 thousand euros) and Port Crouesty (1,161 thousand euros),
  - 2 hotels at Les Arcs (15,052 thousand euros) and Les Ménuires (2,339 thousand euros);
- acquisitions of land for new construction programmes totalling 6,663 thousand euros, mainly Manilva (2,541 thousand euros) in Spain, Montrouge (1,502 thousand euros) and Le Crotoy (1,171 thousand euros);
- work done during the year on new build or refurbishment programmes thus creating an increase in the gross inventory value of 220,727 thousand euros. Significant work has been done on the following programmes: Domaine du Lac d'Ailette village (73,674 thousand euros), Paris Tour Eiffel (30,534 thousand euros), Le Rouret on refurbishment of the residence and construction of the village (19,376 thousand euros), extension of the Bois Francs Center Parcs village (18,739 thousand euros), Château d'Olonne (8,721 thousand euros), Port en Bessin (7,682 thousand euros), Méribel Les Crêts (5,276 thousand euros), Saint Laurent du Var (3,855 thousand euros), Eguisheim (3,697 thousand euros), Soulac (3,662 thousand euros) and Avoriaz (3,465 thousand euros);
- reductions relating to reporting on the percentage completion method of income from new build or refurbishment property development programmes (329,682 thousand euros). The main programmes involved are Domaine du Lac d'Ailette village (94,706 thousand euros), Paris Tour Eiffel (56,537 thousand euros), the residence and village of Le Rouret (26,571 thousand euros), Bonmont (15,236 thousand euros), Avoriaz (14,246 thousand euros), Saint Laurent du Var (10,919 thousand euros), Paris Haussmann (10,510 thousand euros), Château d'Olonne (10,493 thousand euros), Flaine (9,648 thousand euros), Port en Bessin (8,641 thousand euros), Belle Plagne Soleil (6,451 thousand euros), Les Arcs Belmont (4,567 thousand euros), the extension to the Bois Francs Center Parcs village (4,561 thousand euros) and Soulac (4,235 thousand euros);
- reclassifications as inventories, following the group's decision to renovate them as part of the property promotion operation, originating mainly from the Bénodet property assets (2,204 thousand euros) reported at September 30th 2005 as tangible fixed assets.

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Note 14 - Trade receivables and related accounts

(in thousands of euros)	30/09/2006	30/09/2005
Property development	179,514	253,533
Tourism	73,809	74,685
Services	692	1,277
GROSS TRADE RECEIVABLES	**254,015**	**329,495**
Property development	-393	-405
Tourism	-10,921	-9,819
PROVISIONS	**-11,314**	**-10,224**
TOTAL	**242,701**	**319,271**

Net trade receivables at September 30th 2006 were down 76,570 thousand euros compared with the previous year. This change is due mainly to the property promotion activity whose net trade receivables balance fell by 74,007 thousand euros. This reduction results from:

- money received as work progressed: 140,673 thousand euros. This relates mainly to the following programmes: the Domaine du Lac d'Ailette village, the Le Rouret village, Château-d'Olonne, Soulac, Vars, Calarossa, Port-en-Bessin, Flaine and Avoriaz;
- they are partially offset by the increase of 66,666 thousand euros in receivables arising from capital fund campaigns to be carried out on sales signed in the presence of a notary during 2005/2006 and relating to programmes not yet delivered on September 30th 2006 (essentially the extension of the Bois Francs Center Parcs village, Paris Tour Eiffel, Le Crotoy and Eguisheim).

Note 15 - Other current assets

(in thousands of euros)	30/09/2006	30/09/2005
Advances and downpayments	5,807	3,712
Current accounts	3,289	1,189
Governments – taxes	82,344	80,610
"Ownership plus Holidays" loans	8,865	10,496
Other receivables	26,503	28,895
Hedging instruments	352	-
GROSS VALUES	**127,160**	**124,902**
Provisions	-1,048	-925
OTHER NET DEBTORS	**126,112**	**123,977**
Marketing fees and publicity - Tourism	3,754	4,095
Marketing fees and publicity - Property development	32,168	38,163
Rents	24,200	21,732
Sundry prepayments	10,026	12,930
PREPAYMENTS	**70,148**	**76,920**
TOTAL	**196,260**	**200,897**

The change in "Other receivables" essentially breaks down as follows:

- an increase of 2,095 thousand euros in "Advances & downpayments" linked mainly to advances paid to suppliers of the property development business mainly for the construction of the Domaine du Lac d'Ailette village, Courchevel and La Tania programmes;
- an increase of 1,734 thousand euros in "Governments - Taxes" mainly attributable to the du Domaine du Lac d'Ailette village operation;
- a reduction in the value of "Ownership plus Holidays" loans to the value of 1,631 thousand euros relating essentially to the repayment made during the year according to the schedule set when they were set up, of some of the "New ownership" receivables acquired when the Résidences MGM were purchased.

The main changes in prepayments result from a total reduction of 5,995 thousand euros in "Prepayments - advertising and sales fees - Property development" associated with the marketing fees invoiced by the Pierre & Vacances subsidiary Conseil Immobilier and relating to property inventories the margin of which had not yet been recognised at the year-end.

Note 16 - Cash and cash equivalents

(in thousands of euros)	30/09/2006	30/09/2005
Cash	46,100	55,578
Cash equivalents	72,192	30,632
TOTAL	**118,292**	**86,210**

At September 30th 2006, the detail of cash equivalents by type is analysed as follows:

(in thousands of euros)	Fair value
Money market funds	72,174
Deposits	18
TOTAL	**72,192**

Note 17 - Notes on the cash flow table

17.1 - NET CASH FLOW ASSIGNED TO THE ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The net amount of cash assigned to the acquisition and disposal of subsidiaries (the amount of investments or net disposals of available cash in the subsidiary on the date of the transactions) during the last two years, as shown on the consolidated cash flow table, is analysed as follows:

(in thousands of euros)	2005/2006	2004/2005
Acquisitions		
Hôtelière Haussmann SA	-	-5,447
SNC Méribel Soleil	-8,780	-
SNC La Daille Soleil	-5,226	-
SNC Alpe d'Huez Soleil	-2,625	-
SNC Belle Plagne Soleil	-2,381	-
Holding Green BV	-843	-
Others	-	144
SUBTOTAL OF SUBSIDIARY ACQUISITIONS	**-19,855**	**-5,303**
Disposals		
Center Parcs Holding Deutschland GmbH	-	17,499
Marazul del Sur SA	415	-
SUBTOTAL OF SUBSIDIARY DISPOSALS	**415**	**17,499**
TOTAL	**-19,440**	**12,196**

Net cash assigned to the acquisition and disposal of subsidiaries generated a cash requirement of 19,440 thousand euros for 2005/2006. It includes:

- the payment made for the shares in the legal structures owning the business, land and buildings of four mountain resort residences broken down as follows:
  - acquisition of the shares and business of SNC Méribel Soleil for 8,496 thousand euros and 838 thousand euros respectively, less the positive cash flow of 554 thousand euros,
  - acquisition of the shares and business of the SNC La Daille Soleil for Ð5,026 thousand and Ð505 thousand respectively, less the positive cash flow of 305 thousand euros,
  - acquisition of the shares and business of the SNC Alpe d'Huez Soleil for 2,397 thousand euros and 502 thousand euros respectively, less the positive cash flow of 274 thousand euros,
  - acquisition of the shares and business of the SNC Belle Plagne Soleil for 2,191 thousand euros and 387 thousand euros respectively, less the net positive cash flow of 197 thousand euros;
- the payment made for shares in Holding Green BV for 1,080 thousand euros, less the positive cash flow of 237 thousand euros;
- the receipt for the sale of Marazul del Sur SA, a company owing shops on a Maeva site. This sale generated 415 thousand euros in cash.

Net cash assigned to the acquisition and disposal of subsidiaries generated a cash surplus of 12,196 thousand euros for 2004/2005. It included:

- the Center Parcs Europe division's receipt for selling shares in Center Parcs Holding Deutschland GmbH, owning the land and buildings of the German village Butjadinger Küste in Tossens. This disposal therefore generated cash of 17,499 thousand euros;
- the payment for shares in Hôtelière Haussmann in the amount of 5,739 thousand euros minus its positive cash flow of 292 thousand euros;
- the positive cash flow of 144 thousand euros from Société Financière des Arcs acquired during 2004/2005.

17.2 - CHANGE IN PROVISIONS INCLUDED IN THE WORKING CASH REQUIREMENT RELATING TO THE BUSINESS

(in thousands of euros)	2005/2006	2004/2005
Provisions for inventories and work in progress	1,568	-3,001
Provisions for trade receivables and related accounts	1,566	-496
Provisions for other current assets	-25	-395
Provisions for pensions	1,423	349
TOTAL PROVISIONS (+: ADDITIONS, -: WRITE-BACKS)	**4,532**	**-3,543**

17.3 - NET CASH FLOW

The cash flow showing in the cash flow table is broken down as follows:

(In thousands of euros)	30/09/2006	30/09/2005
Cash and cash equivalents	118,292	86,210
Credit bank balance	-899	-853
Net cash flow	**117,393**	**85,357**

Note 18 - Group shareholders'equity

CAPITAL AND ADDITIONAL PAID-IN CAPITAL

During 2005/2006, Pierre & Vacances SA increased its capital by issuing new shares through personnel exercising their options to subscribe for shares allocated by the Board on December 18th 1998, March 20th 2000, November 13th 2000 and July 13th 2001.

Date options exercised	Number of options exercised	Strike price *(in euros)*	Options allocated by the Board on:
October 4th 2005	500	15.24	December 18th 1998
October 12th 2005	1,000	47.00	March 20th 2000
December 7th 2005	1,000	15.24	December 18th 1998
December 19th 2005	1,000	47.00	March 20th 2000
January 23rd 2006	500	15.24	December 18th 1998
March 6th 2006	1,000	47.00	March 20th 2000
March 10th 2006	134	47.00	March 20th 2000
March 21st 2006	500	47.00	March 20th 2000
March 21st 2006	1,500	61.56	July 13th 2001
April 18th 2006	1,000	47.00	March 20th 2000
May 21st 2006	604	61.56	July 13th 2001
May 29th 2006	1,000	47.00	March 20th 2000
June 29th 2006	750	47.00	March 20th 2000
July 27th 2006	750	47.00	March 20th 2000
July 31st 2006	500	47.00	March 20th 2000
September 5th 2006	1,000	60.20	November 13th 2000
TOTAL	**12,738**		
including	*2,000*	*15.24*	*December 18th 1998*
including	*7,634*	*47.00*	*March 20th 2000*
including	*1,000*	*60.20*	*November 13th 2000*
including	*2,104*	*61.56*	*July 13th 2001*

The corresponding capital increases (additional paid-in capital included) generated an increase of 580 thousand euros in attributable shareholders'equity.

After these transactions, the share capital on September 30th 2006 stood at 87,818,360 euros and is divided into 8,781,836 fully paid-up ordinary shares with a par value of 10 euros each. During the year ending September 30th 2006, the weighted average number of ordinary shares in circulation was 8,727,201.

POTENTIAL CAPITAL: OPTIONS TO SUBSCRIBE FOR SHARES

The analysis of the potential capital and its movements during 2005/2006 are detailed in the table below:

				Movements for the year					
		30/09/2005		Options exercised		Options cancelled		30/09/2006	
Subscription options allocated by the Board on:	Strike price *(in euros)*	Number [a]	Impact on shareholders'equity *(in thousands of euros)*	Number	Impact on shareholders'equity *(in thousands of euros)*	Number	Impact on shareholders'equity *(in thousands of euros)*	Number [a]	Impact on shareholders'equity *(in thousands of euros)*
18/12/98	15.24	4,000	61	-2,000	-30	-	-	2,000	31
20/03/00	47.00	15,485	729	-7,634	-359	-459	-22	7,392	348
20/06/00	59.99	2,000	120	-	-	-	-	2,000	120
13/11/00	60.20	1,635	98	-1,000	-61	-635	-37	0	0
13/07/01	61.56	2,104	130	-2,104	-130	-	-	0	0
11/04/03	44.00	25,000	1,100	-	-	-	-	25,000	1,100
03/11/03	63.83	7,150	456	-	-	-	-	7,150	456
07/09/04	66.09	154,600	10,217	-	-	-11,512	-761	143,088	9,456
26/09/05	59.89	1,000	60	-	-	-	-	1,000	60
TOTAL		**212,974**	**12,971**	**-12,738**	**-580**	**-12,606**	**-820**	**187,630**	**11,571**
including number of exercisable options		25,224						11,392	

(a) valid on the date indicated

During the period ending September 30th 2006, the weighted average number of ordinary and dilutive shares stood at 8,773,622.

ACQUISITIONS OF OWN SHARES

During 2005/2006, the Pierre & Vacances Group bought 41,871 of its own shares for a total of 3,201 thousand euros recorded as a debit to the treasury stock reserve. These shares are allocated to cover stock option plans allocated by the group's management. At September 30th 2006, the group held 76,519 of its own shares for a total value of 5,286 thousand euros.

PROPOSED DIVIDENDS

At the Combined General Meeting of February 15th 2007, a dividend of 2.50 euros per share will be proposed, that is a total of 21,955 thousand euros representing 37% of "current" net income (current operating income+corporate income tax on the foregoing+financial income+corporate income tax on the foregoing+share in income of companies accounted for by the equity method - share of minority interests).

Note 19 - Minority interests

(in thousands of euros)	2005/2006	2004/2005
Minority interests at October 1st	**282**	**549**
Change in scope of consolidation	-	-3
Dividends paid/Appropriation of income	-461	-603
Income for the year	181	339
MINORITY INTERESTS AT SEPTEMBER 30TH	**2**	**282**

Note 20 - Provisions for contingencies and charges

(in thousands of euros)	30/09/2005	Charges	Writebacks used	Writebacks not used	Reclass.	30/09/2006
Refurbishment	34,160	6,158	-2,976	-1,573	-	35,769
Retirement commitments	9,476	3,630	-2,207	-	-	10,899
Disputes	2,949	816	-475	-400	-149	2,741
Other provisions	4,180	3,086	-2,123	-1,125	149	4,167
TOTAL	**50,765**	**13,690**	**-7,781**	**-3,098**	**0**	**53,576**
Non-current portion	*38,000*					*35,278*
Current portion	*12,765*					*18,298*

(in thousands of euros)	30/09/2006	30/09/2005
Refurbishment	26,446	30,148
Pension commitments	8,832	7,852
NON-CURRENT PROVISIONS	**35,278**	**38,000**
Refurbishment	9,323	4,012
Pension commitments	2,067	1,624
Disputes	2,741	2,949
Other provisions	4,167	4,180
CURRENT PROVISION	**18,298**	**12,765**
TOTAL	**53,576**	**50,765**

The net increase of 2,811 thousand euros in the level of provisions for contingencies and charges can be mainly explained by:

- a net increase of 1,609 thousand euros in the provision for refurbishment, divided between a net increase of 3,386 thousand euros from the Center Parcs Europe division and a net write-back of 1,777 thousand euros from the Pierre & Vacances/Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes division;
- a net increase of provisions for pension commitments of 1,423 thousand euros resulting essentially from the changes made during the year to a defined benefit pension scheme of Center Parcs Europe in the Netherlands: these changes having brought about an increase in the present value of the obligation for services rendered during earlier years, their impact (1,207 thousand euros) having been reported as charges in "cost of past services".

On September 30th 2006, the total provision for refurbishment stood at 35,769 thousand euros (made up of 25,020 thousand euros for the Center Parcs Europe division and 10,749 thousand euros for the Pierre & Vacances/Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes division).

PROVISIONS FOR PENSION COMMITMENTS

Provisions for pension commitments, which are assessed by independent actuaries, are determined according to the group's reporting principles (see Note 1.22 "Pension commitments and related benefits"). The commitments reported relate mainly to France and the Netherlands. The main actuarial assumptions used for each country for the assessment are as follows:

	30/09/2006		30/09/2005	
	France	Netherlands	France	Netherlands
Discount rate	4.85%	4.85%	3.90%	3.90%
Expected rate of return on assets	NA	4.50%	NA	4.00%
Rate of salary increase	2.00%	3.00%	2.00%	3.00%
Inflation rate	2.00%	2.00%	2.00%	2.00%

The amounts reported on the balance sheet at September 30th are analysed as follows:

	30/09/2006			30/09/2005		
(in thousands of euros)	Pension schemes	Other benefits	Total	Pension schemes	Other benefits	Total
Discounted value of the financed obligation	44,849	2,811	47,660	47,352	2,701	50,053
Fair value of the scheme assets	42,436	-	42,436	38,259	-	38,259
Net value of the obligation	**2,413**	**2,811**	**5,224**	**9,093**	**2,701**	**11,794**
Actuarial profits (losses) not reported	5,675	-	5,675	-2,318	-	-2,318
NET BALANCE SHEET LIABILITY	**8,088**	**2,811**	**10,899**	**6,775**	**2,701**	**9,476**

The change in pension commitments is as follows:

	2005/2006			2004/2005		
(in thousands of euros)	Pension schemes	Other benefits	Total	Pension schemes	Other benefits	Total
Actuarial debt at October 1st	**6,775**	**2,701**	**9,476**	**6,120**	**2,401**	**8,521**
Cost of services rendered	1,875	315	2,190	1,068	299	1,367
Net interest charges	1,785	107	1,892	1,701	112	1,813
Return on scheme assets	-1,599	-	-1,599	-1,540	-	-1,540
Contributions and benefits paid	-1,997	-210	-2,207	-574	-204	-778
Actuarial differences reported	42	-38	4	-	93	93
Cost of past services	1,207	-64	1,143	-	-	-
ACTUARIAL DEBT AT SEPTEMBER 30TH	**8,088**	**2,811**	**10,899**	**6,775**	**2,701**	**9,476**

The change in fair value of the assets held to cover the commitments is broken down as follows:

(in thousands of euros)	2005/2006	2004/2005
Fair value of investments at October 1st	**38,259**	**33,673**
Expected return on scheme assets	1,599	1,540
Employer contributions received	1,594	1,385
Contributions received from scheme members	706	615
Benefits paid and expenses for the period	-954	-881
Estimated value of investments at September 30th	**41,204**	**36,332**
Fair value of investments at September 30th	**42,436**	**38,259**
Actuarial difference	1,232	1,927
EFFECTIVE RETURN ON SCHEME ASSETS DURING THE PERIOD	**2,831**	**3,467**

The breakdown of the fair value of assets held to cover the commitments by asset category is analysed as follows:

(in thousands of euros)	30/09/2006	30/09/2005
Cash	12	639
Shares	7,838	8,572
Fixed rate investments	35,486	32,243
Debts	-900	-3,195
FAIR VALUE	**42,436**	**38,259**

PROVISION FOR DISPUTES

Outstanding disputes at September 30th 2006 for which the group will probably or certainly have to pay out to a third party without at least equivalent compensation amounted to 2,741 thousand euros. Each dispute is monitored and analysed by the group's Legal Department which assesses its potential cost on a case-by-case basis with the assistance of outside specialists where necessary. A provision for the estimated cost of the risk is booked in the financial statements of the entity concerned.

The breakdown of provisions for disputes and their changes during 2004/2005 is as follows:

(in thousands of euros)	Disputes in the tourism business	Disputes in the property development business	Individual employee disputes	Total disputes
Balance of provisions at October 1st 2005	**1,495**	**601**	**853**	**2,949**
New disputes	318	100	398	816
Write-backs of expenditure for the period	-128	-	-347	-475
Write-backs not used	-93	-70	-237	-400
Reclassification	-149	-	-	-149
BALANCE OF PROVISIONS ON SEPTEMBER 30TH 2006	**1,443**	**631**	**667**	**2,741**

The year's changes in provisions for disputes mainly represent the change in the provisions for individual labour disputes.

PROVISIONS FOR RESTRUCTURING

The balance at September 30th 2006 in "Other provisions" (4,167 thousand euros) consists mainly of provisions for restructuring (3,091 thousand euros). The change during 2005/2006 in provisions for restructuring is broken down as follows:

(in thousands of euros)	2005/2006
Balance of provisions at October 1st 2005	**2,622**
New restructuring operations	3,071
Write-backs of expenditure for the period	-1,719
Write-backs not used	-883
BALANCE OF PROVISIONS AT SEPTEMBER 30TH 2006	**3,091**

The changes in restructuring provisions are analysed as follows:

- 2,153 thousand euros of provisions for the property development division for rationalising the sales network of the property marketing business;
- 795 thousand euros of net write-back reported for the Center Parcs Europe division for rationalising the support functions that began in 2004/2005;
- 889 thousand euros of write-backs of provisions for the Pierre & Vacances/Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes division for setting up cost-saving programmes.

Note 21 - Bank borrowings

BREAKDOWN BY TYPE AND BUSINESS SECTOR

(in thousands of euros)	30/09/2006	30/09/2005
Long-term borrowings		
Bank borrowings	83,682	128,768
Tourism	*74,000*	*115,597*
Property development	*9,682*	*13,171*
Bridging loans	2,970	53,204
Property development	*2,970*	*53,204*
Lease finance contracts	26,745	1,406
Tourism	*347*	*357*
Property development	*26,398*	*1,049*
Other bank borrowings	318	457
Tourisme	*261*	*400*
Property development	*57*	*57*
LONG-TERM SUBTOTAL	**113,715**	**183,835**
of which Tourism	*74,608*	*116,354*
of which Property development	*39,107*	*67,481*
Short-term borrowings		
Bank borrowings	40,651	41,315
Tourism	*37,122*	*38,235*
Property development	*3,529*	*3,080*
Bridging loans	20,897	0
Property development	*20,897*	-
Lease finance contracts	1,427	286
Tourism	*181*	*89*
Property development	*1,246*	*197*
Other bank borrowings	152	0
Tourism	*152*	-
Overdrafts	899	853
Tourism	*630*	*443*
Property development	*269*	*410*
SHORT-TERM SUB-TOTAL	**64,026**	**42,454**
of which Tourism	*38,085*	*38,767*
of which Property development	*25,941*	*3,687*
TOTAL	**177,741**	**226,289**
of which Tourism	*112,693*	*155,121*
of which Property development	*65,048*	*71,168*

Bank borrowings and bridging loans at September 30th 2006 break down essentially as follows:

Tourism business:

- the principal still owed on the "corporate" loan taken out at November 29th 2004 to refinance the balance of loans the group took out for its external growth operations. The loan outstanding at September 30th 2006 (111,000 thousand euros) is broken down as follows:
  - 85,680 thousand euros to purchase the additional 50% of the Center Parcs Europe sub-group (after taking account of the repayment of 28,560 thousand euros for the period),
  - 21,000 thousand euros for the acquisition of Gran Dorado and the first 50% of the capital of Center Parcs Europe (after taking account of the repayment of 7,000 thousand euros for the period),
  - 4,320 thousand euros for the acquisition of Maeva (after taking account of the 1,440 thousand euros for the period).

Furthermore, during 2005/2006, the group repaid early the balance of mortgages (5,752 thousand euros) taken out by non-group companies owning the property assets of the Sainte-Anne village in Guadeloupe, loans that the Pierre & vacances Group had recorded on its balance sheet due to an agreement by which the group agreed to substitute for the owners as the debtor vis-à-vis the lending banks.

Property development business:

- the bridging loans totalling 23,867 thousand euros put in place for property development:
  - 12,824 thousand euros to finance the acquisition of the land and buildings of a hotel at Les Arcs in order to refurbish the rooms and resell them to individuals with an attached lease. The net value of the inventory held is 15,299 thousand euros,
  - 8,077 thousand euros to finance the acquisition of the land and buildings of the Aquila residence at Val d'Isère in order to market the refurbished lots as a conventional co-ownership with the possibility of a management and lease agreement. The net value of the inventory held is 13,443 thousand euros,
  - 2,292 thousand euros to finance the construction of the Manilva property programme in Spain. The net value of the inventory held is 10,265 thousand euros,
  - 674 thousand euros contracted by the Spanish subsidiary Bonavista de Bonmont SL to finance its property development programme (after taking account of the 6,230 thousand euros repayment for the period). The net value of the Bonmont inventory is 1,135 thousand euros;
- the outstanding principal of the loan to finance the "Nouvelle Propriété" debt acquired mainly as part of the purchase of Résidences MGM (6,769 thousand euros after taking account of the 1,378 thousand euros repayment for the period);
- the balance (5,171 thousand euros) of the loan taken out by Pierre & vacances Italia S.r.l to finance the Cefalù operation. At September 30th 2006, the net value of the Cefalù inventory is 11,421 thousand.

Furthermore, during 2005/2006, the group repaid the remaining principal owing on the finance put in place for the property development programmes of the urban residences Paris Tour Eiffel (32,300 thousand euros) and Paris Haussmann (14,000 thousand).

In addition, at September 30th 2006, **the Pierre & vacances Group had a confirmed line of credit (but unused to date) of 90 million euros due on September 26th 2009**.

The bank borrowings corresponding to restatement of lease finance agreements breaks down as follows:

(in thousands of euros)	30/09/2006	30/09/2005
Le Domaine du Lac d'Ailette village	26,398[a]	-
Résidence Bénodet	1,246[b]	1,246
Center Parcs Europe	528[c]	446
TOTAL	**28,172**	**1,692**

(a) the underlying net asset (28,470 thousand euros) is recorded in tangible fixed assets
(b) the underlying net asset (2,204 thousand euros), initially recorded in tangible fixed assets on September 30th 2006 as inventory following the early exercise of the option to buy out the lease agreement
(c) the underlying net asset (590 thousand euros at September 30th 2006) is recorded in tangible fixed assets

The change for the year arises essentially from the finance put in place on September 30th 2006 (26,398 thousand euros) for the lease finance agreement for the construction of central facilities for the new Center Parcs Domaine du Lac d'Ailette village.

BREAKDOWN BY MATURITY

The change in maturity of gross bank borrowings breaks down as follows:

Maturities *(in thousands of euros)*	Balance at 30/09/2006	Balance at 30/09/2005
Year N+1	64,026	42,454
Year N+2	39,539	87,158
Year N+3	41,703	40,469
Year N+4	2,353	40,387
Year N+5	1,918	3,366
Year > N+5	28,202	12,455
TOTAL	**177,741**	**226,289**

BREAKDOWN BY CURRENCY

All bank borrowings and debt are denominated in euros. The group's bank borrowings therefore incur no currency risk.

BREAKDOWN BY INTEREST RATE TYPE

Fixed rate loans

The only fixed rate loans recorded as liabilities in the balance sheet on September 30th 2006 are those that relate to the restatement of the lease finance agreements. The nominal value of bank borrowings relating to the restatement of the lease finance agreements and taken out at a fixed rate is 26,926 thousand euros.

These loans carry interest of between 4.55% and 6.02% depending on the agreement:

Date taken out *(in millions of euros)*	Maturity date	Principal outstanding at 30/09/2006	Interest rate
Lease finance agreements			
18/07/2005	18/07/2010	0.4	4.55%
01/09/2005	31/08/2008	0.2	6.00%
21/09/2005	31/12/2038	26.4	6.02%[a]
TOTAL		**27.0**	

(a) the lease finance agreement for the Center Parcs Europe Domaine du Lac d'Ailette village programme is at a variable rate until January 10th 2008 (Euribor+margin) then at a fixed rate (6.02%) until the agreement matures

Variable rate loans

The nominal amount of bank loans, bridging loans and lease finance agreements taken out at a variable rate is 148,104 thousand euros with a rate, depending on the loans, varying between Eonia+margin and 1-year Euribor+margin.

To manage the risk associated with interest rate fluctuations on variable rate loans, the Pierre & vacances Group has set up interest rate swap and cap contracts (described in Note 22 – Hedging instruments).

Variable rate bank loans, bridging loans and lease finance agreements together with their related hedging instruments break down as follows:

Bank loans, bridging loans and lease finance agreements				*Hedging*			
Date taken out	**Maturity date**	**Principal out-standing at 30/09/2006** *(in millions of euros)*	**Interest rate**	**Instrument**	**Notional at 30/09/2006** *(in millions of euros)*	**Maturity date**	**Rate details**
Bank borrowings							
12/03/2003	30/06/2013	5.2	3-month Euribor +margin	None			
17/09/2003	30/09/2011	6.8	6-month Euribor +margin	None			
29/11/2004	26/09/2009	20.9	1 to 6-month Euribor+margin	Swap	29.0	26/09/2008	Lender rate: 6-month Euribor Borrower rate: fixed: 3.3050%
29/11/2004	26/09/2009	85.6	1 to 6-month Euribor+margin	Swap	26.5	26/09/2007	Lender rate: 6-month Euribor Borrower rate: fixed: 2.8300%
29/11/2004	26/09/2009	4.3	1 to 6-month Euribor+margin	Swap	0.0[a]	26/09/2008	Lender rate: 6-month Euribor Borrower rate: fixed: 2.440%
				Swap	0.0[b]	26/09/2009	Lender rate: 6-month Euribor Borrower rate: fixed: 3.8675%
16/09/2005	01/03/2007	0.2	3-month Euribor +margin	None			
SUB-TOTAL		**123.0**			**55.5**		
Bridging loans							
09/06/2004	16/06/2022	0.7	1-year Euribor +margin	None			
12/12/2005	30/06/2007	8.1	Eonia +margin	None			
18/09/2006	31/03/2009	2.3	1-month Euribor +margin	None			
27/09/2006	30/09/2007	12.8	3-month Euribor +margin	None			
SUB-TOTAL		**23.9**			**0.0**		
Lease finance agreements							
16/07/1999	30/09/2007	1.2	3-month Euribor +margin	None			
SUB-TOTAL		**1.2**			**0.0**		
TOTAL		**148.1**			**55.5**		

(a) swap contract whose notional amount changes with the periods (see detail Note 22)
(b) swap contract taken out on July 31st 2006 (for an initial notional amount of 51,800 thousand euros), but taking effect on September 26th 2007

GUARANTEES

(in thousands of euros)	30/09/2006	30/09/2005
Guarantees	322,350	175,072
Mortgages	674	6,904
TOTAL	**323,024**	**181,976**

The guarantees granted by the group as security for its bank loans mainly include:

- first-call guarantees granted by Pierre & vacances SA to banks in connection with the refinancing of the outstanding loans taken out by the group when buying Maeva and the additional 50% of Center Parcs Europe. These guarantees are 1.1 times the principal outstanding on these loans at September 30th 2006 in the amount of 99,000 thousand euros (94,248 thousand euros for the Center Parcs Europe loan and 4,752 thousand euros for the Maeva loan).

  Furthermore, pledges of company shares were given as surety for these first-call guarantees;
- a first-call guarantee of 192,000 thousand euros that can be written down, granted to the bank with which it took out a lease finance agreement for the Domaine du Lac d'Ailette village facilities;
- guarantees given to banks by Pierre & vacances SA for a total of 8,157 thousand euros for the group's expansion in Italy:
  - 7,757 thousand euros to guarantee the loan taken out by Pierre & vacances Italia S.r.l. to finance the construction of the Cefalù residence in Sicily,
  - 400 thousand euros for Part House S.r.l.;
- guarantees given to banks by Pierre & vacances SA for a total of 23,193 thousand euros on the bridging loans put in place on property development operations:
  - 12,824 thousand euros to finance the acquisition of the buildings of the Golf hotel at Les Arcs,
  - 8,077 thousand euros to finance the acquisition of the buildings of the Aquila residence at Val d'Isère,
  - 2,292 thousand euros to finance the construction of the Manilva residence in Spain;
- a mortgage granted as part of the Spanish Bonmont property development programme in the amount of 674 thousand euros.

The change in maturity of the guarantees is broken down as follows:

	Balance at	
Maturities *(in thousands of euros)*	**30/09/2006**	**30/09/2005**
Year N+1	55,509	34,785
Year N+2	37,041	67,508
Year N+3	39,492	34,256
Year N+4	4,455	34,307
Year N+5	4,724	1,361
Year > N+5	181,803	9,759
TOTAL	**323,024**	**181,976**

The pledges and mortgages granted by the group are summarised as follows:

Type of pledge or mortgage	Start date	Maturity date	Asset pledged or mortgaged (a)	Gross balance sheet value (b)	Corresponding% (a)/(b)
Center Parcs Europe NV shares	29/11/2004	26/09/2009	94,248	85,680	110%
Maeva Group shares	29/11/2004	26/09/2009	4,752	4,320	110%
Bonmont stock	09/06/2004	16/06/2022	674	674	100%
TOTAL			**99,674**	**90,674**	**110%**

Note 22 - Hedging instruments

The hedging instruments contracted by the Pierre & vacances Group at September 30th 2006 are exclusively for the management of interest rate risk. Interest rate risk is generally managed relative to the group's net bank borrowings in order to protect it against a possible rise in interest rates. To do this, the group took out swaps at September 30th 2006 with leading banks.

At September 30th 2006, the notional amounts and market values of the swap contracts taken out to cover variable rate loans are as follows:

Lender rate	Borrower rate	Notional at 30/09/2006 *(in thousands of euros)*	Market value of hedging contracts *(in thousands of euros)*	Start date	Maturity date
6-month Euribor	3.3050%	9,670	47	Sept 26th 2003	Sept 26th 2008
6-month Euribor	3.3050%	9,670	47	Sept 26th 2003	Sept 26th 2008
6-month Euribor	3.3050%	9,670	47	Sept 26th 2003	Sept 26th 2008
6-month Euribor	2.8300%	26,490	208	March 29th 2005	Sept 26th 2007
6-month Euribor	2.2440%	0(*)	98	Sept 26th 2005	Sept 26th 2008
6-month Euribor	3.8675%	0	-95	Sept 26th 2007(a)	Sept 26th 2009

(a) swap contract taken out on July 31st 2006 (for an initial notional amount of 51,800 thousand euros), but starting on September 26th 2007

The market value of the hedging instruments is +352 thousand euros at September 30th 2006, compared with -615 thousand euros at September 30th 2005.

(*) Notional amount changing according to the maturity schedule below:

Lender rate	Borrower rate	Notional *(in thousands of euros)*	Start date	Maturity date
6-month Euribor	2.2440%	-	September 26th 2006	March 26th 2007
6-month Euribor	2.2440%	-	March 26th 2007	September 26th 2007
6-month Euribor	2.2440%	6,244	September 26th 2007	March 26th 2008
6-month Euribor	2.2440%	8,672	March 26th 2008	September 26th 2008

Note 23 - Market risks

CASH FLOW MANAGEMENT

Cash flow is managed centrally by the specialist staff of the Pierre & vacances Group's Finance Department. The cash surpluses of subsidiaries are paid into the group's centralising entity (Pierre & vacances FI) which redistributes them to the entities that need them and invests the balance in "euro money market" instruments to maximise liquidity and minimise countervailing risk. This centralisation means that financial resources are optimised at least cost and the main group entities' cash flow trends are closely monitored.

These operations are carried out with counterparties authorised by Senior Management. Because of the diversity of counterparties, selected from leading banks according to their rating and the knowledge the group has of them, Pierre & vacances considers that it is not exposed to a concentration of credit risk. Since Pierre & vacances Group Management wants to be able to lay its hands on available cash consisting of unit trusts and mutual investment funds, the investments are short term (less than three months) and liquid.

LIQUIDITY RISK

At September 30th 2006, Pierre & vacances Group's cash flow stood at 117,393 thousand euros. This is gross cash flow (118,292 thousand euros) less bank overdrafts (899 thousand euros) plus 90 million euros in a line of credit confirmed but not currently used.

(in thousands of euros)	30/09/2006	30/09/2005
Cash equivalents	72,192	30,632
Cash	46,100	55,578
Gross cash flow	**118,292**	**86,210**
Overdrafts	-899	-853
Net cash flow	**117,393**	**85,357**
Gross debt	176,842	225,436
Asset/liability hedging instruments	-352	615
NET DEBT	**59,097**	**140,694**

None of the Pierre & vacances Group's bank loans are based on its debt rating. The contracts set up to refinance the outstanding principal on the loans taken out to buy the additional 50% of Center Parcs Europe (85.7 million euros at September 30th 2006), Gran Dorado and the first 50% of the capital of Center Parcs Europe (21.0 million euros at September 30th 2006) and Maeva (4.3 million euros at September 30th 2006) all contain standard clauses referring to the consolidated financial situation of the Pierre & vacances Group. The definition and levels of the ratios, also called financial covenants, are fixed in advance in agreement with the lenders. Compliance with the ratios is assessed only once a year at the year-end. Failure to comply with these ratios authorises the lenders to call in some or all of the debt early.

Furthermore, these lines of credit are all accompanied by customer legal agreements: "negative pledge", "pari passu", "cross default".

In accordance with the lenders, certain elements (defined according to French financial reporting standards) used to calculate the ratios have been replaced by elements defined according to IFRS to retain a constant method of calculation despite the group's adoption of IFRS standards (the ratio levels to be complied with have not been changed). These ratios are suited to the loan repayment terms and relate to the following aggregates:

- adjusted net debt/EBITDAR (adjusted net debt = net debt + eight times the annual lease expense excluding the head offices; EBITDAR = EBITDA before the annual lease expense excluding head offices; EBITDA = earnings before interest, taxes, depreciation and amortisation);
- net debt-to-equity ratio;
- operating cash flow/debt service (operating cash flow = EBITDA – corporate tax paid + change in working capital requirement restated with net provisions for current assets + debt contracted to finance investments for property development – dividends paid to people outside the group – investments in intangible and tangible fixed assets and long-term investments – other operating expenses + operating income excluding elements with no cash impact; debt service = net bank interest paid + bank loan principal repayment).

For the financial statements to September 30th 2006, the "adjusted net debt/EBITDAR" ratio should be 5.50 or less; the "net debt-to-equity" ratio should be 0.8 or less and the "operating cash flow/debt service" ratio should be 1.10 or more. The Pierre & vacances Group fully complies with these ratios.

INTEREST RATE RISK

The management of market risk relating to interest rate fluctuations is handled centrally by the group's Finance Department.

The group's policy is to reduce its exposure to interest rate fluctuations, so the group uses derivatives such as interest rate swaps, cap and floor contracts. So Pierre & vacances Group's financial income has little sensitivity to interest rate changes. Only certain bridging loans backing property transactions may not be hedged against expected interest rate changes due to their usual limited duration.

At September 30th 2006, the maturities of assets and debts before and after taking account of off-balance sheet transactions break down as follows:

		Maturities		
(in thousands of euros)	30/09/2006	< 1 year	1 to 5 years	> 5 years
Fixed-rate borrowings	26,926	181	347	26,398
Variable-rate borrowings	148,104	61,456	85,166	1,482
Accrued interest not due	1,342	1,342	-	-
Financial liabilities	**176,372**	**62,979**	**85,513**	**27,880**
Fixed-rate loans	4,179	861	3,318	-
Variable-rate loans	8,133	1,351	6,782	-
Variable-rate short term investments	72,192	72,192	-	-
Financial assets	**84,504**	**74,404**	**10,100**	**0**
NET POSITION BEFORE MANAGEMENT	**91,868**	**-11,425**	**75,413**	**27,880**
Hedging (interest rate swaps)	55,500	39,546	15,954	-
NET POSITION AFTER MANAGEMENT	**36,368**	**-50,971**	**59,459**	**27,880**

The net position after management on September 30th 2006 is 36 million euros.

The group decided to take out a new swap contract at the end of July 2006 to fix the rate from September 26th 2007 to September 26th 2009 for 100% of the outstanding debt renegotiated in November 2004.

The variable rate net position after management on September 30th 2006 is as follows:

		Maturities		
(in thousands of euros)	30/09/2006	< 1 year	1 to 5 years	> 5 years
Borrowings	148,104	61,456	85,166	1,482
Loans	8,133	1,351	6,782	-
Cash equivalents	72,192	72,192	-	-
NET POSITION BEFORE MANAGEMENT	**67,779**	**-12,087**	**78,384**	**1,482**
Hedging	55,500	39,546	15,954	-
NET POSITION AFTER MANAGEMENT	**12,279**	**-51,633**	**62,430**	**1,482**

A 1% change in short-term debt would have a 0.5 million euros effect on financial income for 2006/2007, compared with 5.6 million euros of financial income for 2005/2006.

EXCHANGE RATE RISK

All the group's assets and liabilities are denominated in euros, so the group has no exchange rate risk.

Note 24 - Trade payables and related accounts

(in thousands of euros)	30/09/2006	30/09/2005
Tourism	150,764	152,756
Property development	111,640	76,374
Services	7,577	6,301
TOTAL	**269,981**	**235,431**

On September 30th 2006, trade payables and related accounts show an increase of 34,550 thousand euros. The change comes mainly from the property development business.

The 35,266 thousand euros increase relating to the property development business arises essentially from property development programmes currently being developed or refurbished on September 30th 2006 (including mainly the Center Parcs Europe villages, Domaine du Lac d'Ailette village and Bois Francs village, whose contribution increases by 21,041 thousand euros and 12,012 thousand euros respectively).

Note 25 - Other current liabilities

(in thousands of euros)	30/09/2006	30/09/2005
Downpayments from clients	58,075	56,709
VAT and other taxes payable	40,423	57,836
Wages and social security commitments	75,110	63,962
Payables on acquisition of assets	3,143	940
Hedging instruments	-	615
Other payables	41,990	49,537
OTHER OPERATING LIABILITIES	**218,741**	**229,599**
Property sales and support funds	176,501	257,679
Other deferred income	18,929	19,758
DEFERRED INCOME	**195,430**	**277,437**
TOTAL	**414,171**	**507,036**

The main changes in "other operating liabilities" relate to:

- the reduction in "VAT and other taxes payable" (17,413 thousand euros) arising essentially from the property development business (of which 20,095 thousand euros is due to the Domaine du Lac d'Ailette village programme);
- the increase in social security commitments totalling 11,148 thousand euros arising mainly from the Center Parcs Europe (6,300 thousand euros) and Pierre & vacances/Pierre & vacances City/Maeva/Résidences MGM/Hôtels Latitudes (4,934 thousand euros) divisions;
- the decline in "Other payables" (7,547 thousand euros) relating essentially to the Pierre & vacances/Pierre & vacances City/Maeva/Résidences MGM/Hôtels Latitudes (4,733 thousand euros) and Center Parcs Europe (2,853 thousand euros) divisions.

The reduction in deferred income on property sales (81,178 thousand euros) is due mainly to deliveries made during 2005/2006 on inventories for which the deed of sale before a notary had been signed by September 30th 2005.

BREAKDOWN OF THE MAIN PROFIT AND LOSS ACCOUNT ITEMS

Note 26 - Purchases and external services

(in thousands of euros)	2005/2006	2004/2005
Tourism cost of goods sold	-81,047	-83,295
Property development cost of inventories sold	-295,822	-145,845
Owner leases and other co-ownership expenses	-284,593	-267,382
Subcontracted services (laundry, catering, cleaning)	-24,921	-24,095
Advertising and fees	-120,206	-117,641
Other	-139,529	-151,959
TOTAL	**-946,118**	**-790,217**

The group's expense for 2005/2006 relating to lease payments received by individual and institutional owners of the land and buildings of the hotels, residences and villages operated by the group was 233.5 million euros (Đ147.6 million for those marketed under the Pierre & vacances/Pierre & vacances City/Maeva/Résidences MGM/Hôtels Latitudes brands; 85.9 million euros for the Center Parcs Europe villages).

Note 27 - Personnel expenses

(in thousands of euros)	2005/2006	2004/2005
Salaries and remunerations	-233,040	-232,821
Social security expenses	-69,957	-68,315
Cost of defined-contribution and defined-benefit schemes	-1,130	-682
Option plan expenses	-1,142	-956
TOTAL	**-305,269**	**-302,774**

Personnel expenses are virtually stable (+0.8%) being 305,269 thousand euros in 2005/2006 compared with 302,774 thousand euros for the previous year.

OPTION PLAN EXPENSES

In application of the transitional requirements for IFRS 2, only stock option plans granted after November 7th 2002 whose rights had not been acquired by January 1st 2005 have been valued and reported on the date of the transition to IFRS.

The features of the plans reported are as follows:

Date of allocation by the Board	Type[a]	Original number of options	Period of rights acquisition	Expenses relating to option plans (in thousands of euros) 2005/2006	2004/2005
11/04/2003	OSA	25,000	4 years	-123	-123
03/11/2003	OSA	7,150	4 years	-46	-46
07/09/2004	OSA	162,300	4 years	-787	-787
26/09/2005	OAA	28,000	4 years	-158	-
26/09/2005	OSA	1,000	4 years	-6	-
21/07/2006	OAA	16,500	4 years	-22	-
TOTAL				**-1,142**	**-956**

(a) OSA: option to subscribe for shares
OAA: option to purchase shares

The reported personnel expense is the fair value of the options granted as calculated on the date of grant by the Board using the "Black & Scholes" method. This expense is spread over the period of acquisition of the rights with a countervailing increase in reserves.

The assumptions used to value the options and results obtained are:

	Plan 11/04/2003	Plan 03/11/2003	Plan 07/09/2004	Plan 26/09/2005	Plan 21/07/2006
Share value on grant date	51.40 euros	71.10 euros	69.30 euros	65.40 euros	87.25 euros
Strike price	44.00 euros	63.83 euros	66.09 euros	59.89 euros	80.12 euros
Volatility	39.57%	39.57%	39.57%	39.03%	37.67%
Option period	10 years	10 years	10 years	10 years	10 years
Time to maturity used	5 years	5 years	5 years	5 years	5 years
Risk-free rate	3.56%	3.88%	3.58%	2.71%	3.73%
Dividend yield rate	1.93%	1.93%	1.93%	1.93%	1.93%
Probability of beneficiaries leaving	0%	0%	20%	0%	10%
Option value on grant date	19.66 euros	26.06 euros	24.24 euros	22.57 euros	30.59 euros

Note 28 - Amortisation and provisions

(in thousands of euros)	2005/2006	2004/2005
Amortisation	-26,752	-25,572
Provisions	-15,602	-11,730
TOTAL	**-42,354**	**-37,302**

Net provisions of 15,602 thousand euros for 2005/2006 include provisions of 16,396 thousand euros and write-backs of unused provisions of 794 thousand euros.

Note 29 - Other current operating items

(in thousands of euros)	2005/2006	2004/2005
Taxes	-18,912	-15,715
Other operating expenses	-18,165	-18,816
Other operating earnings	14,081	9,179
TOTAL	**-22,996**	**-25,352**

Note 30 - Other operating expenses and earnings

(in thousands of euros)	2005/2006	2004/2005
Income from disposals	24,667	881
Restructuring costs	-10,388	-5,423
Provisions for restructuring	-3,071	-1,631
TOTAL	**11,208**	**-6,173**

"Other operational expenses and earnings" for 2005/2006 mainly include:

- the profit of 23,169 thousand euros from exercising the earn-out clause in the acquisition on July 19th 2006 by the Blackstone Group of all the capital of Green Buyco BV (see Note 2 "Scope of consolidation", section Acquisitions Made in 2005/2006);
- restructuring expenses and provisions of 13,459 thousand euros relating to setting up cost-saving programmes essentially for the tourism division.

"Other operational expenses and earnings" for 2004/2005 mainly included:

- restructuring expenses of 6,083 thousand euros reported by Center Parcs Europe for the rationalisation of the support functions;
- a profit of 881 thousand euros from the disposal and write-off of assets that is made up of a gross loss of 925 thousand euros offset by a write-back of a provision for contingencies and charges of 1,806 thousand euros.

Note 31 - Financial income

(in thousands of euros)	2005/2006	2004/2005
Gross cost of borrowings	-8,632	-12,497
Earnings from cash and cash equivalents	2,765	708
NET COST OF BORROWINGS	**-5,867**	**-11,789**
Income on loans	1,558	2,187
Other financial income	8	136
Other financial expenses	-1,325	-523
Other financial income and expenses	**241**	**1,800**
TOTAL	**-5,626**	**-9,989**
Total financial expenses	*-9,957*	*-13,020*
Total financial income	*4,331*	*3,031*

Financial income for 2005/2006 mainly includes the cost of bank borrowings (6,785 thousand euros) taken out by the group to finance its external growth. The cost of these borrowings includes the financial expenses to finance the acquisition of Center Parcs Europe and Gran Dorado in the amount of 6,571 thousand euros and the acquisition of Maeva in the amount of 214 thousand euros.

The 4,363 thousand euros improvement is due to the 81,597 thousand euros reduction in the group's net cost of borrowing.

Note 32 - Corporate income tax and deferred taxes

BREAKDOWN OF THE TAX CHARGE

(in thousands of euros)	
Consolidate income before tax	**103,204**
Untaxed income:	
Use of losses carried forward previously not activated	-75
Unactivated tax losses for the period	5,500
Other[a]	-21,995
Income taxable at corporate tax rate applicable in France	**86,634**
tax rate in France	*34.43%*
Theoretical tax charge at corporate tax rate applicable in France	**29,828**
Impact of changes in tax rate on deferred taxes	86
Differences on tax rates abroad	-464
GROUP TAX CHARGE	**29,450**
of which corporate income tax	*3,165*
of which deferred taxes	*26,285*

(a) including 23,169 thousand euros in non-recurring profit for exercising the earn-out clause in the acquisition on July 19th 2006 by the Blackstone Group of all the capital of Green Buyco BV

ANALYSIS OF DEFERRED ASSET AND LIABILITY TAXES BY TYPE AND BY COUNTRY

Within the same country, taxable income generated by most of the group's entities are subject to a tax consolidation. The breakdown by country of the deferred tax situation in the group therefore reflects the situation of each tax consolidation sub-group.

(In thousands of euros)	30/09/2005	Change in scope	Change by income	Other movements	30/09/2006
France	22,895	-33	-4,049	-	18,813
Netherlands	17,282	-	-9,297	-	7,985
Belgium	6,812	-	-1,818	-	4,994
Germany	1,609	-	298	-	1,907
Spain	128	-	-133	-	-5
Italy	-	-	-	-	-
DEFERRED TAXES ON TIMING DIFFERENCES	**48,726**	**-33**	**-14,999**	**-**	**33,694**
France	4,301	463	-5,461	-	-697
Netherlands	-20,829	-	230	-301	-20,900
Belgium	-16	-	228	-	212
Germany	-1,495	-	232	-	-1,263
Spain	81	-	-48	-	33
Italy	128	-	290	-	418
DEFERRED TAXES ON CONSOLIDATION ADJUSTMENTS	**-17,830**	**463**	**-4,529**	**-301**	**-22,197**
France	28,899		-12,874	-	16,025
Netherlands	11,435	-	6,428	-	17,863
Belgium	0	-	-	-	-
Germany	2,824	-	-367	-	2,457
Spain	189	-	56	-	245
Italy	0	-	-	-	-
DEFERRED TAXES ON LOSSES CARRIED FORWARD	**43,347**	**-**	**-6,757**	**-**	**36,590**
TOTAL	**74,243**	**430**	**-26,285**	**-301**	**48,087**
of which deferred tax assets	*74,243*	*430*	*-26,285*	*-301*	*48,087*
of which deferred tax liabilities	*-*	*-*	*-*	*-*	*-*

At September 30th 2006, deferred tax on losses carried forward was 20,320 thousand euros for the Center Parcs Europe sub-group.

Note 33 - Earnings per share

AVERAGE NUMBER OF SHARES

	2005/2006	2004/2005
Number of shares issued at October 1st	8,769,098	8,653,160
Number of shares issued during the period	12,738	115,938
NUMBER OF SHARES ISSUED AT SEPTEMBER 30TH	**8,781,836**	**8,769,098**
Weighted average number of shares	8,727,201	8,690,416
Weighted average number of shares after dilution	8,773,622	8,753,090

The various dilutive instruments included in calculating the weighted average number of shares after dilution are:

Number of share subscription options (OSA) and purchase options (OAA) awarded by the Board:	Type	Strike price *(in euros)*	2005/2006	2004/2005
on 18/12/98 and still valid	OSA	15.24	2,000	4,000
on 20/03/00 and still valid	OSA	47.00	7,392	15,485
on 20/06/00 and still valid	OSA	59.99	2,000	2,000
on 13/11/00 and still valid	OSA	60.20	-	1,635
on 13/07/01 and still valid	OSA	61.56	-	2,104
on 11/04/03 and still valid	OSA	44.00	25,000	25,000
on 03/11/03 and still valid	OSA	63.83	7,150	7,150
on 07/09/04 and still valid	OSA	66.09	143,088	154,600
on 26/09/05 and still valid	OSA	59.89	1,000	1,000
on 26/09/05 and still valid	OAA	59.89	26,000	28,000
on 21/07/06 and still valid	OAA	80.12	15,500	-
TOTAL			**229,130**	**240,974**

EARNINGS PER SHARE

	2005/2006	2004/2005
Net attribute income *(in thousands of euros)*	73,676	42,160
Weighted net attributable income per share *(in euros)*	8.44	4.85
Weighted net attributable income after dilution (in euros)	8.40	4.82

Note 34 - Headcount

The average annual headcount (full-time equivalent) for the two years of the companies within the Pierre & vacances group that are fully or proportionally (taken at 100%) consolidated stands as follows:

	2005/2006	2004/2005
Executive staff	708	672
Supervisory staff and employees	7,697	7,965
TOTAL	**8,405**	**8,637**

OTHER INFORMATION

Note 35 - Off-balance sheet commitments

The guarantees granted by the group to back its bank loans and reciprocal commitments are detailed respectively in Note 21 "Bank borrowings" and Note 22 "Hedging instruments". They are therefore not included in the table below:

(in thousands of euros)	30/09/2006	30/09/2005
Guarantees	16,055	45,396
Rental commitments	2,128,120	2,180,923
COMMITMENTS GIVEN	**2,144,175**	**2,226,319**
Guarantees	21,089	20,940
Guarantees on completion	75,682	161,080
COMMITMENTS RECEIVED	**96,771**	**182,020**

COMMITMENTS GIVEN

During 2005/2006, the **guarantees** given by the Pierre & Vacances Group as part of its tourism business in the French West Indies through management agreements (8,160 thousand euros) were extinguished. They relate mainly to:

- the first-call guarantee granted by Pierre & Vacances Maeva Tourisme Management to the Comptoir des Entrepreneurs which had set up on SNC Bougainville, the owner of a hotel in Sainte Luce in Martinique, a long-term loan on which the principal outstanding on September 30th 2005 was 4,959 thousand euros. This loan benefited from a first-rate mortgage on the hotel that was the subject of the financing;
- the commitment made by Pierre & Vacances Maeva Tourisme Management with the Comptoir des Entrepreneurs to stand as a substitute in the obligations of any defaulting associates of SNC Bougainville in the amount of 2,287 thousand euros.

Furthermore, the guarantee granted by Pierre & Vacances for interest-rate hedging making it possible to place a ceiling on the lease payments for the leisure centre facilities of the Center Parcs Domaine du Lac d'Ailette village (12,850 thousand euros on September 30th 2005) is no longer included in the off-balance sheet commitments because of the consolidation, on September 30th 2006, of the finance package put in place as part of the lease finance contract for these central facilities (see Note 21 "Bank borrowings").

Remember that as part of the construction of the central facilities (tropical paradise, restaurants, bars, shops, sports and leisure facilities), of the new Center Parcs in the Aisne department, Pierre & Vacances signed a public service agreement with the Conseil Général (Regional Authority) of the Aisne, which is delegating to the group the design, construction and operation of the leisure centre facilities. Furthermore, a tripartite agreement was signed between Pierre & Vacances, the Conseil Général of the Aisne and a finance house to put up the finance for the construction work on this leisure centre facility. A part of the cost of building the facility is provided by a facility subsidy from the Conseil Général of the Aisne. The rest of the finance is based on the transfer of the assets to the finance house in the form of an off-plan sale by the group accompanied by leasing of the facility. By virtue of these agreements, the group will operate the central facility up to December 31st 2038. When the concession expires, the Conseil Général will resume ownership of the facility free of charge.

The gross amount thus committed at September 30th 2006 is 39,130 thousand euros, financed in the amount of 10,660 thousand euros by the investment subsidy received at that date, thus leaving a net amount of 28,470 thousand euros in tangible fixed assets (see Note 8 "Tangible fixed assets"). The bank borrowings reported at September 30th 2006 for the restatement of the lease finance contract stands at 26,398 thousand euros (see Note 21 "Bank borrowings"). The total net cost of the works should be 120 million euros.

At September 30th 2006, guarantees mainly comprised:

- commitments given by Pierre & Vacances SA to the joint venture companies in connection with the securitisation of receivables created under the "Ownership & Holidays" scheme in the amount of 11,633 thousand euros taking account of the lease delegations granted to the group for the receipt of these receivables;
- the commitment given by Pierre & Vacances SA to repay the buyers' deposits for the construction of 53 additional apartments on the Calarossa site in Sardinia (1,506 thousand euros);
- the commitment given by Pierre & Vacances Tourisme Europe SA on behalf of Pierre & Vacances Italie Srl for 1,048 thousand euros for a VAT loan repayment;
- the commitment given by Pierre & Vacances SA to repay the buyers' deposits for the construction of the Bonmont programme (870 thousand euros);
- commitments given by Pierre & Vacances SA in the amount of 310 thousand euros for the operation of the residences in Italy. This commitment reduces by1,093 thousand euros over the year.

When the land and buildings of the residences, hotels and villages operated by the Pierre & Vacances Group's tourist operating companies are sold, a lease is signed with the new owners. At September 30th 2006, the rent remaining payable by the group over the residual term of these leases amounted to 2,128 million euros. The present value of these rental commitments, calculated using an 8% discount rate, stood at 1,430 million euros on September 30th 2006.

The breakdown of rental commitments by brand and maturity date as at September 30th 2006 is as follows:

		Maturities					
(in millions of euros)	30/09/2006	< 1 year	2 years	3 years	4 years	5 years	> 5 years
Pierre & Vacances/ Pierre & Vacances City/Maeva/ Résidences MGM/Hôtels Latitudes	963.6	151.5	148.4	139.6	126.1	107.4	290.6
Center Parc Europe	1,164.5	93.5	95.6	97.7	99.8	101.8	676.1
TOTAL	**2,128.1**	**245.0**	**244.0**	**237.3**	**225.9**	**209.2**	**966.7**

The main features of the land and buildings lease agreements for the residences, hotels and villages for Pierre & Vacances/ Pierre & Vacances City/Maeva/Résidences MGM/Hôtels Latitudes agreed with private or institutional investors are usually formed between 9 and 12 years with the possibility of renewal. The leases signed with individuals involve only a fixed lease payment. Those signed with institutions may, in some cases, in addition to the fixed portion, include marginally a variable portion. These leases are subject to indexation clauses corresponding in France to the building cost index, and in Italy and Spain to the consumer prices index for the country.

The contracts to lease the land and buildings of the 16 villages operated by Center Parcs Europe are signed for periods of between 11.5 and 15 years, with the possibility of renewal. The lease payments do not include a variable portion in their determination. They are subject to fixed (2.9%) or variable indexation corresponding to inflation or the change in consumer prices in the country in which the assets are located, with ceiling and floor rates usually between 1.75% and 3.75% depending on the contract.

Furthermore, the Société d'Investissement Touristique et Immobilier (the company owned by the Chairman and Chief Executive Officer, founder and majority indirect shareholder of Pierre & Vacances SA) has a purchase option allowing him to buy, for 70 million euros, the land and buildings of the Center Parcs village of Eemhof (in the Netherlands) when the lease expires, namely in October 2018.

Completion guarantees are issued by banks with respect to property development transactions. At September 30th 2006, the changes in the completion guarantees are a result of:

- a total fall of 152,089 thousand euros arising from:
  - the 124,445 thousand euros reduction in the guarantees for the following programmes: Domaine du Lac d'Ailette village (70,593 thousand euros), the Le Rouret village (43,828 thousand euros), Soulac (8,173 thousand euros) and Saint Laurent du Var (1,851 thousand euros),
  - the expiry of several guarantees during the year: 27,644 thousand euros including essentially Vars (8,240 thousand euros), Port en Bessin (5,681 thousand euros), Paris Tour Eiffel (3,750 thousand euros), the Le Rouret residence (2,745 thousand euros) and Château d'Olonne (2,383 thousand euros);
- a total increase of 66,691 thousand euros relating to the delivery during the year of several new guarantees. The main programmes concerned are Bois Francs (15,000 thousand euros), Le Crotoy (8,380 thousand euros), Eguisheim (8,161 thousand euros), Aquila in Val d'Isère (6,913 thousand euros), Montrouge (5,302 thousand euros), Branville (4,010 thousand euros), La Daille in Val d'Isère (3,300 thousand euros), Les Bruyères in Les Ménuires (3,120 thousand euros), Les Crêts in Méribel (2,400 thousand euros) and Thémis in La Plagne (2,106 thousand euros).

COMMITMENTS RECEIVED

Guarantees received correspond mainly to commitments granted by banks to the group's property development and tourism companies with respect to their regulated activities so that they may obtain the relevant licences to conduct their property management, business and property trading and travel agency activities. At September 30th 2006, these commitments amounted to 20,137 thousand euros. The increase in these commitments comes from the 794 thousand euros increase in the guarantees granted to the group as part of its property management activities.

Note 36 - Maturity of off-balance sheet commitments

The maturity of guarantees granted by the group with respect to its bank loans and that of the reciprocal commitments is detailed in Note 20 "Bank borrowings" and Note 21 "Hedging instruments". It is not therefore repeated in the table below:

		Maturities		
(in thousands of euros)	30/09/2006	< 1 year	1 to 5 years	> 5 years
Guarantees	16,055	3,909	11,213	933
Lease commitments	2,128,120	245,000	916,409	966,711
COMMITMENTS GIVEN	**2,144,175**	**248,909**	**927,622**	**967,644**
Guarantees	21,089	-	-	21,089
Completion guarantees	75,682	75,682	-	-
COMMITMENTS RECEIVED	**96,771**	**75,682**	**0**	**21,089**

Note 37 - Remuneration paid to directors and members of the Board

Attendance fees paid to members of the Board in 2006 for 2005/2006 were 150 thousand euros, the same as for 2004/2005.

For the years ending September 30th 2006 and September 30th 2005, no salary (including benefits in kind) was paid to an officer of the company directly by Pierre & Vacances SA or by companies of the Pierre & Vacances Group controlled as defined in Article L. 233-16 of the French Commercial Code. However, Société d'Investissement Touristique et Immobilier (a company owned by the Chief Executive Officer, founder and majority shareholder of Pierre & Vacances SA) as an asset management company, invoiced for fees for the services rendered by Gérard Brémond, François Georges, Thierry Hellin and Patricia Damerval. The fees invoiced by SITI are determined on the basis of direct costs (remuneration paid + related employer expenses + other direct costs: travelling expenses, cost of premises and secretarial services) plus a 5% margin calculated according to the time spent by each person in managing the companies of the Pierre & Vacances Group.

The total gross remuneration and benefits in kind paid by SITI to each of the officers of Pierre & Vacances SA are as follows (in euros):

	2005/2006 remuneration		2004/2005 remuneration	
	due for the year	paid during the year	due for the year	paid during the year
Gérard Brémond Chairman				
Fixed remuneration[a]	182,843	182,843	183,943	183,943
Variable remuneration[b]	90,000	65,204	-	-
TOTAL	**272,843**	**248,047**	**183,943**	**183,943**
François Georges Deputy Chief Executive Officer				
Fixed remuneration[a]	N/A	N/A	205,772	205,772
Variable remuneration[b]	N/A	N/A	-	300,000
TOTAL	**N/A**	**N/A**	**205,772**	**505,772**
Thierry Hellin Senior Executive Vice President				
Fixed Remuneration[a]	224,514	224,514	185,908	185,908
Variable remuneration[b]	75,000	65,000	65,000	55,000
TOTAL	**299,514**	**289,514**	**250,908**	**240,908**
Patricia Damerval Senior Executive Vice President				
Fixed Remuneration[a]	208,008	208,008	N/A	N/A
Variable remuneration[b]	75,000	43,116	N/A	N/A
TOTAL	**283,008**	**251,124**	**N/A**	**N/A**

(a) including reinstatement of the benefit in kind involving the availability of a company car
(b) the variable remuneration is paid in the year following the year for which it is granted

For each of them, the variable bonus relates to the financial performance of the Pierre & Vacances Group and the achievement of personal objectives.

The Pierre & Vacances Group has not arranged any "golden hello" or "golden handshake" system in favour of the company officers.

François Georges served as Deputy Chief Executive Officer of Pierre & Vacances SA up to May 31st 2005 and as director up to October 10th 2005. As part of his severance package, he received in 2004/2005, in addition to his remuneration, allowances totalling 200,000 euros.

There are no specific supplementary pension schemes for corporate officers. As part of their contract with SITI, they receive a severance allowance calculated according to the normally applicable scheme.

The number of options to subscribe for and buy shares allocated to corporate officers are as follows:

Options to subscribe (OSA) and purchase (OAA) allocated by the Board on:	Strike price *(in euros)*	Number of options held on 30/09/05	Movements for the year			Number of options held on 30/09/06
			New allocation	Options exercised	Options cancelled	
20/06/00 (OSA)	59.99	2,000	-	-	-	2,000
11/04/03 (OSA)	44.00	15,000	-	-	-	15,000
07/09/04 (OSA)	66.09	8,000	-	-	-	8,000
26/09/05 (OAA)	59.89	8,000	-	-	-	8,000
TOTAL		**33,000**	**-**	**-**	**-**	**33,000**

Furthermore, since the 2005/2006 year end, Patricia Damerval has exercised 2,000 options to subscribe for shares that were allocated by the Board on June 20th 2000 with a strike price of 59.99 euros.

In 2005/2006, all the members of the Executive Committee[1] received a total gross remuneration (including benefits in kind) of 2,478,329 euros, of which 1,909,599 euros was the fixed portion of the 2005/2006 remuneration and 568,730 euros was the 2004/2005 variable portion (bonuses due for 2004/2005 paid in the first half of 2005/2006).

The table below shows the total gross remuneration paid to members of the Executive Committee in 2004/2005 and 2005/2006 (in euros):

	Paid in 2005/2006	Paid in 2004/2005
Fixed remuneration[a]	1,909,599	1,821,394
Variable remuneration[b]	568,730	921,517
TOTAL	**2,478,329**	**2,742,911**

(a) including reinstatement of the benefit in kind involving the availability of a company car
(b) the variable remuneration is paid in the year following the year for which it is granted

Note 38 - Identity of the ultimate holding company

The financial statements of the Pierre & Vacances Group are fully consolidated by Société d'Investissement Touristique & Immobilier (SITI).

(1) except Éric Debry who took office in October 2006

Note 39 - Transactions with related parties

The parties related by the group are:

- the parent company of Pierre & Vacances (Société d'Investissement Touristique et Immobilier) and its subsidiaries which are not in the group's scope of consolidation;
- the associate company Domaine Skiable de Valmorel which is 25%-owned and whose shares are consolidated by the equity method;
- the joint venture companies that are consolidated on a proportional basis: Citéa, Les Villages Nature de Val d'Europe, Montrouge Développement, Nuit & Jour Projections and Part House.

The main transactions with the related companies include:

- invoicing for lease payments and administrative personnel;
- purchase of support and advisory services as part of management agreements;
- lease contracts for apartments operated by the subsidiary Pierre & Vacances Maeva Tourisme Exploitation.

These transactions are conducted at normal market terms.

The detail of the transactions with related parties are:

(in thousands of euros)	2005/2006	2004/2005
Turnover	2,336	181
Purchases of external services	-4,766	-4,822
Other operating expenses and earnings	1,268	1,004
Financial income	-10	-71

The payables and liabilities on the balance sheet relating to related parties are:

(in thousands of euros)	30/09/2006	30/09/2005
Trade receivables and related accounts	1,259	337
Other current assets	5,341	273
Trade payables and related accounts	3,094	2,301
Other current liabilities	4,262	3,139

Furthermore, the Chief Executive Officer, founder and indirect majority shareholder of Pierre & Vacances SA received 1,080 thousand euros following the group's acquisition of 100% of the shares of Holding Green BV that he owned. This company holds, indirectly through Green Participation SAS, 7.5% of the capital of Green Buyco BV which, on September 25th 2003 bought from the Center Parcs Europe sub-group the land and buildings of seven villages in the Netherlands, Belgium and Germany. As part of this sale, Green Participation SAS had negotiated in 2003 an earn-out clause calculated according to the return on investment obtained by the buyer and desisted from receiving any profits attached to this transaction to the benefit of Pierre & Vacances. This acquisition allowed the Pierre & Vacances Group to record a non-recurring profit of 23,169 thousand euros when the earn-out clause was exercised when, on July 19th 2006 the Blackstone Group bought all the capital of Green Buyco BV.

Note 40 - Information relating joint venture companies

The companies over which the group exercises joint control and are consolidated by the proportional method are as follows at September 30th 2006:

- SA Citéa (50%);
- SCI Montrouge Développement (50%);
- SARL Les Villages Natures de Val d'Europe (50%);
- Part House Srl (55%);
- Nuit & Jour Projections SL (50%);

The contributions to the group's main balance sheet and profit and loss account totals are as follows (as a proportion of the group's holding):

INFORMATION ON THE BALANCE SHEET

(in thousands of euros)	30/09/2006	30/09/2005
Non-current assets	682	65
Current assets	23,033	15,218
TOTAL ASSETS	**23,715**	**15,283**
Non-current liabilities	-	550
Current liabilities	13,597	5,394
TOTAL LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**13,597**	**5,944**

INFORMATION ON THE PROFIT AND LOSS ACCOUNT

(in thousands of euros)	2005/2006	2004/2005
Turnover	2,471	2,385
Current operating income	-228	-53
Net income	-542	-317

Note 41 - Significant events since the end of 2005/2006

CAPITAL INCREASES FOLLOWING THE EXERCISE OF OPTIONS TO SUBSCRIBE FOR SHARES

After September 30th 2006, Pierre & Vacances SA achieved capital increases by issuing new shares. Specifically, following the exercise on three occasions of options to subscribe for shares that had been allocated by the Board on December 18th 1998, March 20th 2000 and June 20th 2000, the capital increases (additional paid-in capital included) generated a total of 151 thousand euros:

Option exercise date	Number of options exercised	Strike price *(in euros)*	Value *(in thousands of euros)*
October 31st 2006	500	15.24	8
November 7th 2006	2,000	59.99	120
December 13th 2006	500	47.00	23
TOTAL	**3,000**		**151**

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After this operation, the capital stock stood at 87,848,360 euros made up of 8,784,836 fully paid-up ordinary shares with a par value of 10 euros each.

ACQUISITIONS MADE SINCE THE YEAR-END

Since October 1st 2006, the group has invested 30.8 million euros without use of outside finance to buy property assets for refurbishment.

On October 2nd 2006, the Pierre & Vacances Group bought the buildings of two residences operated under the Pierre & Vacances brand:

- the Forum chalets in Courchevel, including 59 apartments, 81 parking places and 34 basements;
- the Britania in La Tania, including 71 apartments and 44 parking places.

Similarly, the Aconit residence, operated by Pierre & Vacances, was bought on October 17th 2006. The asset includes 102 apartments and 20 parking places in Les Ménuires.

The apartments of these three mountain resort residences will be refurbished and resold using the Pierre & Vacances sales formulas with an attached lease.

On November 16th 2006, the Pierre & Vacances Group bought 69 condominium lots, the general services and 38 covered parking places in the hotel run under a management agreement by Citéa in the centre of Lille. The group holds 50% of Citéa which runs 40 urban two-star residences under a management agreement. The lots acquired will be refurbished and resold by PVCI with an attached Pierre & Vacances lease, and then handed over to Citéa to run under a management agreement.

DISPOSALS THAT HAVE TAKEN PLACE SINCE THE YEAR-END

On October 2nd 2006, the group invoiced 85% of the extension work on the leisure facilities of the Bois-Francs site to Société Foncière du Domaine des Bois-Francs (Vectrane Group), the owner of the village's property assets, namely a total of 11,050 thousand euros excluding tax. On delivery and completion of the work, the group will receive the outstanding amount of 1,950 thousand euros excluding tax.

On October 3rd 2006, the group sold 25% of Domaine Skiable de Valmorel which operates the mechanical lifts at this resort. The impact before tax on consolidated income is a gain of 1,356 thousand euros.

Appendix on the transition to IFRS standards

As part of the publication of its comparative financial statements, the Pierre & Vacances Group has prepared detailed information on the impacts of adopting the new reporting standards with:

- reconciliation tables for the data published according to French and IFRS standards for the following items:
  - shareholders' equity as at October 1st 2004 and September 30th 2005,
  - balance sheets as at October 1st 2004 and September 30th 2005,
  - profit and loss accounts for 2004/2005,
  - change in cash flow for 2004/2005;
- a description of the main IFRS restatements.

The information relating to the reporting options in connection with first-time application, and presentation formats used for the balance sheet, the profit and loss account and the cash flow table are detailed in part V: Notes to the consolidated financial statements – Note 1 – Accounting principles. Remember that the group decided to apply IAS 32 and IAS 39 relating to financial instruments as from October 1st 2004.

The financial information on the detailed impact of the transition to IFRS has been prepared by applying the IFRS standards and interpretations that the Pierre & Vacances Group considers should be applied to prepare its comparative consolidated financial statements at September 30th 2006. The basis for preparing this financial information therefore is a result of the IFRS standards and interpretations applicable at September 30th 2006 as known to date.

The 2004/2005 IFRS financial data shown below have been adjusted marginally relative to those published in the 2004/2005 reference document (pages 22 to 33 of the financial report). These adjustments can be explained mainly by the finalisation of the work to analyse and validate the impacts of applying IAS 32 and IAS 39 (liabilities and financial instruments), IAS 38 (charges to be spread over several periods and advertising expenses) and IAS 16 (amortisation of property, plant and equipment by components). Their impact on the group's shareholders' equity at October 1st 2004 is of little significance and stands at -2,755 thousand euros.

1 - Reconciliation between French and IFRS standards

CONSOLIDATED SHAREHOLDERS' EQUITY AT OCTOBER 1ST 2004

(in thousands of euros)	Note	Attributable	Minority interest	Shareholders' equity
Shareholders' equity to French standards		**314,157**	**549**	**314,706**
Deferred taxes on brand	1	-27,049	-	-27,049
Goodwill and intangible assets	2	323	-	323
Property development business: progress method and support funds	3	-2,288	-	-2,288
Treasury stock	4	-169	-	-169
Personnel benefits and stock options	5	-1,626	-	-1,626
Other restatements	6	-3,772	-	-3,772
SHAREHOLDERS' EQUITY TO IFRS STANDARDS		**279,576**	**549**	**280,125**

CONSOLIDATED BALANCE SHEET AT OCTOBER 1ST 2004 (IN THOUSANDS OF EUROS)

ASSETS	French standards	Restatements: Deferred taxes on brand	Restatements: Goodwill and intangible assets	Restatements: Property development business [a]	Restatements: Treasury stock	Restatements: Personnel benefits and stock options	Restatements: Other	Restatements: Total	Reclassification	IFRS standards
Note		**1**	**2**	**3**	**4**	**5**	**6**			
Goodwill	123,340	-	3,652	-	-	-	-	3,652	-	126,992
Intangible assets	118,966	-	-3,652	-	-	-	-	-3,652	-	115,314
Tangible assets	167,974	-	-	-	-	-	1,177	1,177	-	169,151
Shares accounted for by the equity method	1,119	-	-	-	-	-	-	0	-	1,119
Non-current financial assets	34,695	-	-	-	-	-	-	0	-	34,695
Deferred tax assets	-	-27,049	323	1,228	-	877	1,872	-22,749	131,156	108,407
NON-CURRENT ASSETS	**446,094**	**-27,049**	**323**	**1,228**	**0**	**877**	**3,049**	**-21,572**	**131,156**	**555,678**
Inventories and work in progress	188,423	-	-	-6,062	-	-	-	-6,062	-	182,361
Prepayments paid on orders	*3,395*	-	-	-	-	-	-	*0*	*-3,395*	*0*
Trade receivables and related accounts	120,090	-	-	2,841	-	-	-	2,841	-	122,931
Other current assets	-	-	-	-183	-	-	-	-183	197,206	197,023
Other receivables, prepayments and deferred expenses	*332,657*	-	-	-	-	-	*-7,690*	*-7,690*	*-324,967*	*0*
Short-term investments	*23,944*	-	-	-	*-169*	-	-	*-169*	*-23,775*	*0*
Cash	*65,071*	-	-	-	-	-	-	*0*	*-65,071*	*0*
Cash and cash equivalents	-	-	-	-	-	-	-	-	88,846	88,846
CURRENT ASSETS	**733,580**	**0**	**0**	**-3,404**	**-169**	**0**	**-7,690**	**-11,263**	**-131,156**	**591,161**
TOTAL ASSETS	**1,179,674**	**-27,049**	**323**	**-2,176**	**-169**	**877**	**-4,641**	**-32,835**	**0**	**1,146,839**

(a) percentage progress method and support funds

LIABILITIES	French standards	Restatements: Deferred taxes on brand	Goodwill and intangible assets	Property development business [a]	Treasury stock	Personnel benefits and stock options	Other	Total	Reclassification	IFRS standards
Note		**1**	**2**	**3**	**4**	**5**	**6**			
Shareholders' equity	86,532	-	-	-	-	-	-	0	-	86,532
Additional paid-in capital	4,556	-	-	-	-	-	-	0	-	4,556
Treasury stock	-	-	-	-	-169	-	-	-169	-	-169
Reserves	163,607	-27,049	323	-2,288		-1,626	-3,772	-34,412	-	129,195
Consolidated income	59,462	-	-	-	-	-	-	0	-	59,462
ATTRIBUTABLE SHAREHOLDERS' EQUITY	**314,157**	**-27,049**	**323**	**-2,288**	**-169**	**-1,626**	**-3,772**	**-34,581**	**0**	**279,576**
Minority interests	*549*	-	-	-	-	-	-	*0*	-	*549*
SHAREHOLDERS' EQUITY	**314,706**	**-27,049**	**323**	**-2,288**	**-169**	**-1,626**	**-3,772**	**-34,581**	**0**	**280,125**
Provisions for contingencies and charges	83,631	-	-	-34,510	-	-	-	-34,510	-49,121	0
Long-term bank borrowings	-	-	-	-	-	-	-1,383	-1,383	211,772	210,389
Non-current provisions for contingencies and charges	-	-	-	-	-	2,292	-	2,292	34,336	36,628
Deferred tax liabilities	-	-	-	-	-	-	-	0	4,896	4,896
Bank borrowings	*267,992*	-	-	-	-	-	-	*0*	*-267,992*	*0*
Sundry borrowings	*8,351*	-	-	-	-	-	-	*0*	*-8,351*	*0*
NON-CURRENT LIABILITIES	**359,974**	**0**	**0**	**-34,510**	**0**	**2,292**	**-1,383**	**-33,601**	**-74,460**	**251,913**
Prepayments received on orders	*48,852*	-	-	-	-	-	-	*0*	*-48,852*	*0*
Short-term bank borrowings	-	-	-	-	-	-	0	0	56,444	56,444
Current provisions for contingencies and charges	-	-	-	-	-	211	-	211	14,785	14,996
Trade receivables and related accounts	229,369	-	-	-	-	-	-	0	-	229,369
Other current liabilities	-	-	-	34,622	-	-	514	35,136	278,856	313,992
Other payables and deferred income	*226,773*	-	-	-	-	-	-	*0*	*-226,773*	*0*
CURRENT LIABILITIES	**504,994**	**0**	**0**	**34,622**	**0**	**211**	**514**	**35,347**	**74,460**	**614,801**
TOTAL LIABILITIES	**1,179,674**	**-27,049**	**323**	**-2,176**	**-169**	**877**	**-4,641**	**-32,835**	**0**	**1,146,839**

(a) percentage progress method and support funds

CONSOLIDATED PROFIT AND LOSS ACCOUNT 2004/2005

(in thousands of euros)	French standards	Restatements: Deferred taxes on brand	Restatements: Goodwill and intangible assets	Restatements: Property development business [a]	Restatements: Treasury stock	Restatements: Personnel benefits and stock options	Restatements: Other	Restatements: Total	Reclassification	IFRS standards
Note		**1**	**2**	**3**	**4**	**5**	**6**			
Turnover	1,176,196	-	-	54,438	-	-	-	54,438	-	1,230,634
Other operating income	*87,983*	-	-	*-10,069*	-	-	*-570*	*-10,639*	*-77,344*	*0*
Assets produced and held in stock	*46,671*	-	-		-	-	-	*0*	*-46,671*	*0*
Purchases and external services	-	-	-	-49,968	-	-	-1,179	-51,147	-739,070	-790,217
Purchases consumed	*-143,494*	-	-	-	-	-	-	*0*	*143,494*	*0*
Personnel expenses	-301,136	-	-	-	-	-1,142	-	-1,142	-496	-302,774
Amortisation and provisions	-	-	-	-	-	-	-571	-571	-36,731	-37,302
Other charges and operating income	-	-	-	-	-	-	-	0	-25,352	-25,352
Other purchases and external charges	*-727,295*	-	-	-	-	-	-	*0*	*727,295*	*0*
Taxes	*-15,715*	-	-	-	-	-	-	*0*	*15,715*	*0*
Depreciation, amortisation and provisions	*-50,729*	-	*206*	*7,202*	-	-	*2,269*	*9,677*	*41,052*	*0*
CURRENT OPERATING INCOME	**72,481**	**0**	**206**	**1,603**	**0**	**-1,142**	**-51**	**616**	**1,892**	**74,989**
Other operational expenses and earnings	-	-	-	-	-	-	-	0	-6,173	-6,173
OPERATIONAL INCOME	**72,481**	**0**	**206**	**1,603**	**0**	**-1,142**	**-51**	**616**	**-4,281**	**68,816**
Net result from joint operations	*-2*	-	-	-	-	-	-	*0*	*2*	*0*
Net cost of long-term borrowings	-	-	-	-	-30	-	-1,725	-1,755	-10,034	-11,789
Other financial earnings and expenses	-	-	-	-	-	-117	-	-117	1,917	1,800
Financial income	*-7,961*	-	-	-	-	-	-	*0*	*7,961*	*0*
FINANCIAL INCOME	**-7,963**	**0**	**0**	**0**	**-30**	**-117**	**-1,725**	**-1,872**	**-154**	**-9,989**
Extraordinary income	*-4,858*	-	*423*	-	-	-	-	*423*	*4,435*	*0*
Corporate income tax	-17,316	859	-46	-570	-	95	457	795	-	-16,521
Attributable income from companies accounted for by the equity method	193	-	-	-	-	-	-	0	-	193
Amortisation of goodwill	*-7,936*	-	*7,936*	-	-	-	-	*7,936*	-	*0*
NET INCOME	**34,601**	**859**	**8,519**	**1,033**	**-30**	**-1,164**	**-1,319**	**7,898**	**0**	**42,499**
Of which:										
- Attributable	*34,262*	*859*	*8,519*	*1,033*	*-30*	*-1,164*	*-1,319*	*7,898*	-	*42,160*
- Minority interests	*339*	-	-	-	-	-	-	*0*	-	*339*

(a) percentage progress method and support funds

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY AT SEPTEMBER 30TH 2005

(in thousands of euros)	Note	Attributable	Minority interests	Shareholders' equity
SHAREHOLDERS' EQUITY TO FRENCH STANDARDS		**336,664**	**282**	**336,946**
Deferred taxes on brand	1	-26,190	-	-26,190
Goodwill and intangible assets	2	8,842	-	8,842
Property development business: Percentage progress method and support funds	3	-1,255	-	-1,255
Treasury stock	4	-2,085	-	-2,085
Personnel benefits and stock options	5	-1,834	-	-1,834
Other restatements	6	-5,165	-	-5,165
SHAREHOLDERS' EQUITY TO IFRS STANDARDS		**308,977**	**282**	**309,259**

CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30TH 2005

ASSETS *(in thousands of euros)*	French standards	Restatements: Deferred taxes on brand	Goodwill and intangible assets	Property development business [a]	Treasury stock	Personnel benefits and stock options	Other	Total	Reclassification	IFRS standards
Note		**1**	**2**	**3**	**4**	**5**	**6**			
Goodwill	116,491	-	11,537	-	-	-	-	11,537	-	128,028
Intangible assets	121,710	-	-2,972	-	-	-	-	-2,972	-	118,738
Tangible assets	157,571	-	-	-	-	-	1,859	1,859	-	159,430
Shares accounted for by the equity method	1,311	-	-	-	-	-	-	0	-	1,311
Non-current financial assets	33,234	-	-	-	-	-	-	0	-	33,234
Deferred tax assets	-	-26,190	277	658	-	972	2,362	-21,921	96,164	74,243
NON-CURRENT ASSETS	**430,317**	**-26,190**	**8,842**	**658**	**0**	**972**	**4,221**	**-11,497**	**96,164**	**514,984**
Inventories and work in progress	256,210	-	-	-48,792	-	-	-	-48,792	-	207,418
Prepayments paid on orders	*3,712*	-	-	-	-	-	-	*0*	*-3,712*	*0*
Trade receivables and related accounts	316,719	-	-	2,552	-	-	-	2,552	-	319,271
Other current assets	-	-	-	-7,421	-	-	0	-7,421	208,318	200,897
Other receivables, prepayments and deferred expenses	*310,742*	-	-	-	-	-	*-9,972*	*-9,972*	*-300,770*	*0*
Short-term investments	*32,717*	-	-	-	*-2,085*	-	-	*-2,085*	*-30,632*	*0*
Cash	*55,578*	-	-	-	-	-	-	*0*	*-55,578*	*0*
Cash and cash equivalents	-	-	-	-	-	-	-	0	86,210	86,210
CURRENT ASSETS	**975,678**	**0**	**0**	**-53,661**	**-2,085**	**0**	**-9,972**	**-65,718**	**-96,164**	**813,796**
TOTAL ASSETS	**1,405,995**	**-26,190**	**8,842**	**-53,003**	**-2,085**	**972**	**-5,751**	**-77,215**	**0**	**1,328,780**

(a) percentage progress method and support funds

LIABILITIES	French standards	Restatements: Deferred taxes on brand	Restatements: Goodwill and intangible assets	Restatements: Property development business [a]	Restatements: Treasury stock	Restatements: Personnel benefits and stock options	Restatements: Other	Restatements: Total	Reclassification	IFRS standards
Note		**1**	**2**	**3**	**4**	**5**	**6**			
Shareholders' equity	87,691	-	-	-	-	-	-	0	-	87,691
Additional paid-in capital	7,218	-	-	-	-	-	-	0	-	7,218
Treasury stock	-	-	-	-	-2,085	-	-	-2,085	-	-2,085
Reserves	207,493	-27,049	323	-2,288	30	-670	-3,846	-33,500	-	173,993
Consolidated income	34,262	859	8,519	1,033	-30	-1,164	-1,319	7,898	-	42,160
ATTRIBUTABLE SHAREHOLDERS' EQUITY	**336,664**	**-26,190**	**8,842**	**-1,255**	**-2,085**	**-1,834**	**-5,165**	**-27,687**	**0**	**308,977**
Minority interests	282	-	-	-	-	-	-	0	-	282
SHAREHOLDERS' EQUITY	**336,946**	**-26,190**	**8,842**	**-1,255**	**-2,085**	**-1,834**	**-5,165**	**-27,687**	**0**	**309,259**
Provisions for contingencies and charges	*79,602*	-	-	*-31,643*	-	-	-	*-31,643*	*-47,959*	*0*
Long-term bank borrowings	-	-	-	-	-	-	-1,201	-1,201	185,036	183,835
Non-current provisions for contingencies and charges	-	-	-	-	-	2,697	-	2,697	35,303	38,000
Deferred tax liabilities	-	-	-	-	-	-	-	0	-	0
Bank borrowings	*227,033*	-	-	-	-	-	-	*0*	*-227,033*	*0*
Sundry borrowings	*457*	-	-	-	-	-	-	*0*	*-457*	*0*
NON-CURRENT LIABILITIES	**307,092**	**0**	**0**	**-31,643**	**0**	**2,697**	**-1,201**	**-30,147**	**-55,110**	**221,835**
Prepayments received on orders	*56,709*	-	-	-	-	-	-	*0*	*-56,709*	*0*
Short-term bank borrowings	-	-	-	-	-	-	0	0	42,454	42,454
Current provisions for contingencies and charges	-	-	-	-	-	109	-	109	12,656	12,765
Trade receivables and related accounts	235,431	-	-	-	-	-	-	0	-	235,431
Other current liabilities	-	-	-	-20,105	-	-	615	-19,490	526,526	507,036
Other payables and deferred income	*469,817*	-	-	-	-	-	-	*0*	*-469,817*	*0*
CURRENT LIABILITIES	**761,957**	**0**	**0**	**-20,105**	**0**	**109**	**615**	**-19,381**	**55,110**	**797,686**
TOTAL LIABILITIES	**1,405,995**	**-26,190**	**8,842**	**-53,003**	**-2,085**	**972**	**-5,751**	**-77,215**	**0**	**1,328,780**

(a) percentage progress method and support funds

CHANGE IN CASH FLOW 2004/2005

(in thousands of euros)	French standards	Restatement of treasury stock	IFRS standards
Note		4	
Cash and cash equivalents	89,015	-169	88,846
Overdrafts	-4,192	-	-4,192
CASH AT BEGINNING OF YEAR	**84,823**	**-169**	**84,654**
Cash and cash equivalents	88,295	-2,085	86,210
Overdrafts	-853	-	-853
CASH AT YEAR-END	**87,442**	**-2,085**	**85,357**
CHANGE IN CASH FLOW	**2,619**	**-1,916**	**703**

The impact of the IFRS standards on the group's cash flow reflects the restatement of the treasury stock which reduces the amount of cash at the beginning of the year and at the year-end for 2004/2005 in the amounts of 169 thousand euros and 2,085 thousand euros respectively. Under IFRS standards, the cash flow at the beginning of the year therefore is 84,654 thousand euros and at the year-end is 85,357 thousand euros thus showing a positive change for the year of 703 thousand euros compared with 2,619 thousand euros under French standards.

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2 - DESCRIPTION OF THE MAIN IFRS RESTATEMENTS

Note 1 - Deferred taxes on brand

- Under French standards, the Pierre & Vacances Group does not report deferred taxes relating to first-time consolidation goodwill assigned to brands, in application of the exception from CRC rule 99-02. This exception relates to brands that cannot be disposed of separately from the companies that own them.
- IAS 12 does not allow for this exception. Consequently, a deferred tax liability is calculated on the difference between the fraction of the purchase price assigned to the value of the Center Parcs brand and its value in the tax statements of Center Parcs Europe (zero value). The tax rate used is the rate that would theoretically apply to the gain if the Center Parcs band was sold separately.

Since the Pierre & Vacances Group chose not to apply the terms of IFRS 3 retrospectively to business combinations that took place before October 1st 2004, this deferred tax liability was reported on October 1st 2004 as a deduction from shareholders' equity.

(in thousands of euros)	Shareholders' equity 01/10/2004	Income 2004/2005	Shareholders' equity 30/09/2005
Deferred taxes on brand	-27,049	859	-26,190
TOTAL	**-27,049**	**859**	**-26,190**

The deferred taxes induced by the adjustments of the other IFRS standards are shown directly in each restatement concerned.

Note 2 - Goodwill and intangible assets

Goodwill:

- under French standards, goodwill is amortised by the straight line method over a period of not more than 20 years and the group annually runs a value test on all goodwill;
- under IFRS standards, goodwill is no longer amortisable but must, at least once a year, undergo a valuation test. The level of combination of the cash generating units used to run this value test is the same as is determined under French standards. It reflects the level of combination used by the group to provide operational management of its businesses.

The incidence of each change of method has no effect on shareholders' equity at October 1st 2004 but stopping amortisation of goodwill generates a profit in the profit and loss account for years beginning on or after that date.

Intangible assets relate mainly to the brands:

- under French standards, brands are not amortised and their valuation undergoes an annual impairment test;
- under IFRS standards, the group qualified the brands as being indefinite life assets and their valuation is monitored annually under the same terms as specified in French standards principles.

Furthermore, business assets that can no longer be qualified under IFRS standards as identifiable intangible assets have been reclassified as goodwill.

Thus, the effect on the financial statements due to the application of IFRS standards are as follows:

(in thousands of euros)	Shareholders' equity 01/10/2004	Income 2004/2005	Shareholders' equity 30/09/2005
Exceptional amortisation of goodwill[a]	-	423	423
Amortisation of goodwill and business assets	-	8,142	8,142
Deferred taxes[b]	323	-46	277
TOTAL	**323**	**8,519**	**8,842**

(a) the exceptional amortisation under French standards was a cancellation of the effect on net income of a write-back of an excess provision after expiry of the time limit for assigning the goodwill generated on Center Parcs Europe

(b) recognition of the deferred tax on the net book value of a business asset acquired as part of the tourism business in Italy and which was reclassified as goodwill and its amortisation is deductible as a social security liability

Note 3 - Property development business: percentage progress method and treatment of support funds

The method of generating the income of the property promotion business:

- under French standards, this is based on the completion method. The recognition of income is reported from the delivery of the programme pro rata with the sales signed in the presence of a notary. Before completion, sales signed in the presence of notaries are booked as deferred income and all the direct costs of the ongoing property development programmes are placed in inventory, except for the marketing costs that are booked as prepayment. When the situation on completion is a loss for ongoing programmes that have not been delivered, the group immediately books, on the basis of the most likely assumptions, a provision for loss on completion as a provision for inventory depreciation;
- under IFRS standards, it is the percentage completion method. Consequently, the group has changed the method of reporting its turnover and margins. Accordingly, the group has decided upon a method that involves defining a rate of progress by multiplying the percentage progress on the work with the percentage turnover from sales signed in the presence of a notary. If the situation on completion is a loss for the ongoing and undelivered programmes, the group books a provision in the same way as specified under French standards.

The "Financial Ownership" and "Ownership plus Holidays" sales schemes involve the sale of property to owners accompanied by a group commitment to pay an annual lease of an amount proportional to the selling price of the property. When the lease commitments are greater than market terms existing at the time of the disposal, the excess payment is called "support funds":

- under French standards this is booked in provisions for contingencies and charges. This provision is reported on the date the apartments are delivered and after the sale is signed in the presence of a notary and is written back to income over the duration of the lease according to the rate of use for tourism operation purposes;
- under IFRS standards, this is treated as a surplus portion of the selling price for the property. This profit is reported as deferred income and, from the date of delivery of the apartments, is written back at a straight line rate over the duration of the lease.

So the impact on the financial statements of applying the IFRS standards is as follows:

(in thousands of euros)	Shareholders' equity 01/10/2004	Income 2004/2005	Shareholders' equity 30/09/2005
Transition from the completion method to the percentage progress method	-1,001	1,765[a]	764
Support funds on delivered programmes	-2,515	-162[a]	-2,677
Deferred tax	1,228	-570	658
TOTAL	**-2,288**	**1,033**	**-1,255**

(a) the application of the percentage progress method for 2004/2005 gives additional turnover of 54,438 thousand euros

Note 4 - Treasury stock

Treasury stock:

- under French standards, that has been explicitly assigned, on acquisition, either to employees or to enlivening the market as part of the liquidity contract, is booked as a short-term investment and is depreciated when the purchase cost is greater than the stock market price;
- under IFRS standards, must be deducted from consolidated shareholders' equity irrespective of the economic objective. The income from disposal is also booked in shareholders' equity.

So, the effects on the financial statements due to the application of IFRS standards are as follows:

(in thousands of euros)	Shareholders' equity 01/10/2004	Income 2004/2005	Other movements	Shareholders' equity 30/09/2005
Income from disposals	-	-30	30	-
Treasury stock	-169	-	-1,916	-2,085
Deferred taxes	-	-	-	-
TOTAL	**-169**	**-30**	**-1,886**	**-2,085**

Note 5 - Personnel benefits and stock options

Options to subscribe for shares in Pierre & Vacances allocated by the Board:

- under French standards, are booked only when they are exercised, as a capital increase with no effect on the profit and loss account;
- under IFRS standards, are booked in "personnel expenses" with a countervailing entry in "shareholders' equity". Thus, on the date of grant of the options, the market value of the options granted is calculated according to the Black & Scholes method – this value representing the charge to be booked over the period of acquisition of the options.

For options to buy shares in Pierre & Vacances allocated by the Board:

- under French standards, the charge relating to stock options plans is made up of the difference between the price paid by the group to buy the corresponding shares and the option strike price paid by the beneficiary;
- under IFRS standards, the reporting rules are the same as those described above for options to buy shares.

Personnel benefits are:

- under French standards, benefits after employment which include defined-contribution or defined-benefit schemes. For defined-contribution schemes, the payments made by the group are reported in the profit and loss account as expenses for the period to which they are linked. For defined-benefit schemes, the cost of the benefits is estimated using the retrospective method with end-of-career salaries, with actuarial assumptions specific to each country. The actuarial differences resulting from a change of actuarial assumptions and all the differences reported on the obligation or on the value of the fund relative to the actuarial assumptions used at the beginning of the year are amortised using the "corridor" method (differences of more than 10% of the market value of the fund or of the discounted value of the obligation), over the average remaining period of activity of the staff benefiting from the scheme;
- under IFRS standards, the same benefits after employment plus other long-term benefits during employment. They reflect the signing of specific company agreements that define particular benefits for employees according to their years of service. The methods of valuing these benefits are those specified in the French standards.

So, the effects on the financial statements relating to the application of the IFRS standards are as follows:

(in thousands of euros)	Shareholders' equity 01/10/2004	Income 2004/2005	Other movements	Shareholders' equity 30/09/2005
Stock options	-	-956	956	-
Personnel benefits	-2,503	-303	-	-2,806
Deferred taxes	877	95	-	972
TOTAL	**-1,626**	**-1,164**	**956**	**-1,834**

Note 6 - Other restatements

The adoption of the IFRS standards has led the group to make additional restatements to a number of divergences from our current principles whose effects are of little significance when taken individually. These effects are summarised in the table below:

(in thousands of euros)	Shareholders' equity 01/10/2004	Income 2004/2005	Other movements	Shareholders' equity 30/09/2005
Liabilities and financial instruments (IAS 32 - IAS 39)	-2,649	-1,299	-107	-4,055
Advertising expenses (IAS 38)	-2,153	137		-2,016
Deferred expenses (IAS 38)	-1,438	-230		-1,668
Amortisation by component (IAS 16)	596	-384		212
Deferred taxes	1,872	457	33	2,362
TOTAL	**-3,772**	**-1,319**	**-74**	**-5,165**

The most significant restatements relate to:

- liabilities and financial instruments:
  - under French standards, bank borrowings are booked at their original value and arrangement costs as deferred expenses to be amortised using the straight line method over the term of the loan. Hedging instruments are not booked on the balance sheet at their fair value and appear as an off-balance sheet commitment,
  - under IFRS standards, bank borrowings are recorded at their fair value on the date of origin net of the arrangement costs. These costs are booked gradually in financial income until maturity using the effective interest rate method. Derivatives are reported on the balance sheet at their fair value. Changes in the fair value of financial instruments contracted to cover certain long-term loans are booked directly in shareholders' equity for the effective part of the hedge and directly booked in financial income for the ineffective part;
- advertising and marketing expenses:
  - under French standards, the group books as prepayments all expenditure recorded during the year for the purchase of goods or services that will be supplied or delivered subsequently. So, for the tourism businesses, advertising and marketing expenses committed during the year, and relating to a sales season whose turnover is recorded in the following year, are booked as prepayments,
  - under IFRS standards, advertising and marketing expenses, according to the discussions of the IFRIC on IAS 38, are reported as expenses for the year in which they are incurred, without awaiting the future benefit that the company may derive from them. The group has therefore restated these expenses by category in shareholders' equity and the profit and loss account. This restatement is the result of the advanced discussions of the IFRIC on the subject, so the final standard could change the reporting treatment in the consolidated financial statements;
- "deferred expenses":
  - under French standards, the group books certain expenditure for repairing the residences that it operates as deferred expenses,
  - under IFRS standards, deferred expenses are reported as expenditure for the year if they do not constitute assets that can be capitalised. The group has therefore reclassified this deferred expenditure by type as tangible fixed assets or assets to be restated in shareholders' equity or in the profit and loss account.

Statutory Auditors' report on the consolidated financial statements

Year ended September 30th 2006

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified of not, and this is presented below the opinion on the financial statements (I). This information includes an explanatory paragraph discussing the auditors' assessments (II) of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report (III).

This report, together with the statutory auditors' report addressing financial and accounting information in the President's report an internal control, should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by the General Assembly, we have audited the accompanying consolidated financial statements of Pierre & Vacances for the year ended September 30th 2006.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit. These financial statements have been prepared for the first time according to IFRS standards as adopted in European Union. For comparison purposes, they include data on 2005 restated according to the same rules.

I. - OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, with respect to the IFRS standards as adopted in the European Union, give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

II. - JUSTIFICATION OF ASSESSMENTS

In accordance with the provisions of article L. 823-9 of the French Commercial Code concerning the justification of our audit, we would like to draw your attention to the following:

- Notes 2, 30 and 39 to the financial statements describe the accounting consequences of applying, during the year, the additional price clauses provided in the earlier protocols relating to the sale of the buildings of certain sites operated by Center Parcs;
- Notes 5, 6, 7 and 8 to the financial statements describe the methods of valuing the tangible and intangible fixed assets.

As a part of our assessment of the accounting principles applied by the group, we have checked the consistency of the accounting methods applied and the information provided in the notes to the financial statements.

These observations form part of our audit of the consolidated financial statements as a whole and as such they were taken into account in the unqualified audit opinion expressed in the first part of this report.

III. - SPECIFIC VERIFICATION

In accordance with the professional standards applicable in France, we have also verified the information given in the group management report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Paris and Neuilly-sur-Seine, January 25th 2007

The Statutory Auditors

AACE ÎLE-DE-FRANCE	ERNST & YOUNG & Autres
Michel Riguelle	Bruno Bizet

Special report on related-party agreements

Year ending September 30th 2006

To the shareholders,

In our capacity as Statutory Auditors for your Company, we hereby report to you on the related-party agreements.

AGREEMENTS APPROVED DURING THE YEAR

In application of Article L 225-40 of the French Commercial Code, we have been informed of agreements previously approved by your Board.

We are not required to ascertain whether any other contractual agreements exist, but to inform you, on the basis of the information provided to us, of the principal terms and conditions of agreements indicated to us, without having to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of Article 92 of the decree of March 23rd 1967, to evaluate the benefits of these agreements prior to their approval.

We have conducted our work in accordance with the professional standards applicable in France. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

With Cobim SARL

On March 2nd 2006, your Board authorised your Company to purely and simply drop a current account receivable in the amount of €10,023,712 that it held on Cobim SARL.

This transaction, taking place on May 15th 2006, had no impact on income for the year, the said receivable with a face value of €12,508,631 having been acquired in February 2002 in the amount of €2,484,919.

Persons involved in this agreement: Gérard Brémond and Thierry Hellin.

With GB Développement SA

On June 6th 2006, your Board authorised your Company to sell 1,906 shares in SAS Pierre & Vacances INVESTISSEMENT XXXVII to GB DEVELOPPEMENT SA for €19,060.

This sale took place on June 14th 2006.

Persons involved in this agreement: Gérard Brémond and Thierry Hellin and Patricia Damerval.

With Green Participation SAS

On June 29th 2006, your Board authorised your Company to buy from Green Participations SAS, 7.5% of the shares in the capital of Green Buyco BV for the purpose of selling these same shares to the Blackstone Group. This purchase took place on June 30th 2006 in the amount of €34,444,070. This agreement forms part of the extension of the earlier agreement made with Green Buyco BV and previously approved by your General Meeting. As part of the sale to the Blackstone Group, this agreement, which specified an earn-out by the Pierre & Vacances Group, was amended in favour of the Pierre & Vacances Group and was applied on the occasion of the sale to the Blackstone Group on July 19th 2006, which therefore generates a profit for the Pierre & Vacances Group of €23,169,000.

Persons involved in this agreement: Gérard Brémond and Thierry Hellin and Patricia Damerval.

With SA Société d'Investissement Touristique et Immobilier – SITI

On June 29th 2006, your Board authorised your Company to buy all the shares in the capital of MULTI-RESORTS HOLDING BV, namely 18,000 shares, from SA Société D'Investissement Touristique et Immobilier – SITI, for a total of €18,000. This purchase took place on July 5th 2006.

Person involved in this agreement: Gérard Brémond.

With Pierre & Vacances Immobilier Holding SAS

On September 4th 2006, your Board authorised your Company to sell 1,524 shares in SNC Ailette Équipements to Pierre & Vacances Immobilier Holding for €1. This sale took place on September 11th 2006.

Person involved in this agreement: Gérard Brémond

AGREEMENTS APPROVED IN PREVIOUS YEARS WHICH CONTINUED TO APPLY DURING THE FINANCIAL YEAR

Furthermore, in application of the decree of March 23rd 1967, we have been informed that the following agreements, approved in previous years, continued to apply during the last financial year:

With Green Buyco BV

This related-party agreement ended as such on July 19th 2006, the date on which the Green Buyco BV shares were sold to the Blackstone Group.

The sale and lease-back of the land and buildings of certain Center Parcs sites

On September 25th 2003, Center Parcs Netherlands NV transferred the property and land assets of the Het Meerdal, De Huttenheugte, De Kempervennen, Het Heijderbos, Erperheide, De Vossemeren and Bispinger Heide villages to Green Buyco BV through the sale to Green Buyco BV of all the share capital of DN 4 Holding NV, a company holding the shares of the subsidiaries holding the land and property of the said villages:

- Pierre & Vacances guarantees all the obligations underwritten by Center Parcs Netherlands NV in its capacity as the seller,
- Pierre & Vacances guarantees that the lessees (operating subsidiaries of the Center Parcs Europe group: Center Parcs Netherlands NV, Center Parcs Bungalowpark Bispingen GmbH, Center Parcs Holding Belgique SNC) will fulfil all their commitments for the duration of the lease agreements signed with the companies that own the property and the land,
- Pierre & Vacances guarantees all the obligations undertaken by the lessee companies concerning the «Opco Cash Deed» (an agreement whereby the lessee companies undertake to transfer all their earnings to accounts opened in the name of the companies that own the assets, with the latter undertaking to free all earnings paid into these accounts over and above an amount equal to three months' rent, provided that the obligations of Pierre & Vacances, acting as guarantor, and the rental companies, as set out in these lease agreements and guarantee commitments, are met). The total initial annual rent provided for in the rental contracts signed between the Center Parcs subsidiaries that rent the seven sites and the subsidiaries of Green Buyco BV that own the assets is €39 million.

Furthermore, Green Participations SAS, a company indirectly controlled by the Chairman and Chief Executive Officer of your Company, also an indirect majority shareholder of Pierre & Vacances, held 7.5% of the share capital of Green Buyco BV of which it financed the subordinated debt until the sale of these same shares to your Company on June 30th 2006.

With SITI – Société d'Investissement Touristique et Immobilier

Sale and lease-back with Zeeland Investments Beheer BV

SITI has a freely transferable option to purchase 100% of Recreatiecentrum de Eemhof BV or of the buildings of the Eemhof village (carried by Center Parcs de Eemhof BV, a company of which Recreatiecentrum de Eemhof BV is the sole shareholder), that can be exercised in 10 years. If the option is exercised, SITI must acquire 100% of the shares in Recreatiecentrum de Eemhof BV or the site buildings on the 15th anniversary of the sale, that is October 30th 2018, for €70 million.

Furthermore, Pierre & Vacances guaranteed the payment of the rent payable by its operating subsidiary Zeeland Investments Beheer BV for the duration of the lease.

Finally, Pierre & Vacances guarantees all the seller's obligations under the contract as accepted by DN 8 Holding BV and notably all the statements and guarantees issued vis-à-vis the buyer.

With Pierre & Vacances Maeva Tourisme Exploitation (acceding to the rights of SET Pierre & Vacances Maeva France SAS, in turn acceding to the rights of Orion Vacances SA)

Within the framework of the first-call guarantee issued by the Caisse Centrale des Banques Populaires to Almaloisir et Immobilier with respect to the commercial lease dated December 20th 1999 and signed by the Company and Orion Vacances SA, and at the request of Natexis Banques Populaires, your Company granted a counter-guarantee to this bank in the amount of €2,425,464 until January 20th 2006.

Paris and Neuilly sur Seine, January 25th 2007

The Statutory Auditors

ACCE ÎLE-DE-FRANCE	ERNST & YOUNG & Autres
Michel Riguelle	Bruno Bizet

3

CORPORATE GOVERNANCE

1 2 3 4

Administration - Management

Composition of the Board of Directors

<table>
<tr><th>Name</th><th>Function</th><th>Date first appointed</th><th>Date current term of office ends[a]</th><th>Main functions in the company</th><th>Main function outside the company</th><th>In-dependence criteria[b]</th><th>Number of shares held in the company[c]</th></tr>
<tr><td>Gérard BRÉMOND</td><td>Chairman and Chief Executive Officer</td><td>22/04/1992</td><td rowspan="9">Until the General Meeting called to vote on the financial statements for the year ending 30/09/2009</td><td>CEO</td><td>-</td><td>No</td><td>10</td></tr>
<tr><td>Éric DEBRY</td><td>Deputy Chief Executive Officer</td><td>05/12/2006[d]</td><td>Deputy CEO</td><td>-</td><td>No</td><td>-[e]</td></tr>
<tr><td>Michel DUPONT</td><td>Director</td><td>05/06/2001</td><td>-</td><td>-</td><td>Yes</td><td>10</td></tr>
<tr><td>Olivier BRÉMOND</td><td>Director</td><td>10/07/1995</td><td>-</td><td>General Manager</td><td>No</td><td>10</td></tr>
<tr><td>SA SITI, represented by Thierry HELLIN</td><td>Director</td><td>03/10/2003</td><td>group Deputy CE</td><td>-</td><td>No</td><td>4,407,991
10</td></tr>
<tr><td>Marc R. PASTURE</td><td>Director</td><td>10/09/1998</td><td>-</td><td>Founder and Director of TV Gusto</td><td>Yes</td><td>10</td></tr>
<tr><td>Sven BOINET</td><td>Director</td><td>24/02/2003</td><td>-</td><td>Chairman of the Board Lucien Barrière group</td><td>Yes</td><td>25</td></tr>
<tr><td>Ralf CORSTEN</td><td>Director</td><td>11/03/2004</td><td>-</td><td>Attorney</td><td>Yes</td><td>10</td></tr>
<tr><td>GB DÉVELOPPEMENT SA, represented by Patricia DAMERVAL</td><td>Director</td><td>10/10/2005</td><td>group Deputy CE</td><td>-</td><td>No</td><td>10
10</td></tr>
</table>

(a) proposed at the General Meeting of February 15th 2007
(b) the criteria used for considering a director independent are those from the Bouton Report of September 2002. The situation of each director with respect to the independence criteria was examined by the Board on the occasion of the self-assessment of its operation
(c) the minimum number of shares that must be held by Directors of the Company is 10
(d) Éric Debry was appointed Deputy Chief Executive Officer on December 5th 2006. His appointment as a director is proposed for the General Meeting of February 15th 2007
(e) according to the terms of article L. 225-25 al. 2 of the French Commercial Code, Éric Debry will have three months to satisfy the requirements of his situation

The only family relationship between those listed in the above table is a relationship between Gérard Brémond and Olivier Brémond.

To the Company's knowledge, there is no potential conflict of interest between the Company's senior officers' and directors' duties and their private interests and/or duties.

In addition, to the Company's knowledge, no officer of the company has:

- been convicted for fraud during the last five years at least;
- been made bankrupt, placed in compulsory administration or liquidation during the last five years at least;
- been charged for an offence and/or had an official public banning order pronounced against him or her by the statutory or regulatory authorities during the last five years at least.

Finally, to the Company's knowledge, no officer has been barred by a court from serving as a member of an administrative, management or supervisory body of an issuer or from being involved in the management or conduct of the affairs of an issuer of stock during the last five years at least.

As of the date of this reference document, no officer is linked to the Company, or to any of its subsidiaries, by a service agreement.

Operation of the Board

The company complies with the governance regime applicable in the French Republic. All information relating to the way the Board of Directors operates appears in the Chairman's report on the organisation of the Board and the internal control procedures (pages 122 to 124 of this reference document).

Offices held in other companies in the last five years

Gérard BRÉMOND, Chairman and Chief Executive Officer

Gérard Brémond is:

- Chairman of the Board of Société d'Investissement Touristique et Immobilier SA – SITI and of GB Développement SA;
- Director of Vivendi Universal;
- Permanent representative of SITI in Peterhof, SERL, Lepeudry et Grimard and CFICA.

Gérard Brémond was:

- from February 23rd 2000 to September 30th 2003, a representative of the SA SITI in SITI Participation and SITI Participation 2;
- until May 29th 2006, a Director of Holding Green BV;
- until June 30th 2006, a permanent representative of GB Développement SA in Ciné B;
- until January 27th 2006, a permanent representative of OG Communication in Marathon and Marathon International.

Éric DEBRY, Deputy Chief Executive Officer

Éric Debry was, until June 30th 2006:

- Chairman and Member of the Board of Nouvelles Frontières International (Groupe Nouvelles Frontières);
- Chairman and Chief Executive Officer of Nouvelles Frontières Touraventure (Touraventure SA);
- Permanent representative of Touraventure SA on the Board of Corsair and Nouvelles Frontières Distribution;
- A Director of Havas Loisirs SAS.

Michel DUPONT

Michel Dupont is:

- Chairman of:
  - IFE Gestion (United States);
  - IFE 2 Gestion (Luxemburg).

Michel Dupont was, until the first half of 2005:

- Chairman of Eco-Services Capital SAS;
- Chairman of the Board of Euro-Environnement France;
- Chairman of the Supervisory Board of:
  - EEI SCA (Luxemburg),
  - CEEEIF (Netherlands);
- Director of:
  - Euro-Environnement France,
  - Fondinvest 2,
  - Part' Com,
  - EEI SA (Luxemburg);
- Member of the Supervisory Board of Caisse des Dépôts Securities Inc. (United States);
- Permanent representative of CDC Entreprises Capital Investissement in Fondinvest Capital and Sopardif.

Olivier BRÉMOND

Olivier Brémond is:

- Director of:
  - Société d'Investissement Touristique et Immobilier SA – SITI,
  - Kisan,
  - Caoz.

Olivier Brémond was until January 27th 2006:

- Chairman of the Board of SA Marathon;
- Chief Executive Officer of:
  - SA Marathon International,
  - SA Cinéa,
  - SA Marathon Animation;
- General Manager of:
  - SARL OG Communication,
  - SARL Marathon Méditerranée,
  - Marathon GmbH.

From February 23rd 2000 to June 28th 2002, Olivier Brémond was a director of GB Développement SA.

1 2 3 4

Marc R. PASTURE

Marc Pasture is:

- Member of the Supervisory Board of:
  - Maritim Hotelgesellschaft mbH (Germany),
  - RWE-Harpen AG (Germany),
  - Dolce Media GmbH (Germany),
  - Société de Production Belge (Belgium);
- Director of:
  - TV Gusto Medien GmbH (Germany),
  - Deutsche Auslandsgesellschaft (Germany),
  - Jöma Beteiligungsgesellschaft mbH (Germany);
- Member of the Consultative Council of:
  - Gerling Versicherungen AG (Germany),
  - Odewald & Compagnie (Germany),
  - Comites GmbH (Germany).

Marc Pasture was from 2000 to 2003 Chairman of the Supervisory Board of Lechwerke AG (Germany).

Sven BOINET

Sven Boinet is:

- Chairman of the Board of the Lucien Barrière Group;
- Director of:
  - Dinard Golf SA,
  - Géodis,
  - SHCD, SEETE (Lucien Barrière Group).

Sven Boinet was:

- from 2003 to July 2005, a director of Lastminute.com (UK);
- from February 2005 to July 2006, a director of Société Française des Papiers Peints.

Ralf CORSTEN

Ralf Corsten is:

- Chairman of the Supervisory Board of:
  - Steigenberger Hotels AG (Germany),
  - Messe Berlin GmbH (Germany).

Ralf Corsten was, until June 30th 2006, director of TUI China Travel Co (China).

Ralf Corsten was, until June 30th 2003:

- Chairman of the Supervisory Board of:
  - TUI Belgium NV (Belgium),
  - TUI Nederland NV (Netherlands);
- Member of the Supervisory Board of:
  - Hapag Lloyd Flug GmbH (Germany),
  - TUI Deutschland GmbH (Germany),
  - TUI Leisure Travel (Germany);
- Member of the Board of TUI AG (Germany).

Thierry HELLIN, group Deputy Chief Executive, in charge of the Legal, Human Resources, Risk Management and General Services Departments

Thierry Hellin is:

- Chief Executive Officer of SERL SA and of Peterhof SA;
- Director of Lepeudry et Grimard SA and of GB Développement SA;
- Permanent representative of Peterhof SA on the Board of CFICA SA.

Thierry Hellin was:

- from February 23rd 2000 to September 30th 2003, director of SITI Participation 2 SA;
- from February 24th 1998 to September 30th 2003, permanent representative of Peterhof SA in SITI Participation SA;
- until September 23rd 2004, permanent representative of Pierre & Vacances Maeva Distribution in Pierrebac;
- until October 12th 2005, director of SA SITI.

Patricia DAMERVAL, group Deputy Chief Executive in charge of Finance

Patricia Damerval is:

- Director of SERL SA and Peterhof SA;
- Permanent representative of Clubhotel Multivacances SA on the Board of CFICA SA;
- Permanent representative of SA SITI on the Board of GB Développement SA.

Directors' interests

ATTENDANCE FEES PAID TO DIRECTORS

In its ordinary session, the Joint General Meeting of March 2nd 2006 set the maximum annual attendance fees for 2005/2006 at €150,000.

The Board, meeting on September 4th 2006, adopted the following distribution principles:

- only directors who do not have a contract of employment with Pierre & Vacances SA or any of the companies controlled by Pierre & Vacances SA within the meaning of article L. 233-16 of the French Commercial Code, or with SITI, will be allocated attendance fees;
- each director fulfilling the above criterion will receive a total of €30,000 in payment for work on the Board for the year 2005/2006;
- this allocation also includes, where appropriate, payment for the director attending at least two Committee meetings per year;
- this total sum of €30,000 will be reduced according to the number of Board meetings attended by the director as a proportion of the total number of meetings during the year. From the third meeting not attended, a deduction of €5,000 will be applied for each sitting missed.

The total amount of attendance fees paid in 2006 for 2005/2006 was €150,000. Total attendance fees of €150,000 were paid for 2004/2005.

(in euros)	Attendance fees paid in 2006 (for 2005/2006)
Sven Boinet	€30,000
Olivier Brémond*	€30,000
Ralf Corsten*	€30,000
Michel Dupont	€30,000
Marc R. Pasture*	€30,000
TOTAL	**€150,000**

* *Olivier Brémond, Ralf Corsten and Marc R. Pasture actually received €22,500 each (with €7,500 having been deducted at source and paid directly by Pierre & Vacances SA to the French tax authorities)*

The General Meeting of February 15th 2007 will be asked to set a total of €150,000 for attendance fees to be distributed between the Directors for the current year beginning October 1st 2006.

PAYMENTS MADE TO OFFICERS OF THE PARENT COMPANY AND MEMBERS OF THE EXECUTIVE BOARD

Payments made to officers of the parent company and members of the Executive Committee are detailed in the group management report 2005/2006.

LOANS AND GUARANTEES GRANTED OR SET UP IN FAVOUR OF MEMBERS OF THE BOARD

No loan or guarantee has been granted by Pierre & Vacances SA to the members of the Management Committee or of the Board of Directors.

INTERESTS OF THE DIRECTORS IN THE CAPITAL OF PIERRE & VACANCES SA

This information is given on page 156 in the section entitled "Ownership of shares and voting rights", on page 118 "Composition of the Board of Directors", on page 150, "Potential capital" and on page 151 "Share purchase option plan".

There is no convention, agreement or partnership between the Company and the members of the Management Committee or of the Board of Directors concerning a restriction on the sale of their investments after a period of time.

PRIVILEGED INFORMATION – SHARE TRANSACTIONS

Because of the particular knowledge they have of the company, its plans and results, the directors are required to exercise strict vigilance in their transactions involving the company's shares.

When taking up their post, the directors are committed to holding their shares in nominee form throughout their term of office; they are also committed to register in nominee form all shares subsequently acquired.

The directors are more generally committed to strictly observing the recommendations of the AMF (French financial markets regulator) concerning officers of the parent company declaring transactions involving shares in their company.

In order that Pierre & Vacances SA can itself abide by these AMF recommendations, the directors must declare to the AMF and Pierre & Vacances SA their transactions concerning their shares within five days of making them.

Report of the Chairman of the board on internal control procedures

In application of articles L. 225-37 and L. 225-68 of the French Commercial Code, pursuant to article 117 of the French Law on Financial Security, the Chairman of the Board of Directors hereby reports on how the Board prepares and organises its work and on the internal control procedures applied within the group.

Objectives and procedure

The internal control procedures and organisation that follow are intended to identify, prevent and control the risks the group faces. Like any control arrangement, it cannot however provide certainty that the risks are totally eliminated. The internal control procedures are mainly aimed at:

- supporting the group in achieving its strategic and operational objectives;
- protecting the reliability, quality and availability of the financial information;
- protecting the group's assets, human capital and brands;
- complying with the applicable laws and regulations.

The Chairman has entrusted group senior management and the Finance Department of Center Parcs Europe with the management of internal control procedures and the preparatory work and diligence required in the production of this report. This report covers the internal control procedures applied to the activities of the French Tourism division, the International division, the Property Development division and to its principal subsidiary, Center Parcs Europe, which has been wholly-owned since September 30th 2003. This report was drawn up based on interviews with the heads of the various finance departments, the project management department and the management of Center Parcs Europe, as well as written information (descriptions of organisational structures and procedures, audit plans, etc.) provided by these departments.

This report complies with the framework proposed by the MEDEF and the AFEP and is consistent with the latest recommendations of the AMF (French financial markets regulator) as published on January 18th 2006. The Board of Directors was consulted in the preparation of this report.

Preparation and organisation of the work of the Board of Directors

COMPOSITION AND FUNCTIONING OF THE BOARD

The Board of Directors of Pierre & Vacances SA has nine members[1], four of whom are considered to be independent based on the criteria laid down in the Bouton report on corporate governance of September 2002, namely:

- not being an employee or officer of the Company, an employee or director of its parent company or of a company included in its consolidation and not having been one in the last five years;
- not being an officer of a company in which the Company has a direct or indirect seat on the board or in which an employee appointed as such or an officer of the Company (currently or having been one within the last five years) holds a directorship;

(1) including Éric Debry whose appointment as a director is to be proposed to the General Meeting of February 15th 2007

- not being a significant customer, supplier, corporate banker or financier of the Company or of its group or of which the Company or its group represents a significant portion of the business;
- not having any close family ties with an officer of the Company;
- not having been an auditor of the Company in the last five years;
- not having been a director of the Company for more than twelve years.

Pursuant to the amendments to the by-laws adopted by the Extraordinary Meeting of Shareholders of March 11th 2004, the term of office of Board members has been reduced from six to three years. Since eight directors were appointed or their terms of office renewed for three years by the General Meeting of March 11th 2004, that is until the end of the meeting held to approve the financial statements for the period ending September 30th 2006, the General Meeting of February 15th 2007 will be asked to reappoint them for a further three years. The General Meeting of February 15th 2007 will also be asked to appoint one director.

During the year under review, the Board of Directors met eight times, with an overall attendance rate of 90.60%. The average duration of each meeting was two hours. Meetings of the Board of Directors are called by the Chairman. Background information on agenda items is included with the notice of meeting sent to each director in advance of Board meetings to allow them to prepare for discussions. The Chairman ensures that the Directors receive all the information they require to perform their duties. Minutes of meetings of the Board of Directors are drawn up after each meeting and approved at the next meeting.

In accordance with article L. 823-17 of the French Commercial Code, the Statutory Auditors are invited to attend and participate in Board Meetings held to examine and close the annual and half-yearly financial statements. The Statutory Auditors are sent a copy of the information relating to each Board meeting.

Meetings of the Board of Directors are held in the Company's head office. Pursuant to the provisions of article L. 225-37, paragraph 3 of the French Commercial Code, directors may take part in Board meetings using videoconferencing facilities. In general, after the Board reviews and approves the minutes of the previous meeting's deliberations and decisions, the members discuss the items on the agenda. The discussions are organised and chaired by the Chairman, who ensures that the Board examines all items on the agenda.

The Board of Directors has adopted a Directors' Charter and Internal Rules governing how it functions and the personal conduct of Directors. These rules incorporate a number of legal requirements along with provisions designed to reinforce directors' independence of action and judgement in relation to the Company and to enhance control of the Company. The Board's internal rules specify that the Board should carry out an annual appraisal of its performance. The functioning of the Board is governed by the Company's by-laws, some articles of which were amended by the Joint General Meeting of March 11th 2004 (reducing directors' mandates from six to three years; prohibiting the appointment of board members aged over 70 (*versus* 75 previously) if the appointment means that the proportion of Board members aged over 70 would exceed a third of the total number; authorising directors to participate in Board meetings using videoconferencing facilities) and by articles L.225-17 and following of the French Commercial Code.

The Board of Directors, during its meeting of December 5th 2006, carried out an in-depth self-assessment of its operation on the basis of a questionnaire completed by each director. The self-assessment questionnaire covered five main topics:

- the preparation and organisation of the Board's meetings;
- the meetings of the Board;
- the procedures for working and keeping directors informed;
- the Board of Directors and the Committees;
- the responsibilities of the Board of Directors.

The summary of the responses to these questionnaires showed that the directors were overall 85% satisfied (compared with 80% the previous year) with the way the Board of Directors' good governance rules are applied and with the effectiveness of this body within the group. In particular, the directors emphasised the improvement in the information provided and the knowledge of the operational activity (this improvement being due to the participation of the operational managers presenting their activities and the main results during board meetings and by the systematic provision of indicators supported by hard data).

This self-assessment also revealed areas of progress. The Board of Directors, in its meeting of December 5th 2006, adopted an action plan to be carried out during 2006/2007 with the following main elements:

- regularly giving the directors a press review;
- giving the directors information on the company's environment (market, competition, reputation, etc.);
- continuing and expanding the presentations given by the operational managers.

The set of rules of governance that have been put in place by the group makes it possible to ensure – amongst other things – that the SA SITI does not abuse its powers of control.

ROLE OF THE BOARD OF DIRECTORS

The principal role of the Board of Directors is to determine the group's key strategies and to ensure their proper implementation and execution. The Board is briefed at least once every six months on the activities of the tourism and property development divisions, and examines the strategic aims of each activity. It is regularly informed of the group's turnover, the progress of significant investment operations and trends in the group's markets. The Board approves significant changes to the group's legal structure and major external and internal growth operations (acquisitions, launch of major property development programmes, property deliveries, etc.), prior to their completion. Prior approval is required for operations involving external financing, except in the case of normal property financing transactions that are not backed by guarantees issued by the parent company. In accordance with the provisions of article L.225.35 of the French Commercial Code, any guarantee, pledge or security granted by the company must be submitted to the Board of Directors for approval. To ensure the Board is kept fully informed of all developments, comfort letters are treated as guarantees for the purposes of applying this law.

During the past year, the Board of Directors met on eight occasions. In addition to the regular examination of the business and the results of the Tourism and Property Development divisions, the main topics discussed concerned the property and development transactions (purchase of mountain resort apartment buildings from Axa-CNP, financing the purchase of the Hôtel du Golf des Arcs, the development project in Spain at Manilva, the Domaine Center Parcs at Lac d'Ailette and the new development project in Moselle), the renovation and renegotiation of rents for the Center Parcs villages of Hochsauerland, Port Zélande and Zandvoort, the internal legal reorganisations, the DEFI 2006/2007 project, the disposal of Green Buyco BV and the grant of stock options.

POWERS OF THE GENERAL MANAGEMENT

In application of the "New Economic Regulations" law, the Board of Directors' meeting of March 5th 2002 decided to combine the functions of Chairman and Chief Executive Officer. As such, Gérard Brémond holds the title of Chairman and Chief Executive Officer. His term of office was renewed by the Board meeting of March 11th 2004 for a period for three years ending at the close of the General Meeting called to approve the financial statements for the year ended September 30th 2006. Éric Debry was appointed Deputy Chief Executive Officer by the Board on December 5th 2006, his term of office also ending after the general meeting called to approve the financial statements for the year ending September 30th 2006. The Board meeting to be held after the General Meeting of February 15th 2007 will therefore be asked to reappoint Gérard Brémond as Chairman and Chief Executive Officer and to reappoint Éric Debry as Deputy Chief Executive Officer.

Powers of the Chairman of the Board of Directors

As Chairman of the Board of Directors, Gérard Brémond organises and oversees the work of the Board of Directors and reports to the Annual General Meeting of Shareholders. He ensures that the group's corporate decision-making bodies operate effectively and that the directors are in a position to fulfil their duties.

Powers of the Chief Executive Officer

As Chief Executive Officer, Gérard Brémond is vested with full powers to act on behalf of the company in all circumstances. By virtue of the company's corporate governance structure, no limitations have been placed on the powers of the Chief Executive Officer other than the requirement to exercise these powers within the scope of the company's purpose and subject to the authority expressly assigned by law to Shareholder Meetings and the Board of Directors.

Powers of the Deputy Chief Executive Officer

As Deputy Chief Executive Officer, Éric Debry is vested with the same powers as Gérard Brémond in his capacity as Chief Executive Officer. The Deputy Chief Executive Officer is nominated by the Chief Executive Officer and appointed by the Board of Directors.

Other decision-making bodies

EXECUTIVE COMMITTEE

The Executive Committee has nine members and meets every three months unless more frequent meetings are required. The Executive Committee's role is to bring together the group's principal senior managers to discuss strategic matters that involve all or virtually all of the group's business activities. Subjects discussed include brand management, product segmentation, the geographical spread of the development zones for the group's brands, human resources, consolidated risk management and key financial indicators (profitability, cash flow generation, data consolidation, management control, etc.). The Executive Committee is also in charge of strategic business planning to suit market trends as well as developing internal synergies within the group.

MANAGEMENT COMMITTEE

In addition to the Executive Committee members, the Management Committee includes the principal executives of the Pierre & Vacances group. The Committee currently has 34 members. The group Management Committee meets at least twice a year or more frequently as required. It provides an opportunity to inform and consult with the main senior managers on the strategy and goals of the Pierre & Vacances group's businesses and on cross-business matters.

Other decision-making bodies within the operating divisions

TOURISM COMMITTEE

The Tourism Committee meets once a month. Committee meetings are chaired by the Chairman and Chief Executive Officer and are attended by the CEO of the Tourism division and his principal deputies along with representatives from the group Finance Department. The Committee discusses all matters relating to turnover changes in the Tourism division, makes decisions concerning product and pricing strategy, and deliberates on tourism developments (the acquisition of new apartment buildings, for management under leasing or mandate agreements, etc.). The Committee is responsible for implementing brand management strategies for the French Tourism brand portfolio (Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes).

PROPERTY DEVELOPMENT COMMITTEE

The Property Development Committee meets once a month. Committee meetings are attended by the Chairman and Chief Executive Officer and the CEOs of Pierre & Vacances Promotion Immobilière and Pierre & Vacances Conseil Immobilier. The Committee is responsible for launching and monitoring property development programmes (studies, marketing, construction starts, issues related to construction progress, sales formulae, potential disputes, etc.).

DEVELOPMENT COMMITTEE

Formed during 2005/2006, this committee includes representatives from tourism, property development, development and finance. Its role is to make decisions on development projects.

BOARD OF MANAGEMENT AND SUPERVISORY BOARD OF CENTER PARCS EUROPE

Center Parcs Europe is a Dutch law company with its registered office in Rotterdam and is therefore subject to the corporate governance rules in force in the Netherlands. The company's corporate governance bodies consist of a Board of Management and Supervisory Board. The Board of Management, comprising two members, is required to comply with the instructions issued by the Supervisory Board in terms of the company's financial, management and business strategy. The Supervisory Board, comprising five members (three of whom are not executives of the group), is specifically responsible for supervising and advising the Board of Management. The Supervisory Board oversees the Board of Management and the conduct of the company's business. It meets four times a year.

CENTER PARCS EUROPE EXECUTIVE COMMITTEE

Six members sit on this committee which meets every two weeks with the Board of Management. All departments of the company are represented on it, the Sales and Marketing Department, the Operations Department, Development, the Information Systems Department and the Corporate Secretariat of Center Parcs Europe. This committee conducts a full review of business and of the key questions concerning the interface between the main departments in order to optimise the general day-to-day conduct of business.

REMUNERATION COMMITTEE OF CENTER PARCS EUROPE NV

This Committee, comprising two members (one of whom is not an executive of the group), meets twice a year. Its role is to advise the Supervisory Board on the remuneration of members of the Board of Management, according to the performance objectives set for Center Parcs Europe.

AUDIT COMMITTEE OF CENTER PARCS EUROPE NV

This Committee has three members, two of whom are executives of the group. Its role is to advise the Supervisory Board and the Board of Management on matters relating to the group's financial management, including strategic aspects and financial reporting and audit procedures. The Committee meets at least twice a year. The Committee chairman may require members of the Board of Management and/or the auditors to attend. The auditors attend Audit Committee meetings that discuss the report on the company's annual financial statements and the approval of the annual accounts.

Recent developments and forthcoming changes to the group's internal control system

During 2005/2006, the group continued to strengthen its internal control procedures. In French Tourism, the powers and responsibilities of the various managers of the division have been reorganised.

In order to provide better protection for the process of committing to expenditure, from expression of need through to payment of the invoice, and to improve financial information, the group bought purchasing software in June 2004. On October 1st 2006, the application was rolled out to cover all French Tourism's apartment buildings. The objective is to roll it out 100% over all central departments (tourism and holding company head office) during 2006/2007. Setting up this system has already brought about a significant reduction in the number of reference suppliers and an improvement in the control of our expenditure.

In implementing the IFRS standards, the group has purchased new consolidation software that was fully operational for closing the financial statements on September 30th 2006. The new reporting system mostly takes account of changes in the format in which financial information is presented and the necessary changes to include the new requirements on sector information.

The group has decided to purchase multi-brand reservation software to integrate all the data relating to the installed base, contracts with sales intermediaries and price programming. All the management rules relating to invoicing and payments are modelled on it so it helps with the reliability of the financial information derived from it.

A Risk Manager positioned has been created at Head Office to handle insurance at group level (including Center Parcs Europe) for better risk management (retention/outsourcing) and better monitoring of risk declarations and claims.

Internal control procedures

Internal control procedures extend to all of the group's business activities and are designed to provide a reasonable assurance, but not certainty, that risk factors are well managed and that the group's objectives are being achieved.

SUMMARY OF THE PROCEDURES

Board of Directors

The Board of Directors has a twofold responsibility:

- as **the corporate body responsible for the group's parent company**, the Board takes decisions that fall outside the remit of the parent company's corporate officers (pledges and guarantees, granting of stock options, approval of parent company and consolidated financial statements, etc.) and grants limited special powers to the corporate officers to execute its decisions;
- as **the group's supervisory body**, the Board is responsible for appointing and supervising the corporate officers of the parent company and indirectly oversees the principal subsidiaries, which report regularly to it on the activities of the tourism and property development businesses, among other matters.

Committees

The various committees (Executive Committee, Management Committee, Tourism Committee, Development Committee) are chaired by the Chairman and Chief Executive Officer of the Pierre & Vacances Group. Those committees allow the Chairman and Chief Executive Officer to supervise the actions of the management bodies of the group's subsidiaries and corporate departments before, during and after important decisions are implemented, and to monitor the group's day-to-day business.

Corporate departments

A number of the group's corporate departments have been assigned internal control responsibilities. This is notably the case of the management control department (finance department), consolidation (finance department), accounting department (finance department), legal department (corporate secretariat), human resources (corporate secretariat), risk and insurance (corporate secretariat) and purchasing department. These corporate departments are centralised at the group's head office in Paris and report to the Chief Executive.

The internal control responsibilities of the corporate departments include:

- verifying that group policies (financial, legal, purchasing, human resources, etc.) are effectively implemented by all subsidiaries and operating divisions;
- implementing horizontal strategies on behalf of these subsidiaries and operating divisions, with each department applying its respective area of expertise (e.g. covering risks, drafting and reviewing contracts, bookkeeping, drafting collective labour agreements, etc.), working closely with the teams of the subsidiaries and departments concerned;
- assisting operational managers, where required, on subjects falling under their respective areas of expertise.

Centralising these functions within departments that are independent of the operating divisions allows the group to enhance controls and reduce risk exposure, while ensuring that group policies are applied consistently.

Summary of delegation and internal control structure

This structure is based on:

- **a legal framework of entities**: consisting of a horizontal structure in which the holding company wholly owns its legally-independent subsidiaries:
  - with their own "business" Chief Executives,
  - supervised by the group Chairman (or by the Deputy Chief Executive Officer),
  - whose corporate governance bodies, where such exist (depending on the company's legal form), are made up of senior managers from the group who do not hold executive positions within the division in question, in order to ensure optimum consultation, coordination and control by the parent company,
  - whose legal matters are managed centrally by the group Legal Department;
- **a structure that centralises** business support and management control services within group-level corporate departments that oversee Pierre & Vacances Promotion Immobilière, Pierre & Vacances Conseil Immobilier and Pierre & Vacances Maeva Tourisme Exploitation. Center Parcs Europe has its own corporate departments, which work closely with their group-level counterparts.

This organisation ensures that policies and procedures are consistently applied across the group, while allowing a high level of delegation of day-to-day responsibilities. Because the company is organised by legal entity, a formal delegation scheme has been put in place by which, each operational manager is given both the resources and the personal responsibility for his actions.

RISK MANAGEMENT

The principal risks, their management and their coverage are outlined in the risk management section of the corporate governance part of this reference document. Owing to the nature of its business, the group mainly monitors risks related to the seasonal nature of its business, construction risk, the risk related to the stock of apartment buildings being marketed, receivables and rental commitments. The group has implemented a market risk hedging and monitoring policy to manage its liquidity and interest rate risks.

Based on the list of risks and in general, risk management procedures are included in the internal control structure summarised above. The group legal department oversees disputes on behalf of all of the operating subsidiaries except Center Parcs Europe, which has its own legal department in Rotterdam. This department reports functionally to the group legal department in order to coordinate risk management and ensure that it is covered by insurance.

SUMMARY OF INTERNAL CONTROL PROCEDURES RELATIVE TO THE PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

The group's internal control procedures relative to the preparation of financial and accounting information are overseen by the finance department, acting under the authority of the Deputy Chief Executive Officer. A body of procedures and practices has been defined to ensure that action is taken to control risks which could have a material effect on the group's financial position or adversely affect its ability to achieve its corporate objectives.

Organisation of the group's finance departments

The group finance department is responsible for central and operational management functions within a framework of delegated responsibilities for each business. Central corporate functions include holding company services, for example financial communication, consolidation (at the accounting and management control levels), and functions managed on behalf of the group, such as tax (tax consolidation group), treasury (cash pooling agreement) and project management. Management control and accounting tasks are more devolved to the tourism and property development businesses.

The group finance department is directly responsible for the management control and accounting functions of the tourism activities marketed under the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes brands as well as those of the property development business. For Center Parcs Europe, these functions report in operational terms to the Chief Financial Officer of Center Parcs Europe (who reports directly to Center Parcs Europe's General Management) and in functional terms to the group finance department. This choice of structure reflects Center Parcs Europe's particular situation - its head office is in Rotterdam and it conducts business in the Netherlands, Germany and, to a lesser extent, France and Belgium.

"Central" Corporate Functions

The group **financial communication** department supervises the group's external communications directed towards financial analysts, investors and shareholders. It controls and approves all financial information and press releases issued by the corporate communication department and by the tourism and property development divisions, and ensures the overall coherence of financial information disclosures.

The group **tax** department supervises and coordinates the group's specific tax policies in each of the countries in which the group operates (France, Netherlands, Germany, Belgium, Italy and Spain). It is directly responsible for the tax consolidation group in France. Center Parcs Europe's CFO is responsible for the entities located in the Netherlands, Germany and Belgium. The group tax department advises and assists the operating divisions in all issues relating to tax law.

The group **treasury** department manages the subsidiaries' cash positions through a central cash pooling structure. It is responsible for structuring group financing and hedging interest-rate risks using derivatives. It decides upon the distribution of cash/debt position between banks, organises invitations to tender on behalf of the group and ensures the consistency of information published on its scope of activity.

The group **consolidation** department is responsible for preparing, analysing and publishing the consolidated financial statements. It formulates accounting and management principles and ensures compliance with group accounting procedures. Consolidated accounts are prepared each quarter, enabling a perfect match between data from accounts and from management, thereby providing an additional assurance on the quality and reliability of financial information.

The **organisation and project management** department coordinates large-scale projects involving the finance function. To this end, it acts as an interface with the information systems department for the implementation and maintenance of management information systems (accounting, treasury management, tax return packages, etc.). It is responsible for managing security and access procedures for these systems, safeguarding data integrity (back-up, interfacing, etc.) and advising on large-scale projects affecting the finance function, such as the changeover to IFRS.

Operational Functions

These functions reflect the group's operating structure. The management control and accounting departments are organised around the following operating divisions: French Tourism, Property Development, Pierre & Vacances International (tourism and property development in Italy and Spain) and Center Parcs Europe.

French Tourism Division

In setting up the 2006/2007 DEFI plan, it was decided to reorganise French Tourism by brand. This new organisation, which has been up and running since September 1st 2006, defined five business units (BU): Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes and Pierre & Vacances City. Each BU has its own marketing and operating resources and shares sales competence centres (sales, e-commerce / relational marketing and revenue management departments). To adapt to this new organisation, management control is organised into two divisions: sales and BUs. The sales management control staff, whose job is mainly to monitor reservations and changes in distribution channels, work closely with the joint sales competence centres. As for monitoring apartment building operations, the group chose a decentralised organisation with regional administrative centres that match the breakdown of the operating departments within the BUs, for the purpose of better communications.

The accounting function is also organised into three departments: sales administration, accounting services and owner financial management. The responsibilities of the sales administration department include invoicing, collection, reminders, customer relations, management of disputes and processing refund claims of direct customers (call centres, brochures, internet, etc.) and indirect customers (tour operators, travel agents, works councils, etc.). The accounting services department includes four activities: supplier accounting, turnover accounting at site level, cash flow accounting and financial and other accounting. For the DEFI 2006/2007 plan, and to minimise costs, the accounting departments have been reorganised based on two centres compared with the previous four, leading to the closure of the Annecy site and the Antilles. The head office, Paris and Atlantic, Aquitaine and Languedoc regional accounting departments are grouped in Paris. The Alpes, Provence Alpes Côte d'Azur and Antilles regions are monitored in Cannes. The owner financial management department, divided into three sectors, is responsible for administering the database (leases, owners), the receipting of rents and the booking of transactions of French Tourism and Center Parcs developments in France (extension of Bois-Francs and Domaine du Lac d'Ailette). This department also manages the stock of accommodation units to be marketed by French Tourism.

Holding company and Property Development division

Accounting and management control teams for the Property Development division (marketing and property development) and the Holding company are organised by legal entity. This organisation allows Property Programme Managers to work with a single contact for accounting as well as management control issues relating to the property programmes they manage. Each property development project is structured as a separate property company in the form of a general partnership (SNC).

International

In Italy, a dedicated management controller is assisted by in-house accounting staff and by an external accountancy company. In Spain, because the group has a smaller presence, there is no internal accounting team and the finance manager is assisted by a management controller and an outside accountancy company.

Center Parcs Europe

Center Parcs Europe's operational finance functions are decentralised to the Netherlands and fall under the responsibility of the Center Parcs Europe's CFO, who reports functionally to the group finance department. His role is to supervise central accounting, consolidation, centralised management control and internal control.

In each village, an operational finance department is responsible for activity monitoring, budget reviews and occupancy forecasting in order to take the necessary measures, particularly in terms of cost management. These reviews are analysed by the site financial manager, the General Manager and the Regional Director responsible for the country and are presented to the operational management committee. The operational finance managers in each holiday village are placed under the functional authority of a single Center Parcs Europe manager who is responsible for global reviews and inter-site optimisation. This manager is under the direct authority of the Chief Operating Officer and reports functionally to Center Parcs Europe's CFO. In each country, a Finance Department is responsible for ensuring compliance with local accounting rules and for drawing up statutory accounts and tax declarations. Local CFOs, reporting to Center Parcs Europe's CFO, are also responsible for financial reporting under group standards.

Accounting records are kept in each country in an administrative centre (shared service centre) which deals with all the accounts of the various villages and the head office of the country. Three shared service centres, reporting to the CFO of the country concerned have been put in place. Because of its geographic proximity, Belgium's accounting has been centralised with that of the Netherlands, while France and Germany each have their own shared service centre. These national centres are located in one of the villages of the country concerned. The coverage of customer receivables, which is the responsibility of the country's financial managers, is located in the head office in order to handle any disputes effectively. The financial department of the Netherlands is also responsible for the consolidation and treasury for the CPE sub-group and for maintaining the accounting system (ERP – JD Edwards).

Duties of the group's financial departments

Management control

The management control function supervises and measures the operating performance of the group's different businesses. It translates the financial objectives of the group and of each business unit into operating targets, controls and measures their achievement via the reporting system, and proposes any corrective action necessary. The management control function provides tailor-made reporting solutions for each operating division which are regularly analysed with operational managers. It is also responsible for preparing the budget targets, activity estimates and medium-term operating results. More generally, the management control department assists operational managers in all financial matters: simulations, planning (pricing policy, specific actions, etc.). It advises on development issues (business plans, simulation of profitability on new and renovated property programmes) and on the renewal or creation of leasing formulas or on the reorganisation and rationalisation of the operating businesses (setting up the 2006/2007 DEFI Plan).

Accounting

The accounting department ensures the group's accounting rules are correctly applied throughout the group. Controls on the production of accounting information are implemented at the level of each "organisational sub-group" by teams working in close collaboration with the management control department:

- in the tourism business, controls are performed at the level of each site, then at each geographical region. Controls are also performed by the head office corporate departments, which consolidate data by legal entity then by country (Center Parcs Europe, French Tourism, Italy and Spain) in the same way as for management controls;
- in the property development business, as the legal structure parallels the organisational structure, controls are primarily performed on each legal entity: each development project is housed within a separate property development company in the form of a general partnership (SNC), while central functions (marketing and project management) are housed within separate entities. Second-level controls are performed at the level of the property development division, notably to validate the reconciliation of intercompany transactions.

These verifications are supplemented by horizontal accounting controls on turnover, cash flows, suppliers, rental commitments, etc.

In addition to preparing the financial statements, the accounting department assists operational managers by providing financial information and is involved in the deployment of back-office IT solutions (multi-brand reservation system, shared ERP purchasing solution, expense claim management software) and sales tools. Quarterly financial statements are prepared for each entity, for cross-checking management reporting. At Center Parcs Europe, financial accounts are closed on a monthly basis. The accounting function's role is to support operational managers (operating controllers), management controllers, and internal auditors in preparing monthly summaries of financial indicators and ratios.

The management control and accounting departments are jointly responsible for planning and organising the financial reporting cycle, and for preparing procedures and detailed reporting schedules. They provide weekly updates on account closures and validate accounting information as it is made available. They are also responsible for analysing accounting data in relation to forecasts and budgets.

Internal audit

French Tourism Division

An internal auditor for the French Tourism division reporting to the management control department is responsible for the financial auditing of operating sites. His role is to issue procedures for limiting the risks of financial loss at each site, and to ensure that they are communicated and properly applied.

The missions of the internal audit function include ensuring that turnover generated on site is reported correctly, optimising turnover, safeguarding property and financial assets, account collection, and keeping a list of suppliers as part of the group's common purchasing policy. Checks on turnover reporting by each site essentially consist of ensuring that reservations are correctly entered into computer systems. The turnover optimisation review verifies that services provided have been invoiced correctly. Checks are also made on the correct application of pricing guidelines and justifications of discounts. Finally, checks are performed to detect any unreported sales and verify refunds paid. To safeguard property and financial assets, internal audit teams verify that proper security procedures are deployed at each site to protect cash receipts and deposits. Checks are also performed on bank deposits to control their accuracy and frequency. To ensure optimum account collection, internal audit teams have put in place specific procedures to verify that standard contract terms are applied to groups and seminars, collection letters are sent out at required intervals, that customer deposits are effectively collected and that customers' addresses are recorded correctly.

Control procedures may involve physical site audits. The sites audited are either selected at random or according to their profile (holiday villages have greater risk exposure than small residences) or in response to general management requests. Self-assessment tools have also been developed for site managers. Audits are coordinated by the head of internal audit and carried out by both management controllers and accounting controllers. At the end of each audit, the auditor completes a compliance scorecard and prepares a report outlining any deficiencies and proposing corrective actions. Where necessary, a follow-up audit is organised within a period of two months.

Center Parcs Europe

A three-person internal audit team is responsible for carrying out regular audits at holiday villages to ensure compliance with procedures, and for performing audits of specific head office departments. This team, which is made up of specialists from external audit firms and operational managers having already worked in holiday villages, is supervised by the head of internal audit, who reports hierarchically to Center Parcs Europe's CFO.

An audit plan is drawn up at the beginning of each year and approved by Center Parcs Europe's General Management. The audit plan contains a list of holiday villages (defined according to a three-yearly audit programme) and corporate departments or functions (auditing of sales marketing, purchasing, capital expenditure, payroll expenses and cash flow management). Specific audits may be carried out at the request of General Management (e.g. application of ISO 14001 quality standards, reliability of information systems, regulatory compliance, etc.). At the end of each audit assignment, audit reports are submitted to General Management and to the external auditors. An action plan is drawn up in collaboration with the site managers concerned and follow-up assessments are performed within five months of the initial audit to ensure that the report's recommendations have been applied.

An audit committee, consisting of the members of the Center Parcs Europe Supervisory Board, meets twice a year to review with CPE management the audit plan and the comments of the external auditors. This committee conducts a full business review and checks key issues involving interfacing between the main departments so as to optimise the general day-to-day conduct of business.

Reporting system

The operations monitoring and control process is built upon: medium-term business planning, budget planning, revisions to estimates, and the reporting cycle.

The four-year strategic business plan is updated each year in December and June in order to ensure consistency between short and medium-term objectives. This plan takes into account the group's strategic objectives and developments and includes projections based on future property developments and on reworks and renovations of assets, pricing trends and forecast occupancy rates. The first year of this business plan is used to define a budgetary framework for the next year.

The budgeting process is organised and supervised by the management control department in coordination with the businesses and operating divisions. It has three phases:

- the pre-budget estimates turnover per season and per brand based on changes in the offer and the sales strategy and operating expenses (advertising, personnel, rents, etc.) according to the assumptions on distribution policy, investment plans, salary policy, indices, etc.;
- the framework refines the pre-budget assumptions through an operator validation of the sales targets, variable expenses, personnel structures and additional revenue streams on each site;
- the budget, finalised in September, consolidates all the assumptions validated site by site. Approved by group senior management, it is broken down on a monthly basis to use as a reference for group reporting and is sent to each of the operating units.

Budget estimates are revised for all businesses in February, May and August of each year, thereby allowing the annual budget to be updated according to results to date.

In addition to regular monitoring, the management control function also provides tailor-made reporting solutions for each operating division that are analysed at regular intervals by operational managers and management control teams and transmitted to the group finance department and General Management.

- weekly reporting of holiday reservations data allows the shared sales competence centres to optimise the marketing policy and yield management while enabling the operators to adapt on-site organisation to projected occupancy rates;
- site operating expense reports are compared each month with the budget and actual results recorded the previous year, and results are discussed with the Chief Operating Officers of the regions concerned. Marketing budgets and general expenses are monitored on a monthly basis;
- budgets for property development programmes are reviewed and updated each quarter with the relevant property programme manager;
- for the marketing of properties, the number of signed sales, advertising, marketing and sales expenses and general overheads are reviewed twice a month and examined in conjunction with the Head of Sales and the Head of Marketing.

Reporting data for each "business" are presented to group senior management at meetings of the specialist committees set up for each business activity (Tourism Committee, Property Development Committee, Board of Management and Supervisory Board of Center Parcs Europe).

Statutory Auditors' report

For the ear ended September 30th 2006

Drawn up in accordance with the L. 225-235 article of the French Commercial Code, with reference to the report of the Chairman of the Board of Pierre & Vacances on internal procedures relative to the preparation and treatment of accounting and financial information.

To the shareholders,

In our capacity as Statutory Auditors of Pierre & Vacances and in compliance with the L.225-235 article of the French Commercial Code, we hereby present our report on the report drawn up by the Chairman of your Company in accordance with the L. 225-37 article of the French Commercial Code in respect of the year ended September 30th 2006.

It is the responsibility of the Chairman to report on how the Board prepares and organises its work and on the internal control procedures applied within the group.

We must inform you of our observations on the information given by the Chairman's report concerning the internal control procedures relative to the preparation and treatment of accounting and financial information.

We carried out our audit in accordance with professional standards applicable in France. These standards require us to examine the sincerity of the information provided in the Chairman's report on internal control procedures relative to the preparation and treatment of accounting and financial information. Our examination notably consisted in:

- noting the objectives and general organisation of internal control, and those procedures relative to the preparation and treatment of accounting and financial information, as presented in the Chairman's report;
- examining how the information given in said report is prepared.

On the basis of our examination, we have no comments to make on the information provided on the Company's internal control procedures relative to the preparation and treatment of accounting and financial information, as contained in the report of the Chairman of the Board of Directors, drawn up in accordance with the last paragraph of the L. 225-37 article of the French Commercial Code.

Paris and Neuilly-sur-Seine, January 31st 2006

The Staturory Auditors

AACE Ile-de-France	*ERNST & YOUNG & Autres*
MICHEL RIGUELLE	BRUNO BIZET

Risk management

Market risks

The market risks (liquidity risk, interest rate risk and exchange rate risk) are described in note 23 of the notes to the consolidated financial statements.

The activities of the Pierre & Vacances Group (tourism and property development) depend generally on the economy which, during a downturn, may affect the group's results. This risk is however mitigated because of the independence of the tourism and property development market cycles, the first reflecting short term consumption and the second reflecting long term savings.

Specific risks relating to the group's tourism and property development activities

RISKS RELATING TO THE SEASONALITY OF THE BUSINESS

Tourism

The Pierre & Vacances Group tourism business, which traditionally operated in France only and in holiday apartments mainly by the sea and in the mountains, used to have a marked seasonal character.

The French Tourism business is based on two seasons, a winter season (November to April) and a summer season (May to October) resulting in a structural deficit for the first two quarters of the year. Sales achieved by this division (holiday apartments, villages and hotels operated under the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes brands) during the first half of 2005/2006 (which corresponds mainly to the mountain resorts) accounted for only 39% of annual sales, whereas the fixed operating expenses (including rents) are spread evenly over the whole year. The following strategic initiatives, put in place within Pierre & Vacances / Maeva / Résidences MGM / Hôtels Latitudes, are helping to reduce the seasonality of this division's business:

- better distribution of foreign customer groups, whose holiday periods differ from those of the French, by developing Internet sales and reinforcing direct sales (sales offices in the United Kingdom and the Benelux countries);
- promoting short stays for individuals and business seminars to increase occupancy rates at the beginning and end of the season;
- developing the urban residence segment which has high occupancy rates all year round (over 70%) with two additional customer targets, long-stay business and short-stay tourism;
- winning new customer segments out of season, such as seniors and golfers.

Furthermore, the group maintains prices suited to the different periods with great differences between the high and low seasons.

The Center Parcs Europe holiday village division is less seasonal. Each village has undercover facilities, so that all the parcs can remain open throughout the year. By appropriate management of pricing and targeted promotional campaigns, all the villages register low swings in occupancy rates throughout the year, so Center Parcs Europe can balance its turnover better between the first (44%) and second (56%) halves of 2005/2006.

All this is helping to reduce tourism sales sensitivity to seasonal changes. Overall the split of sales between the first half and the second half of 2005/2006 is 42% and 58% respectively.

Property development

Under French accounting standards, the group books the turnover and margins of its property development business according to the completion method, that is on delivery of the holiday apartments. Under IFRS standards, namely for the financial data consolidated and published from the year beginning October 1st 2005, the group uses the percentage of completion method. The group has decided on a method involving defining the percentage completion as the percentage completion of the works multiplied by the percentage of sales signed with the notary. The switch to the percentage completion method has had the effect of smoothing business over the year. Nevertheless, a degree of seasonality remains:

- the first quarter of the year (October 1st –December 31st) benefits both from the signings achieved before December 31st for tax reasons and strong growth in the rate of work completion over the quarter preceding the delivery of the mountain programmes (mid-December);
- the second quarter (January 1st – March 31st) usually shows the lowest level of business for the year;
- the third quarter (April 1st – June 30th) benefits from a strong growth in the rate of completion of work over the quarter preceding delivery of the seaside programmes (mid-June);
- the fourth quarter of the year (July 1st – September 30th) is a period of major signings before the year end.

Quarterly weightings in property development sales (IFRS):

Year	1st quarter	2nd quarter	3rd quarter	4th quarter
2005/2006	33.2%	13.8%	23.4%	29.6%
2004/2005	30.6%	12.4%	16.8%	40.2%

RISK RELATING TO INTEREST RATE FLUCTUATIONS IN THE PROPERTY DEVELOPMENT BUSINESS

The activity of the property development division can be sensitive to interest rate variations. In addition to a significant increase in real interest rates, the group's property sales could be affected by competition from interest-bearing products of the life insurance type.

To reduce its sensitivity to the cyclical nature of the property market, the group has put in place several measures based mainly on:

- using diversified sales formulas (commercial furnished property leasing (LMP), non-commercial furnished property leasing (LMNP) and rural renewal zone (ZRR), and renovation credit) which help to optimise the profit earned by the buyers of holiday apartments;
- obtaining a better international spread of investors (English, Irish, Spanish) with the development of a first residence in Spain and the marketing of large projects like Paris Tour Eiffel;
- reducing marketing costs by increasing direct sales and developing the Internet;
- a more flexible cost structure by making use of outside companies for construction and architects plans, and tightening cost control on the property developments (extending the scope of purchasing to the property business in order to obtain economies of scale).

STOCK RISK

Stock risk is linked to the group's ability to build holiday apartment buildings on the land bought, and then market them and sell the walls quickly. The stocks of properties are detailed in Note 13 of the notes to the consolidated financial statements. Concerning property development, the Pierre & Vacances Group has set strict prudential rules (set out in the 2005/2006 Business Report's "property development" section. So the real estate policy, the marketing method (selling off-plan) and the requirements of pre-selling that the group imposes on itself before starting construction ensures that the land and the completed properties are in stock for a short time. The same thinking applies to sales of existing property renovated by the Pierre & Vacances Group where the stock risk is mitigated by the effective use of the property, generating rental income even when there is no resale. At September 30th 2006, only 170 completed apartments have not had their sales finalised. The table of "Holiday apartments being marketed at September 30th 2006" that appears in the business report (page 14 gives the percentage sold. The properties are on average almost 90% sold.

CUSTOMER RISK

Because of the multiplicity and diversity of its customers, both in its tourism and property development businesses, the group does not consider itself exposed to a concentration of customer payment risk, even though of course the disposal of property stock and the level of tourism business can be directly affected by the behaviour of its customers which in turn depends on the environment they find themselves in.

Because of the group's marketing rules concerning the sale of apartments and houses built by the property development division (selling off-plan), the property development business incurs no counterparty risk with its customers because, if payment is not received, sales are cancelled at the reservation stage before any transfer of ownership.

In the tourism business, risk of non-payment by customers is low because most of the accommodation turnover is achieved by direct sales (78% for 2005/2006) a marketing method in which payment for the service is made in advance of consumption. In relation to indirect sales, to reduce the risk that default by a debtor or an unfavourable event in a given country could affect the group's collection of its customer receivables, the group policy is to:

- maintain a diversified portfolio of tour operators and travel agencies,
- work only with the market's major players,
- use contracts set up by the legal department assisted by its advisors and check the solvency of the counterparties.

The group has therefore always maintained a very low level of unpaid receivables. The average payment time granted to tour operators and travel agencies is 45 days.

RISK RELATING TO RENTAL COMMITMENTS

The Pierre & Vacances Group strategy is not to commit its own equity to ownership of the freehold (land and buildings) of the holiday apartments, villages and parcs that it operates, so it sells these assets to individual or institutional investors. The sales are accompanied by lease-back agreements signed between the new owners and the Pierre & Vacances Group tourism operating companies usually for between 9 and 15 years. The value of the rent payable by the group over the remainder of the lease is shown in the off-balance sheet commitments (see Note 35 - Off-balance sheet commitments - in the notes to the consolidated financial statements).

Income generated by using the leased apartments and houses for tourism purposes offsets these rents payable to the owners. Because of the group's track record in its tourism business, the risk that rental income for the period of a lease might not generate an operating profit is extremely low.

Rents for the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes brands are indexed to the French construction cost index (ICC) and the change in consumer prices in Spain and Italy. During 2005/2006, the increase in indexed rents was on average around 4%. Over the long term, the construction cost index moves very close to the consumer prices index (see table below).

	Consumer prices index	Construction cost index
1970 → 1983	+9.3% per year	+9.8% per year
1980 → 1992	+5.7% per year	+4.9% per year
1990 → 1998	+1.9% per year	+1.5% per year
1998 → 2006	+1.6% per year	+3.2% per year

source: Insee

From 1998 to 2006, there has been a faster change in the ICC (+3.2% per year on average) than in the consumer prices index (+1.6%). In this context, the group is trying out alternative forms of indexation on new rental agreements, such as using the rental reference index (IRL). This new index, calculated quarterly by the INSEE, reflects the weighted change in consumer prices (60% weighting), cost of housing maintenance and improvements paid for by lessors (20%) and construction cost (20%).

The Center Parcs Europe sub-group's rents are indexed to the consumer prices index of the host country and the most significant leases increase by a minimum of 1.75% per year and a maximum of 3.75% per year.

Legal risks

The group's legal department is a centralised function that checks the way the group's legal and particularly contractual commitments are formed and monitors the disputes of all the operating subsidiaries, except for Center Parcs Europe which has its own legal department in Rotterdam. A link has been set up between the two legal departments to coordinate risk management and insurance coverage.

RISK RELATING TO FAILURE TO OBTAIN LOCAL GOVERNMENT PERMITS

Because of the strict rules described in the 2005/2006 Business Report's "property development" section, exposure to real estate risk is low. In particular, the legal risk associated with failure to obtain local government permits for new programmes is virtually non-existent because the Pierre & Vacances Group only engages in property deals if the local government permits have been obtained. With respect to refurbishment programmes, the Pierre & Vacances Group obtains existing operations already up and running, and these generate revenue to offset the cost of financing the acquisition. Nevertheless, the time taken to obtain these permits may slow completion and increase the costs of certain property programmes.

RISK RELATING TO CONSTRUCTION DEFECTS

The construction-sale companies that develop property projects take out all the insurance to cover the construction risk (promoter public liability, civil engineering where appropriate, construction damage) and/or require their subcontractors working on the programmes to take out such policies. The excesses or exclusions of the cover are normal for the industry.

RISK RELATING TO OWNERSHIP OF PROPERTY ASSETS

The group's policy is not to start work until a very significant proportion of the properties has been presold so that, when the programme is delivered and begins operating, the group usually does not have full ownership of any property asset. The legal risk relating to the ownership of managed property does not therefore apply to the group as such but applies to the co-owner individuals or legal entities in the context of co-ownership management, conditional upon the terms of the leases agreed with the group, and these agreements may stipulate for example that the current co-ownership expenses are picked up by Pierre & Vacances.

RISKS RELATING TO TOURISM OPERATION

The company's policy is to comply strictly with all regulations applicable to its business of selling holidays and leisure activities, notably those relating to:

- consumer protection (ensuring that the general conditions of sale in the brochures comply with applicable laws and the recommendations of the "Commission des Clauses Abusives" (France's fair trading watchdog));
- the prohibition of misleading advertising, which requires that the descriptions of the holiday packages sold are truthful;
- the rules protecting the rights of persons who own image rights or other intellectual property rights on works of art (brochures, websites);
- the safety rules applicable to holiday apartments and facilities available to customers (swimming pools, slides, etc.);
- the rules relating to specifically regulated activities or activities for which access is conditional on specific conditions of capability or guarantees (co-ownership syndicate activity for the subsidiaries Sogire and SGRT, travel agency activity by Pierre et Vacances Maeva Distribution, etc.).

The company has given itself the resources to comply with all these requirements so it does not run any significant legal risks against which it is not covered by appropriate insurance policies or safety procedures. The risks relate mainly to the group's public liability, damage (personal injury, material and immaterial damage), and business interruption.

LABOUR RISKS

Finally, the group - because of its service business - uses many workers both at head office and in its secondary establishments or at its tourist sites. The human resource departments (Group Tourism French and Center Parcs Europe) work very carefully, under the direction of a member of the Executive Committee, to comply with the applicable legal requirements both from the individual and collective point of view. The number of industrial relations disputes is extremely low (see particular disputes below).

RISKS RELATING TO DAMAGE TO THE BRAND IMAGE

These risks may be considered significant particularly in the tourism field. Specifically, more than just the direct damage, an event may prejudice the Pierre & Vacances Group's image and can negatively impact its results. That is why the Pierre & Vacances Group has set up a special organisation to deal with any situation likely to endanger its personnel, its customers, its interests and/or its reputation. This special crisis management organisation consists of a specially dedicated, multi-disciplinary team headed by the safety department.

INDUSTRIAL AND ENVIRONMENTAL RISKS

The Pierre & Vacances Group's activities carry no significant industrial and environmental risks, even though they are likely to be influenced by climatic and environmental conditions affecting the property sites. In the tourism business, the great variety of operating sites by the sea, in the mountains, in town centres and in the country reduces these risks. For the property development business, the lead times and/or costs of construction works may be affected by climatic and geological conditions. The Pierre & Vacances Group prevents these risks as much as possible using preliminary ground surveys before the building land is bought and passes on to third parties its commitments relating to the possible legitimate causes of work being suspended. The group tries to reduce the environmental impact of its activities through many initiatives and actions deployed in its various divisions. Examples of these actions are given in the group's Business Report 2005/2006, in the "sustainable development" section.

Disputes in progress

As at December 31st 2006, and for the last twelve months, no governmental, legal or arbitration procedure of a significant character, either individually or overall, has impinged upon the financial situation or profitability of the group. Each dispute is monitored and analysed by the group's legal department which, occasionally with the help of outside experts, assesses the potential cost on a case-by-case basis. A provision for the estimated cost of the risk is booked in the financial statements of the various entities involved. Total provisions for disputes at September 30th 2006 is detailed in Note 20 - Provisions for contingencies and charges, in the notes to the consolidated financial statements.

PROPERTY DEVELOPMENT

The Pierre & Vacances Group is not exposed to any significant property risks.

- on behalf of the various wholly-owned subsidiary companies, the group handles a few disputes relating to builders' liability. Claims have been made against the insurance policies taken out by the programme companies;
- the group also handles a few disputes relating to property sales (alleged non-compliance with plans or commercial documents). Such disputes are rare and the Pierre & Vacances Group has a policy of favouring an amicable solution to this type of affair whenever possible.

OPERATION AND MANAGEMENT OF TOURISM ACTIVITIES

- Customer disputes: Out of almost a million weeks sold per year, the group on average deals with less than ten legal disputes before the courts ("Tribunal d'Instance" or "Tribunal de Grande Instance" depending on the scale of the dispute). All other customer disputes are usually settled amicably.
- Disputes with tourism industry professionals: the Pierre & Vacances group is in the process of recovering money from tourism professionals, usually small ones, which have cash flow difficulties.
- Disputes with service providers: the group uses a number of service providers to supply particular services (catering, group leadership, maintenance, information technology, etc.), so some of them may default and/or cause their payment to be disputed.
- Regulated activities: as a property manager, the group may be involved either as a plaintiff or defendant, in property management disputes in which the property manager may - in some cases - be considered liable. The corporate liability insurance of the syndicated companies of the Pierre & Vacances group is always brought into these disputes and the insurer is involved.

LABOUR DISPUTES

The group is not currently involved in any significant collective labour dispute. The group is involved in 46 individual cases that have been brought before industrial tribunals.

To the company's knowledge, there are no exceptional facts or disputes that are likely to have, or have had in the recent past, a significant impact on the business, the income, the financial situation or the assets of the Pierre & Vacances group.

Risk insurance and coverage

The policy on insurance is monitored at group level, including for Center Parcs Europe, by risk management that is attached to the group's corporate secretariat. The overall budget for this insurance stood at €7 million for the year 2005/2006; it remains on a par in terms of premium volumes and coverage levels, with the previous year.

Most of this budget goes on all risks insurance covering operation of the tourist sites against damage and business interruption for all brands. The Pierre & Vacances group has mainly public liability, property damage and business interruption coverage with a contractual compensation limit of €83 million per claim (of which €60 million in property and €23 million for business interruption) for the Pierre & Vacances French Tourism division, and €107 million per claim for the Center Parcs Europe division. The level of coverage set for business interruption reflects the time required for total reconstruction of a major resort. Property insurance covers the maximum realistic claim possible on sites with the highest concentration of value.

No significant risks relating to the group's current activities are not covered by an insurance policy. Only the risks relating to extraordinary events (natural catastrophe, war, etc.) are the subject of certain exclusions of cover, exclusions that are normal because of this type of risk. Terrorism insurance has been taken out on seven of the largest Center Parcs Europe villages, taking effect from the year 2004/2005. The number of Center Parcs villages covered against acts of terrorism is therefore nine (out of a total of 16 villages) if the two French parcs covered via the GAREAT (French national coverage arrangement for acts of terrorism) are included. All the group's French resorts have terrorism coverage through this same national guarantee fund.

The group's insurance broker is Marsh. The insurance pool covering these risks is managed by AXA and only involves first-rate companies. The group has no "captive" insurance or reinsurance company. This eventuality has been the subject of a study to determine the opportunity of creating this type of structure, but the study concluded that such a company should not be set up yet, since the market conditions were not right.

Material contracts

During the last three financial years up to the date of this reference document, the group has not taken out any major policies, other than those agreed in the normal course of business, that confer a major obligation or commitment on the whole group. The balance sheet commitments are given in note 35 of the notes to the consolidated financial statements.

4

LEGAL AND ADMINISTRATIVE INFORMATION

General information

Information on the Company

COMPANY NAME

Pierre & Vacances.

REGISTERED OFFICE

L'ARTOIS – Espace Pont-de-Flandre – 11, rue de Cambrai
75947 PARIS Cedex 19.

Telephone number: 01 58 21 58 21.

LEGAL FORM

Société Anonyme (public limited company) with a Board of Directors, incorporated under French law and governed by the New French Commercial Code and Decree 67-236 of March 23rd 1967.

DATE OF INCORPORATION – DURATION

The company was incorporated for a duration of 99 years with effect from its registration in the Trade and Companies Register on August 7th 1979, unless dissolved or renewed prior to the end of its legal term.

PURPOSE OF THE COMPANY (ARTICLE 2 OF THE BY-LAWS)

The purpose of the company is to:

- take participating interests in all companies, by the formation of new companies, by the acquisition of shares or equivalent rights via exchanges of shares, subscriptions for shares or purchases of shares, by mergers, alliances, partnerships or any other means, and particularly in all companies active in the following areas:
  - the sale and management of property,
  - the acquisition, development and resale of land, and the building of property,
  - the running in whatever form of residences, hotels, motels, unfurnished or furnished premises, and restaurants of all kinds; all activities relating to the organisation and management of holidays and leisure activities; all direct or indirect equity investments in any French or foreign companies involved in the above businesses or likely to help in the development thereof;
- manage and provide technical, administrative, legal and financial assistance to these companies and their subsidiaries;
- and generally carry out all commercial and financial transactions, and all transactions involving property and equipment, relating directly or indirectly to the above business purpose or likely to help in the development thereof.

TRADE AND COMPANIES REGISTER

316 580 869 RCS PARIS.

BUSINESS ACTIVITY CODE

741 J.

FINANCIAL YEAR

The company's financial year runs from October 1st to September 30th of the following year.

CONSULTATION OF DOCUMENTS AND INFORMATION RELATING TO THE COMPANY

The company documents relating to the last three years (annual financial statements, minutes of the General Meetings, lists of attendance at these General Meetings, list of directors, reports of the Statutory Auditors, etc.) may be consulted at the Pierre & Vacances head office.

In addition, the by-laws of the Company and, where appropriate, the reports, correspondence, assessments and declarations made by an expert at the Company's request, and the Company's historic financial information for the previous two years may be consulted at the Pierre & Vacances head office.

APPROPRIATION OF EARNINGS (ARTICLE 20 OF THE BY-LAWS)

Net income generated during the financial year, after deducting overheads and other charges incurred by the company, including all depreciation, amortisation and provisions, constitutes the net profit (or loss) for the financial year.

Of this net profit, less any losses brought forward, at least one twentieth shall be appropriated in order to build up the statutory reserve required by law. Such transfers must continue for as long as the statutory reserve represents less than one-tenth of the total share capital.

The residual balance, plus any earnings brought forward, constitutes the profit available for distribution to shareholders.

The General Meeting may appropriate whatever sums it deems fit, either to be carried forward as retained earnings to the following financial year, or to be transferred to one or more general or special reserves, the use of which is determined by the Meeting.

The General Meeting may also decide to make payouts from the reserves available for this purpose. Where this is the case, the resolution must expressly indicate from which reserves the payout is made.

The Meeting may offer each shareholder the option to receive all or part of the dividend payment in the form of shares (subject to legal conditions) or in cash.

SPECIFIC CLAUSES IN THE BY-LAWS

Double voting rights (article 16 of the by-laws)

With effect from the Extraordinary General Meeting of December 28th 1998, voting rights double those conferred on other shares shall be attributed to all fully paid-up shares formally registered in the name of the same shareholder for a period of at least two years.

In the event of an increase in the share capital by incorporation of reserves, profits or additional paid-in capital, double voting rights shall be attributed from the date of issue to registered shares allotted free of charge to a shareholder as a result of his ownership of existing shares that are already entitled to double voting rights.

All shares shall lose double voting rights upon conversion to bearer form or upon transfer of title.

Notwithstanding the above, the transfer by inheritance, by liquidation of spouses' joint property, or by inter vivos donation to a spouse or relative in the line of succession shall not entail the loss of double voting rights, and shall not interrupt the time period stipulated in article L. 225-123 of the French Commercial Code.

Identifying shareholders (article 7 of the by-laws)

The company may at any time, subject to the conditions laid down by regulations, ask the body responsible for clearing its shares to reveal the names, addresses and nationalities of holders of shares conferring an immediate or future right to vote at its General Meetings, together with the number of shares held by each such shareholder and any restrictions attached to these shares; at the company's request, the above information may be limited to shareholders holding a minimum number of shares set by the company.

Disclosure thresholds (article 8 of the by-laws)

In addition to the disclosure thresholds required by law, the company's by-laws stipulate that any individual or corporation that comes to own in any manner, as defined in article 233-7 of the French Commercial Code, 5% of the capital or any multiple thereof, must inform the company of the total number of shares in its possession, by registered letter with acknowledgement of receipt sent to the registered office of the company within 15 days of any of these thresholds being breached.

In the event of non-compliance with this disclosure requirement and at the request of one or more shareholders owning at least 5% of the capital, the shares exceeding the percentage that should have been disclosed shall be immediately stripped of voting rights for a period of three months from the date when the shareholder rectifies the disclosure omission.

General Meetings of Shareholders (articles 16, 17 and 18 of the by-laws)

General Meetings of Shareholders shall be held at the registered office of the company or at any other place indicated in the notice of meeting.

Any shareholder shall be entitled to attend General Meetings, irrespective of the number of shares owned, upon simple presentation of proof of identity and of ownership of the shares, in the form of either registration in the shareholder's name or a certificate from an approved broker attesting to the non-transferability of the shares during the period up to and including the date of the Meeting, such certificate to be deposited at the place indicated in the notice of meeting.

These formalities must be completed five days before the date of the Meeting.

Any shareholder shall be entitled to exercise a postal vote using a form that may be obtained under the terms specified in the notice of Meeting and under the conditions provided by law.

Shareholders participating in the Meeting by videoconference, or by any other means of telecommunication enabling their identity to be established under the conditions provided by law, shall be deemed to be present for the purposes of establishing quorum and majority.

Methods of convening General Meetings

The General Meeting shall be convened by the Board of Directors or, failing this, by the Statutory Auditor, under the conditions provided for by article 194 of the decree of March 23rd 1967, or by a proxy appointed by the President of the Commercial Court pursuant to a summary ruling given at the request of any interested party in the event of a matter of urgency, or of one or more shareholders representing at least 5% of the share capital.

Notice of meeting shall be given in the form of an announcement published in one of the journals authorised to publish legal notices in the administrative *département* in which the company's registered office is located. Shareholders holding registered shares shall be convened by formal letter, which can be sent by registered post at the shareholders' request with the latter bearing the cost of the same.

If all the shares are held in registered form, the notices provided for in the previous paragraph may be replaced by a notice of meeting sent by registered post to each shareholder, with the company bearing the cost of the same.

The period between the last of these letters giving notice of the meeting, or the insertion in an official journal of the notice of the meeting, and the date of the Meeting shall be at least thirty days for the first notice and six days for the following notice.

DESCRIPTION OF THE SITI GROUP

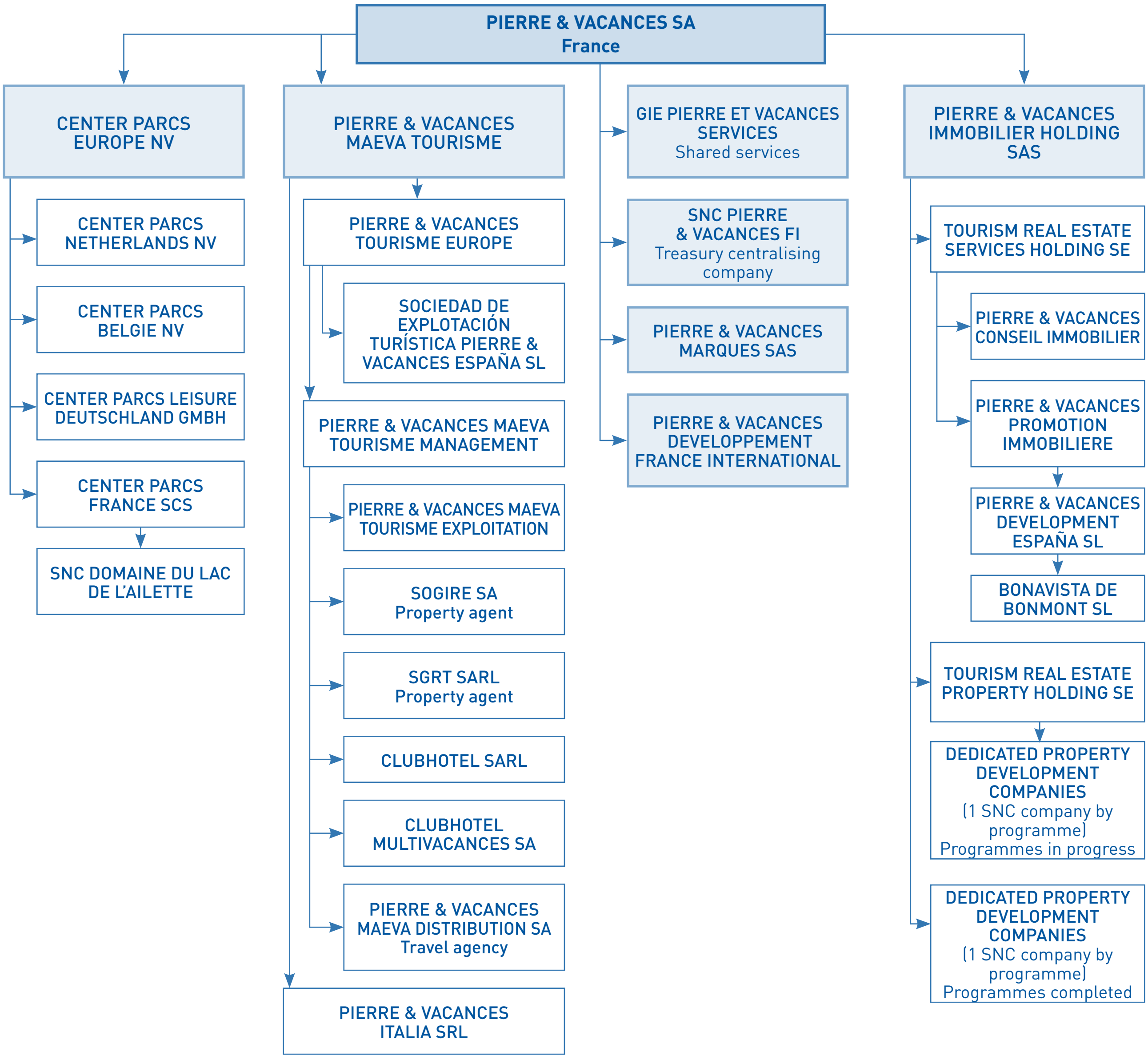
Société d'Investissement Touristique et Immobilier SA – SITI, the holding company of Gérard Brémond, holds 50.18% of Pierre & Vacances SA. Fully consolidated, the Pierre & Vacances sub-group is its main asset.

Today the investments held by SITI outside Pierre & Vacances SA consist mainly of:

- assets not transferred to Pierre & Vacances SA, prior to its flotation on the stock market in June 1999. These are mainly companies holding land with no administrative permissions (CFICA, Lepeudry & Grimard, La Buffa, etc.) and various non-strategic assets (Sté Téléphérique de la Pointe du Nyon, Dramont Aménagement, etc.);
- companies involved in other business sectors (interests held through GB Développement: Cine-@, Espace TSF, etc.);
- companies bought back during 2004/2005 and 2005/2006 from individual investors, relating to the apartments of the Pierre & Vacances villages in Martinique and Guadeloupe (SHAB, SHRB and Bougainville). These apartments were built and sold by SITI under the aegis of the Pons act prior to the stock market flotation. These apartments are being resold to individual investors in separation of ownership (sale of the bare property and retention of the usufruct in a Pierre & Vacances Group company operating these two sites).

THE LEGAL STRUCTURE OF PIERRE & VACANCES

Simplified legal organisation chart at September 30th 2006



The companies above are fully consolidated.

Pierre & Vacances SA, the group holding company, listed on Eurolist of Euronext Paris, holds stakes in all the subholdings. It pays the outside fees and charges relating to the l'Artois head office, Paris 19th (particularly the rents) which it bills to the various group entities according to distribution keys, particularly the square footage occupied. Pierre & Vacances SA is required to give bonds or guarantees to banks on behalf of its subsidiaries when setting up corporate finance or financial completion guarantees.

Pierre & Vacances Services provides and invoices for management, administration, accountancy, financial and legal services for the group and handles the services shared by the group's companies through service agreements.

Pierre & Vacances FI is the group's cash centralising company. It collects the excess cash from the subsidiaries, redistributes it to those that need it and invests the balance.

Pierre & Vacances Développement France International is responsible for the group's property development in France and abroad.

Pierre & Vacances Marques SAS owns and manages the Pierre & Vacances, Maeva, Hôtels Latitudes, Résidences MGM, and Multivacances brands. As such it invoices the French Tourism operating entities for brand royalties.

Pierre & Vacances Maeva Tourisme, the holding company for tourism activities, controls:

- SAS Pierre & Vacances Maeva Tourisme Management, which controls:
  - SAS Pierre & Vacances Maeva Tourisme Exploitation which operates apartments under agency agreements and leases, and operates and markets its holiday packages under the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes brands,
  - Sogire SA, the property management company for residences operated by Pierre & Vacances,
  - Pierre & Vacances Maeva Distribution, a travel agency that sells holidays to French customers under the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes brands. As such, it invoices Pierre & Vacances Maeva Tourisme Exploitation for the marketing fees;
- Pierre & Vacances Italia Srl, which operates and sells apartments in Italy under agency agreements and leases, and operates and sells holiday packages under the Pierre & Vacances brand;
- Sociedad de Explotación Turística Pierre & Vacances España SL which handles the Pierre & Vacances tourism operation in Spain.

Center Parcs Europe NV, a holding company with a 100% stake in the Center Parcs Europe sub-group, which manages 10,133 holiday homes and apartments in the Netherlands, Germany, France and Belgium.

This company performs the central functions of the Center Parcs Europe sub-group and the commercial activity in the Netherlands. Center Parcs Europe NV itself controls:

- Center Parcs Netherlands NV, a subsidiary which manages all the villages in the Netherlands (eight villages);
- Center Parcs France SCS, a subsidiary responsible for the management and marketing of two French villages, Bois Francs and Chaumont;
- SNC Domaine du Lac de l'Ailette, a subsidiary responsible for operating the Domaine du Lac de l'Ailette holiday village;
- Center Parcs Holding Belgique, a company managing two villages in Belgium;
- Center Parcs Germany Holding BV manages four villages in Germany through various subsidiaries.

Pierre & Vacances Immobilier Holding SAS controls:

- *Tourism Real Estate Services Holding SE*, a service sub-holding company which contains all the property services companies:
  - *Pierre & Vacances Conseil Immobilier (PVCI)* which sells to individual investors new or refurbished apartments and homes developed and managed by the Pierre & Vacances group. It is also responsible, for the properties that require it, for selling these apartments and thus provides the investors with liquidity from their investment. PVCI bills the construction-sales companies for the marketing fees,
  - *Pierre & Vacances Promotion Immobilière (PVPI)* which carries out the real estate prospecting and the delegated project management. PVPI invoices project management fees to the construction-sales companies,
  - *Pierre & Vacances Development España SL* which controls the Bonmont programme development company *(Bonavista de Bonmont SL)*;
- *Tourism Real Estate Property Holding SE*, the programme sub-holding company that holds the construction-sale companies while the work is being carried out. The property development operations are in fact housed in dedicated construction-sale SNCs in order to simplify management and set-up of finance. Because the property development operations are for tourism purposes and close links are maintained within the group between the property development and tourism activities, Pierre & Vacances does not open the capital of these construction-sales companies to third parties.

When the programmes are complete, the shares of the construction-sale companies are transferred to Pierre & Vacances Immobilier Holding SAS which eventually dissolves these companies and provides the ten-year warranty.

Different types of internal billing transactions are carried out between the entities of the tourism division and those of the property development division. These transactions are carried out under normal market conditions.

The construction-sale companies receive rents from the tourism division for the apartments that are not yet sold to investors but operated by tourism entities, Conversely, for refurbishment operations, the property development companies that carry out the work indemnify the tourism operating companies for the costs incurred during the period of closure for the refurbishment work.

Furthermore, when, as part of the sale of properties to outside investors, the rental commitments accepted by the tourism operating companies are higher than market rents at the time of the sale, the excess rent, called «support funds», is reported as a reduction to the selling price of the property. Therefore, this excess property margin is reported as deferred income and, from the time of delivery, reallocated over the period of the lease to income from tourism activities.

Finally, the tourism operating companies help to manage certain property programmes by participating in the design of the product, setting up the lease, delivering and accepting the site and putting it into operation. They also do work that contributes to the marketing of certain property programmes by actively helping with the selling work done by their teams on the sites. For doing this work, they invoice project management fees and marketing fees to the property development companies concerned.

SUMMARY OF PARENT-SUBSIDIARIES COMPANIES – 2005/2006

(in millions of euros)	Tourism Center Parcs Europe	Pierre & Vacances/ Maeva/ Résidences MGM/ Hôtels Latitudes	Property development	Other (including cross services)	P&V SA (listed company)	Group total
Fixed assets (including goodwill)	261,815	171,654	32,249	12,439	8,863	**487,020**
Gross borrowings	86,297	22,011	37,257	2,292	28,985	**176,842**
Cash on balance sheet	11,093	6,372	17,192	81,271	1,465	**117,393**
Dividends paid to P&V SA for the year	23,500	75,129	32,359	12,442	-	**-**

SUBSIDIARIES AND HOLDINGS – 2005/2006

Subsidiaries and holdings	Share capital	Shareholders' equity other than share capital (excluding income)	Share of capital held (%)	Gross value of shares held
SUBSIDIARIES (more than 50% holding):				
Center Parcs Europe NV	36,473	15,955	100.00	143,919
Pierre & Vacances Maeva Tourisme SA	12,165	1,374	99.98	94,225
Pierre & Vacances Immobilier Holding SAS	26,701	18,420	100.00	49,544
Pierre & Vacances FI SNC	15	-	99.00	15
Pierre & Vacances Transactions SARL	38	4	99.96	37
La Financière Pierre & Vacances & Cie SNC	15	-	99.02	15
Cobim SARL	76	-8,340	100.00	0
Financière P&V I SNC	15	-	98.36	15
Financière P&V II SNC	15	-	98.36	15
Part-House Srl	99	1,021	55.00	1,054
Pierre & Vacances Courtage SARL	8	-63	99.80	8
Pierre & Vacances Investissement XXV SAS	38	-4	100.00	38
PVMT Haute Savoie	8	-	100.00	8
Pierre & Vacances Investissement XXIV SAS	38	-4	100.00	38
Pierre & Vacances Investissement XXVII SAS	38	-3	100.00	38
Pierre & Vacances Investissement XXVIII SAS	38	-3	100.00	38
Pierre & Vacances Investissement XXIX SAS	38	-3	100.00	38
Pierre & Vacances Investissement XXX SAS	38	-3	100.00	38
Pierre & Vacances Investissement XXXI SAS	38	-3	100.00	38
Pierre & Vacances Investissement XXXII SAS	38	-3	100.00	38
Pierre & Vacances Investissement XXXIII SAS	38	-3	100.00	38
Multi-Resorts Holding BV	18	-	100.00	18
PVD France International	1,000	-	100.00	1,000
Pierre & Vacances Marques SAS	62,061	240	97.78	60,686
SUBSIDIARIES (more than 10% holding) :				
Domaine Skiable de Valmorel SA	3,200	2,932	25.00	2,172
GIE Pierre & Vacances Services	150	2	16.00	24

Net book value of shares held	Loans and advances granted by the company and not yet repaid	Guarantees given by the Company	Turnover excluding tax for the past year	Income for the past year	Dividends received by the company during the year	Comments
143,919	-	995,426	6,670	26,449	23,500	30/09/2006
94,225	-	-	-	52,976	75,129	30/09/2006
49,544	-	-	-	58,710	21,149	30/09/2006
15	161,246	-	-	-318	8,437	30/09/2006
37	-	-	159	181	11,210	30/09/2006
15	-	-	-	-	-	30/09/2006
0	-	-	14	8,690	-	30/09/2006
15	-	-	-	-	-	30/09/2006
15	-	-	-	-	-	30/09/2006
1,054	2,307	400	1,738	-760	-	30/09/2006
8	-	-	51	-173	-	30/09/2006
38	-	-	-	-1	-	30/09/2006
8	-	-	-	-	-	30/09/2006
38	-	-	-	-	-	30/09/2006
38	-	-	-	-	-	30/09/2006
38	-	-	-	-	-	30/09/2006
38	-	-	-	-	-	30/09/2006
38	-	-	-	-	-	30/09/2006
38	-	-	-	-	-	30/09/2006
38	-	-	-	-	-	30/09/2006
38	-	-	-	-	-	30/09/2006
18	-	-	-	-53	-	30/09/2006
1,000	-	-	426	-351	-	30/09/2006
60,686	-	-	-	4,996	4,005	30/09/2006
2,172	-	-	10,678	193	-	31/12/2005
24	-	-	-	-	-	30/09/2006

STAFF ORGANISATION ON SITES

Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes and Pierre & Vacances City

When setting up an organisation in business units by brand, as specified by the Challenge 2006/2007 plan, the sites are operated by the brand-operating management teams based at head office which supervise the staff responsible for the accommodation activities (reception/housekeeping), technical management of the sites (upkeep and maintenance of the apartments and open spaces, troubleshooting inside the apartments), and entertainment activities (kids clubs, swimming complexes, etc.). These departments ensure the consistency and uniformity of the products and coordinate the regional management teams. Two regional administrative centres situated in Paris and Cannes provide the management and do the accounting for the sites. The quality of the staff depends on an effective mix of permanent, seasonal and bi-seasonal employees (experts who work on both seasons/locations) who are multilingual and of different nationalities, in order to cater for the peak periods and the needs of its multinational customer base.

Center Parcs Europe

The operations department is headed by a Director of Operations and is based in Rotterdam. The Director of Operations is a member of the Executive Committee of Center Parcs Europe and reports directly to the CEO. The Operations Department supervises management of the villages in the four countries in which Center Parcs Europe has operations (Netherlands, Belgium, Germany and France). The Operations Director is assisted by a director in each of the countries who provides the coordination and local adaptation of operations of the various parks in their respective countries.

The country operations directors are responsible for the preventive maintenance in their country and for coordinating catering and leisure activities and monitor the villages in liaison with the «general managers» of the villages in their country.

The general managers are responsible for the day-to-day management of their site. Each village has a management team (five people) which reports to the general manager. This team consists of an operations manager responsible for the various ancillary activities (restaurants, shops, leisure facilities), an operational finance manager, a human resources manager and an accommodation manager.

To ensure uniformity and assist the villages, the operations department has a central operational finance department and a central maintenance department which contains specialists in each trade plied in the sites, and a security department.

BREAKDOWN OF AVERAGE ANNUAL GROUP HEADCOUNT BY LEGAL ENTITY 2005/2006 [a]

	PVMTE/ PVMTM	PVPI/PVD FI	PVCI	PVS	CPE	Total
Executives	270	25	33	150	230	708
Non-executives	2,977	15	99	180	4,426	7,697
TOTAL	**3,247**	**40**	**132**	**330**	**4,656**	**8,405**

(a) PVMTE: SAS Pierre & Vacances Maeva Tourisme Exploitation; PVMTM: SAS Pierre & Vacances Maeva Tourisme Management; PVPI: Pierre & Vacances Promotion Immobilière; PVD FI: Pierre & Vacances Développement France International; PVCI: Pierre & Vacances Conseil Immobilier; PVS: Pierre & Vacances Services; CPE: Center Parcs Europe

The group's parent company balance sheet is based on the three divisions - Tourism, Pierre & Vacances Services (Holding company and Property development) and Center Parcs Europe. The parent company balance sheet as at 31/12/2005 is available on request from the Pierre & Vacances group Human Resources Department. The parent company balance sheet as at 31/12/2006 will be available in June 2007.

Information on the capital

SHARE CAPITAL

As at January 9th 2007, the share capital stands at €87,848,360 comprising 8,784,836 ordinary shares with a par value of €10 each, all of the same class and fully paid up.

The shares are in nominee or bearer form at the shareholder's discretion.

The company keeps itself informed of the ownership of its shares under the conditions provided by law.

The shares are freely transferable, unless otherwise stipulated by law or regulations.

The transfer of the shares, whether free of charge or for a consideration and whatever their form, is effected by transfer between accounts in accordance with the procedure laid down by the law.

Double voting rights are attributed to shares held in nominee form for more than two years. As at January 9th 2007, with double voting rights being granted on 4,441,832 shares, the total number of voting rights stands at 13,226,668 for 8,784,836 shares.

CAPITAL INCREASES FOLLOWING THE EXERCISE OF SHARE OPTIONS DURING THE YEAR

The Board meeting of December 6th 2005 noted that two beneficiaries of the plans to subscribe for shares authorised by the Extraordinary General Meeting on September 10th 1998 and March 17th 2000 had exercised, on October 4th 2005 and October 12th 2005, 1,500 options to subscribe for shares allocated to them by the Board on December 18th 1998 and March 20th 2000.

Consequently, the Board noted:

- the issue of 1,500 new shares with a par value of €10 each;
- the resulting capital increase, the company's share capital thus rising from €87,690,980 comprising 8,769,098 shares to €87,705,980 comprising 8,770,598 shares.

The Board meeting of March 2nd 2006 noted that three beneficiaries of the option plans to subscribe for shares authorised by the Extraordinary General Meeting on September 10th 1998 and March 17th 2000 had exercised, on December 7th 2005, December 19th 2005 and January 23rd 2006, 2,500 options to subscribe for shares that had been allocated to them by the Board on December 18th 1998 and March 20th 2000.

Consequently, the Board noted:

- the issue of 2,500 new shares with a par value of €10 each;
- the resulting capital increase, the company's share capital thus rising from €87,705,980 comprising 8,770,598 shares to €87,730,980 comprising 8,773,098 shares.

The Board meeting of June 6th 2006 noted that seven beneficiaries of option plans to subscribe for shares authorised by the Extraordinary General Meeting on March 17th 2000 and March 9th 2001 had exercised, on March 6th 2006, March 10th 2006, March 21st 2006, April 18th 2006, May 21st 2006 and May 29th 2006, 5,738 options to subscribe for shares that had been allocated to them by the Board on March 20th 2000 and July 13th 2001.

Consequently, the Board noted:

- the issue of 5,738 new shares with a par value of €10 each;
- the resulting capital increase, the company's share capital thus rising from €87,730,980 comprising 8,773,098 shares to €87,788,360 comprising 8,778,836 shares.

The Board meeting of September 4th 2006 noted that three beneficiaries of the option plan to subscribe for shares authorised by the Extraordinary General Meeting on March 17th 2000 had exercised, on June 29th 2006, July 27th 2006 and July 31st 2006, 2,000 options to subscribe for shares that had been allocated to them by the Board on March 20th 2000.

Consequently, the Board noted:

- the issue of 2,000 new shares with a par value of €10 each;
- the resulting capital increase, the company's share capital thus rising from €87,788,360 comprising 8,778,836 shares to €87,808,360 comprising 8,780,836 shares.

One beneficiary of the option plan to subscribe for shares authorised by the Extraordinary General Meeting on March 17th 2000 exercised, on September 5th 2006, 1,000 options allocated to him by the Board on November 13th 2000.

On September 30th 2006, the company's share capital was therefore €87,818,360 comprising 8,781,836 shares.

CAPITAL INCREASES FOLLOWING THE EXERCISE OF OPTIONS TO SUBSCRIBE FOR SHARES SINCE SEPTEMBER 30TH 2006

The Board meeting of January 9th 2007 noted that four beneficiaries of the option plans to subscribe for shares authorised by the Extraordinary General Meeting on September 10th 1998 and March 17th 2000 had exercised, on September 5th 2006, October 31st 2006, November 7th 2006 and December 13th 2006, 4,000 options to subscribe for shares that had been allocated to them by the Board on November 13th 2000, December 18th 1998, June 20th 2000 and March 20th 2000.

Consequently, the Board noted:

- the issue of 4,000 new shares with a par value of €10 each;
- the resulting capital increase, the company's share capital thus rising from €87,808,360 comprising 8,780,836 shares to €87,848,360 comprising 8,784,836 shares.

AUTHORISED CAPITAL NOT ISSUED

The Extraordinary General Meetings of March 10th 2005 and March 2nd 2006 granted the Board certain authorisations to increase the share capital with the option of delegation to the Chief Executive Officer. The Board has never made use of these authorisations.

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A list of the resolutions adopted during the Extraordinary General Meeting and authorising the Board to increase the share capital is given below:

Extraordinary General Meeting of March 10th 2005

Resolution No.	Purpose	Duration
14	Authorisation to issue ordinary shares in the Company in order to allocate them free of charge to corporate officers and/or certain members of the salaried personnel of the Company or of the companies or company combinations related thereto up to 1% of the share capital.	38 months

Extraordinary General Meeting of March 2nd 2006

Resolution No.	Purpose	Duration
9	Authorisation to issue shares and/or equities giving immediate or eventual access to the Company's capital with maintenance of the preferential subscription rights and up to the par value of €22,000,000. Resolution No. 17, that is subject to the approval of shareholders during the Combined General Meeting of February 15th 2007, will supersede this authorisation.	26 months
10	Authorisation to issue shares and/or equities giving immediate or eventual access to the Company's capital with cancellation of preferential subscription rights and up to the par value of €22,000,000, this amount being applied to the general ceiling set by the 9th resolution. Resolution No. 18, that is subject to the approval of shareholders during the Combined General Meeting of February 15th 2007, will supersede this authorisation.	26 months
11	Authorisation to increase the number of shares to be issued in the event of a capital increase with or without cancellation of preferential subscription rights, up to the limit of 15% of the initial issue and conditional upon the ceilings set in the 9th and 10th resolutions. Resolution No. 19, that is subject to the approval of shareholders during the Combined General Meeting of February 15th 2007, will supersede this authorisation.	26 months
12	Authorisation to issue shares in the capital or equities giving access to the capital, for the purpose of paying for contributions in kind granted to the Company and consisting of shares or equities giving access to the capital, up to the limit of 10% of the share capital. Resolution No. 20, that is subject to the approval of shareholders during the Combined General Meeting of February 15th 2007, will supersede this authorisation.	26 months
13	Authorisation to make capital increases reserved for members of the group's corporate savings plan and up to the par value of €850,000. Resolution No. 21, that is subject to the approval of the shareholders during the Combined General Meeting of February 15th 2007, will supersede this authorisation.	18 months
14	Authorisation to issue shares in the Company with cancellation of preferential subscription rights in order to grant options to subscribe for shares to corporate officers and/or certain members of salaried personnel of the Company or the companies or company combinations related thereto[a]	38 months

(a) the opening of a share subscription or purchase option plan: the options giving entitlement to subscribe for new shares in the Company or to purchase existing shares in the Company originating from purchases made by it. The total number of options granted by virtue of this authorisation may not give entitlement to subscribe for or purchase more than 100,000 shares

SHARE SUBSCRIPTION AND PURCHASE OPTION PLANS

Option allocation policy

The policy of allocating share purchase or subscription options followed hitherto by the group identifies:

- occasional allocations to a large number of group executives;
- more regular allocations, in principle on an annual basis, to the holders of key positions in the group.

This policy is likely to change during future years due to the legislative and regulatory changes in reporting share purchase or subscription options.

Share subscription option plan

	1999 option plan	2000 option plan			2001 option plan		2003 option plan		2004 option plan	2005 option plan
Date of General Meeting	10/09/98	17/03/00			09/03/01		10/03/03		11/03/04	11/03/04
Date of Board meeting	18/12/98	20/03/00	20/06/00	13/11/00	13/07/01	29/03/02	11/04/03	03/11/03	07/09/04	26/09/05
Total number of shares that may be subscribed for	219,560	87,200	5,000	3,600	5,700	25,000	25,000	7,150	162,300	1,000
Number of shares that may be subscribed for by members of the Executive Committee (as it currently stands)	150,950	13,500	2,000	-	-	25,000	25,000	7,150	58,000	-
Number of executives concerned	7	14	1	-	-	2	2	2	27	-
Number of shares that may be subscribed for by members of the Board (as it currently stands)	20,000	1,000	2,000	-	-	15,000	15,000	-	8,000	-
Total number of shares that may be subscribed for by the ten company employees awarded the largest number of stock options[a]	219,560	68,000	5,000	3,600	5,700	25,000	25,000	7,150	51,000	1,000
Date from which options may be exercised	19/12/02	21/03/04	21/06/04	14/11/04	14/07/05	30/03/06	12/04/07	04/11/07	08/09/08	27/09/09
Strike price	€15.24	€47	€59.99	€60.20	€61.56	€66.73	€44	€63.83	€66.09	€59.89
Expiry date	19/12/08	21/03/10	21/06/10	14/11/10	14/07/11	30/03/12	12/04/13	04/11/13	08/09/14	27/09/15
Number of shares subscribed for	204,640	73,842	2,000	1,000	2,104	-	-	-	-	-
Number of shares cancelled	13,420	6,466	3,000	2,600	3,596	25,000	-	-	19,212	-
Total number of options outstanding on January 9th 2007	**1,500**	**6,892**	**0**	**0**	**0**	**-**	**25,000**	**7,150**	**143,088**	**1,000**
Potential dilution arising from exercise of options (in number of shares)	**1,500**	**6,892**	**0**	**0**	**0**	**-**	**25,000**	**7,150**	**143,088**	**1,000**

(a) when more than ten employees are equally entitled, the indicated amount takes account of all those involved (including those who are no longer members of the company's salaried personnel)

At January 9th 2007, there are 184,630 outstanding share subscription options.

If all options were exercised, 184,630 new shares would be issued, increasing the total number of shares to 8,969,466.

These new shares would represent an increase of €11,419,744 in shareholders' equity.

The options in circulation represent 2.06% of the share capital after the increase.

Share purchase option plans

Making use of the authorisations granted by the shareholders during the General Meetings of March 11th 2004 and March 10th 2005, the Board, during its meeting of September 26th 2005, decided to allocate 28,000 share purchase options.

The features of this plan are given below:

	Share purchase option plan 2005
Date of General Meeting	11/03/2004 and 10/03/2005
Date of Board meeting	26/09/2005
Total number of shares that may be purchased	28,000
Number of shares that may be purchased by members of the Executive Committee (as it currently stands)	26,000
Number of executives concerned	7
Total number of shares that may be purchased by members of the Board (as it currently stands)	8,000
Total number of shares that may be purchased by the ten company employees awarded the largest number of share options[a]	28,000
Date from which options may be exercised	27/09/2009
Purchase price	€59.89
Expiry date	27/09/2015
Number of shares purchased	-
Total number of options cancelled	2,000
Total number of options outstanding	26,000
Potential dilution arising from exercise of options (in number of shares)	None, since these are purchase options granted on shares arising from purchases made by the Company

(a) includes those who are no longer members of the Company's salaried personnel

Making use of the authorisations granted by the shareholders during the General Meeting of March 2nd 2006, the Board, during its meeting of July 21st 2006, decided to allocate 16,500 share purchase options.

The features of the plan are given below:

	Share purchase option plan 2006
Date of General Meeting	02/03/2006
Date of Board meeting	21/07/2006
Total number of shares that may be purchased	16,500
Number of shares that may be purchased by members of the Executive Committee (as it currently stands)	7,500
Number of executives concerned	8
Total number of shares that may be purchased by members of the Board (as it currently stands)	-
Total number of shares that may be purchased by the ten company employees awarded the largest number of share options[a]	16,500
Date from which options may be exercised	22/07/2010
Purchase price	€80.12
Expiry date	22/07/2016
Number of shares purchased	-
Total number of options cancelled	1,000
Total number of options outstanding	15,500
Potential dilution arising from exercise of options (in number of shares)	None, since these are purchase options granted on shares arising from purchases made by the Company

(a) when more than ten employees are equally entitled, the indicated amount takes account of all those involved (including those who are no longer members of the Company's salaried personnel)

Options allocated and exercised concerning senior officers during 2005/2006

None.

Options exercised after the close by each senior officer (listed by name)

	Number of options exercised	Price
Patricia Damerval	2,000	€59.99

Options allocated and exercised during 2005/2006 concerning the ten company employees who are not senior officers and who were awarded the largest number of share options[1]

Options granted during 2005/2006 (general information)

Number of options granted	Price	Expiry date
16,500	€80.12	22/07/2016

Options exercised during 2005/2006 (general information)

Number of options exercised	Price
1,500	€61.56
2,000	€15.24
6,500	€47.00
1,000	€60.20

OTHER SHARES GIVING ACCESS TO THE CAPITAL

None.

REPORT ON THE TREASURY STOCK

As part of the share buy-back programme authorised by the General Meeting of March 2nd 2006, 38,603 shares (of which 9,062 were part of the AFEI liquidity agreement) were bought at an average price of €77.18 during the year ending September 30th 2006.

(1) when more than ten employees are equally entitled, the indicated amount takes account of all those involved (including those who are no longer members of the Company's salaried personnel)

Furthermore, during the year ending September 30th 2006, 10,262 shares were sold at an average price of €81.86 as part of the AFEI agreement.

Using the authorisations granted by the General Meeting of March 11th 2004, and by the General Meeting of March 10th 2005, the Board, on September 26th 2005, instituted a Pierre & Vacances share purchase option plan relating to 28,000 shares for the benefit of group executives with a high level of responsibility. This plan related to 28,000 shares in treasury stock granted as purchase options to eight beneficiaries at €59.89 each. The allocation price of the options is the average of the Pierre & Vacances SA stock market share price during the 20 stock market sessions preceding the launch of the plan less a 5% discount.

Using the authorisations granted by the General Meeting of March 2nd 2006, the Board, on July 21st 2006, instituted a Pierre & Vacances share purchase option plan relating to 16,500 shares for the benefit of group executives with a high level of responsibility. This plan related to 16,500 shares in treasury stock, granted as purchase options to 20 beneficiaries at €80.12 each. The allocation price of the options is the average of the Pierre & Vacances SA stock market price during the 20 stock market sessions preceding the launch of the plan less a 5% discount.

On September 30th 2006, the company held 76,519 shares in treasury stock, of which 900 were part of the AFEI agreement and 75,619 were due to the buy-back programme.

Out of these 75,619 shares held as part of the buy-back programme:

- 26,000 shares were allocated to the purchase option plan of September 26th 2005 (2,000 purchase options having been cancelled);
- 15,500 shares were allocated to the purchase option plan of July 21st 2006 (1,000 purchase options having been cancelled);
- 34,119 shares were allocated to the reserve for future share purchase option plans that may be approved.

The Company has asked Crédit Agricole Cheuvreux to implement a liquidity agreement according to the Compliance Charter established by the Association Française des Entreprises d'Investissement (AFEI) approved by the AMF (France's financial markets regulator).

Since the authorisation given by the General Meeting of March 2nd 2006 authorising a share buy-back programme expires on September 2nd 2007, a new authorisation is being put to the General Meeting of February 15th 2007.

As at January 9th 2007, the Company holds 76,789 shares of which 1,170 are due to the AFEI liquidity agreement.

CHANGE IN SHARE CAPITAL SINCE INCORPORATION (IN FRENCH FRANCS)

Date	Transactions	Par value	Transaction amount	Issue premium	Total share capital	Total number of shares outstanding
05-79	Incorporation	500	300,000	-	300,000	600
03-80	Capital increase in cash	500	705,000	-	1,005,000	2,010
10-81	Capital increase in cash	500	505,000	-	1,510,000	3,020
04-85	Capital increase in cash and 5-for-1 stock split	100	9,061,400	-	10,571,400	105,714
11-86	Company take-over	100	-10,571,400	-	-	-
	and capital increase in cash	100	10,000,000	-	10,000,000	100,000
07-88	Capital increase in cash	100	95,000,000	-	105,000,000	1,050,000
07-88	Capital write-down	100	-104,000,000	-	1,000,000	10,000
09-88	Capital increase:					
	in cash	100	140,800,000	16,198,230		
	by conversion of debt	100	40,000,000	4,601,770	161,000,000	1,610,000
10-88	Capital increase via assets contributed in kind[a]	100	99,000,000	-	260,000,000	2,600,000
09-95	Capital write-down	100	-143,529,500	-	116,470,500	1,164,705
03-98	Capital increase via assets contributed in kind[b]	100	599,764	472,964	116,597,300	1,165,973
12-98	Stock split	20	-	-	-	5,829,865
01-99	Exercise of warrants[c]	20	11,508,000	3,108,000	124,997,300	6,249,865
06-99	Initial public offering	20	126,155,877	103,529,577	147,623,600	7,381,180
07-99	Exercise of warrants[d]	20	30,116,232	24,714,823	153,025,000	7,651,250

(a) assets acquired from SAMA SA (Sté d'Aménagement de Morzine-Avoriaz)
(b) contribution by SIPV SA (Sté d'Investissement Pierre & Vacances) of its divisions developing and marketing property under the "Pierre & Vacances" brand
(c) warrants created following the decision of the Extraordinary Meeting of September 4th 1995: 420,000 warrants (based on a par value of FRF 20 and a price of FRF 27.40 per share, including issue premium
(d) warrants created following the decision of the Extraordinary Meeting of January 29th 1999: 270,070 warrants (based on a par value of FRF 20 and a price of €17 per share, including additional paid-in capital)

After the share capital is converted to euros:

Date	Transactions	Par value	Transaction amount	Issue premium	Total share capital	Total number of shares outstanding
12-01	Conversion to euros (with capital increase)	4	7,276,489.14		30,605,000	7,651,250
03-02	Capital increase	4	57,375,000	53,975,000	34,005,000	8,501,250
02-03	Capital increase following the exercise of stock options on 19/02/03	4	80,000	224,800	34,085,000	8,521,250
10-03	Capital increase following exercise of stock options on 26 and 30/09/03	4	94,400	265,264	34,179,400	8,544,850
01-04	Capital increase following the exercise of stock options on 23/12/03	4	85,360	239,862	34,264,760	8,566,190
02-04	Capital increase following the exercise of stock options on 16/02/04 and 25/02/04	4	132,040	371,032	34,396,800	8,599,200
03-04	Capital increase following the exercise of stock options on 9/03/04	4	124,080	348,665	34,520,880	8,630,220
03-04	Raising of the part value from €4 to €10 (incorporation of the premium). Capital increase by incorporation of €51,781,320 taken from the "issue, merger, contribution premiums, etc."	10	51,781,320	-	86,302,200	8,630,220
03-04	Capital increase following the exercise of stock options on 25/03/04	10	6,000	3,144	86,308,200	8,630,820
04-04	Capital increase following the exercise of stock options on 20/04/04 and 21/04/04	10	78,400	41,082	86,386,600	8,638,660
05-04	Capital increase following the exercise of stock options on 06/05/04 and 31/05/04	10	55,000	60,580	86,441,600	8,644,160
09-04	Capital increase following the exercise of stock options on 28/09/04	10	90,000	47,160	86,531,600	8,653,160
11-04	Capital increase following the exercise of stock options on 25/11/04	10	77,400	40,558	86,609,000	8,660,900
01-05	Capital increase following the exercise of stock options on 04/01/05	10	429,900	225,268	87,038,900	8,703,890
04-05	Capital increase following the exercise of stock options in March and April 2005 (30 beneficiaries involved)	10	632,080	2,322,816	87,670,980	8,767,098
06-05	Capital increase following the exercise of stock options on 03/05/05	10	20,000	74,000	87,690,980	8,769,098
12-05	Capital increase following the exercise of stock options on 04/10/05 and 12/10/05	10	15,000	39,620	87,705,980	8,770,598
03-06	Capital increase following the exercise of stock options on 07/12/05, 19/12/05 and 23/01/06	10	25,000	44,860	87,730,980	8,773,098
06-06	Capital increase following the exercise of stock options on 06/03/06, 10/03/06, 21/03/06, 18/04/06, 21/05/06 and 29/05/06	10	57,380	242,940	87,788,360	8,778,836
09-06	Capital increase following the exercise of stock options on 29/06/06, 27/07/06 and 31/07/06	10	20,000	74,000	87,808,360	8,780,836
01-07	Capital increase following the exercise of stock options on 05/09/06, 31/10/06, 07/11/06 and 13/12/06	10	40,000	171,300	87,848,360	8,784,836

CHANGES IN SHARE CAPITAL AND VOTING RIGHTS DURING THE LAST THREE YEARS

	Situation at September 30th 2004			Situation at September 30th 2005			Situation at September 30th 2006		
Shareholders	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
SITI	4,403,790	50.89	50.67	4,408,011	50.27	50.22	4,407,991	50.19	67.00
Directors	95	-	-	95	-	-	105	-	-
Treasury stock	2,446	0.03	-	34,648	0.40	-	76,519	0.87	-
Public	4,246,829	49.08	49.33	4,326,344	49.34	49.77	4,297,221	48.93	33.00
of which employees (Pierre & Vacances FCPE)	*56,341*	*0.65*	*1.29*	*46,691*	*0.53*	*1.06*	*39,041*	*0.44*	*0.59*
TOTAL	**8,653,160**	**100**	**100**	**8,769,098**	**100**	**100**	**8,781,836**	**100**	**100**

CHANGES IN THE STRUCTURE OF SHARE CAPITAL AND VOTING RIGHTS DURING THE YEAR

Changes in the structure of share capital and voting rights on October 30th 2005

On October 31st 2005, SITI declared that on October 30th 2005, following the registration in a nominee account for two years of the 4,397,450 shares that it held due to the early wind-up of SITI Participation and SITI Participation 2, it had exceeded the threshold of two-thirds of the voting rights and now held 8,811,801 voting rights out of a total of 13,188,142 voting rights, or 66.82%.

Changes in the structure of the share capital and voting rights on January 23rd 2006

On January 25th 2006, FMR Corp and Fidelity International Limited (FIL), acting on behalf of mutual funds managed by their subsidiaries, declared that on January 23rd 2006, following the sale on the market of Pierre & Vacances shares, they had fallen below the threshold of 5% of the share capital and now held, on behalf of these funds, 384,610 shares, or 4.38% of the share capital and 2.92% of the voting rights as follows:

	Shares	% of capital
Fidelity European Fund	164,911	1.88
Fidelity European Values PLC	31,900	0.36
Norges Bank EUR EX UK EX Norwy	64,999	0.74
Fidelity International Fund	2,800	0.03
Fid Low Priced Stock Fund	20,000	0.23
Fidelity Northstar Fund Sub B	100,000	1.14
TOTAL	**384,610**	**4.38**

Change in the structure of voting rights on September 29th 2006

On October 5th 2006, SITI declared that on September 29th 2006, it had fallen below the threshold of two thirds of the voting rights and now held 8,811,781 voting rights out of a total of 13,226,658 voting rights, or 66.62%.

This is the result of the new draft of the AMF General Regulation relating to the method of calculating how ownership thresholds are crossed (as specified in the last paragraph of Article 222-12 of the AMF general regulation, to calculate ownership thresholds, the total number of voting rights is based on all the shares with voting rights, including shares with private voting rights).

OWNERSHIP OF SHARES AND VOTING RIGHTS

On January 9th 2007, the estimated shareholder structure of Pierre & Vacances was as follows:

	Number of shares	% of capital	Value of stake on January 9th 2007 (in thousands of euros)	Number of voting rights	% of voting rights
SITI[a]	4,407,991	50.18	415,894	8,811,781	66.62
Directors	105	NS	10	180	NS
Shares in treasury stock	76,789	0.87	7,245	76,789	0.58
of which shares acquired in the buy-back programme	*75,619*			*75,619*	
of which shares acquired in the liquidity agreement	*1,170*			*1,170*	
Public[b]	4,299,951	48.95	405,700	4,337,918	32.80
TOTAL	**8,784,836**	**100**	**828,849**	**13,226,668**	**100**

(a) 99.70% of SA SITI is directly owned by Gérard Brémond
(b) including employees (Pierre & Vacances FCPE: 37,566 shares or 0.43% of the share capital)

The company has taken a number of measures to prevent the control exerted by SITI from being abusive (see the Chairman's report on the organisation of the Board and internal control on pages 122-123 of the financial report.

To the Company's knowledge, no shareholder owns more than 5% of the capital or voting rights (other than those specified above).

In accordance with the requirements of Article L. 233-13 of the French Commercial Code and in light of the information and notifications received under the terms of Articles L. 233-7 and L. 233-12 of the said Code, shareholders owning more than one twentieth, one tenth, one fifth, one third or two thirds of the share capital and voting rights are as follows:

- SA SITI holds more than one third of the share capital and voting rights.

SHAREHOLDERS' AGREEMENTS

None.

EMPLOYEE SHAREHOLDERS/GROUP COMPANY SAVINGS PLAN (PEE)

The group's PEE, set up with the payment of the employees' profit-sharing entitlement for 1997/1998, has received voluntary payments from employees and the company contribution to subscribe for Pierre & Vacances shares in connection with the stock market flotation and capital increase of March 2002. It also receives voluntary contributions from employees.

Within this PEE, mutual investment funds consisting exclusively of Pierre & Vacances shares, represented 0.44% of the capital on September 30th 2006 (representing 39,041 shares).

EMPLOYEE PROFIT-SHARING

A group employee profit-sharing agreement, covering the majority-controlled French entities, distributes the group's special profit-sharing reserve (equalling the total profit-sharing reserves calculated in each company) between all group employees with a contract of employment for more than three months with an entity that has joined the agreement. The special profit-sharing reserve for the group profit-sharing agreement stands at €555,446 for 2005/2006.

For previous years, the amounts paid for group profit-sharing were:

For 2004/2005	€245,759
For 2003/2004	€1,884,249
For 2002/2003	€3,290,608
For 2001/2002	€2,848,264

POLICY OF DIVIDEND PAYMENTS OVER THE PAST FIVE YEARS – THE TIME LIMIT FOR DIVIDEND CLAIMS

Over the past five years, Pierre & Vacances SA has made the following dividend payments:

Year for which the dividend was paid	Number of shares[a]	Par value	Net dividend	Tax credit [b]	Gross dividend
2000/2001	7,651,250	€4	€0.90	€0.45	€1.35
2001/2002	8,501,250	€4	€1.00	€0.50	€1.50
2002/2003	8,566,190	€10	-[c]	-	-
2003/2004	8,653,160	€10	€1.80	-	-
2004/2005	8,769,098	€10	€1.50	-	-

(a) number of shares eligible for dividends for the year
(b) systematically calculated at 50%
(c) the Combined General Meeting of 11/03/04 (meeting after the Ordinary General Meeting called to vote on the financial statements for the year ending 30/09/03) decided to proceed with an extraordinary dividend of €1.50 per share

Generally, dividends represent between 25 and 30% of net current attributable income. This policy may however be reviewed in line with the group's financial situation and its expected financial requirements. Also, no guarantee can be given as to dividend payments for a given year. Unclaimed dividends are transferred to the State five years after they become payable.

The General Meeting of February 15th 2007 will be asked to approve a dividend of €2.50 per share, or 37% of net current attributable income for 2005/2006.

PLEDGES GRANTED BY PIERRE & VACANCES SA

To refinance the balance of loans taken out by the group to buy Maeva and the additional 50% of Center Parcs Europe (November 24th 2004), Pierre & Vacances SA granted a pledge in favour of Natexis Banques Populaires (as the bank agent) on all the shares in Center Parcs Europe NV. This pledge will stay in place until the finance is fully repaid, namely until September 26th 2009. At September 30th 2006, the principal remaining due is €111 million including €21.0 million on Pierre & Vacances SA, €85.7 million on Center Parcs Europe NV and €4.3 million on groupe Maeva SA.

First-call guarantees granted by Pierre & Vacances SA to the banks for this refinancing stood at 1.1 times the principal remaining due on September 30th 2006 from the loans of Center Parcs Europe NV and Groupe Maeva SA, namely €99 million (€94.2 million for the Center Parcs Europe NV loan and €4.8 million for the Groupe Maeva SA loan).

PLEDGES GRANTED ON PIERRE & VACANCES SA SHARES

Name of shareholder recorded on the purely nominee account	Beneficiary	Pledge start date	Pledge maturity date	Number of issuer shares pledged	% of issuer capital pledged
SA SITI	Banque de Neuflize, Schlumberger, Mallet, Demachy	October 30th 2003	April 30th 2008	372,000	4.23%
SA SITI	Banque de Neuflize, Schlumberger, Mallet, Demachy	May 25th 2005	April 30th 2008	165,000	1.88%

STOCK MARKET SHARE PRICES AND TRADING VOLUMES

Pierre & Vacances shares are listed on the Eurolist of Euronext Paris (Compartment B) and are included in the SBF 120, CAC Mid 100 and Next Prime indexes.

Share trading over the last eighteen months:

Period	Number of shares traded	Value *(in millions of euros)*	Adjusted high/low *(in euros)*	
			High	Low
July 05	613,890	37.80	62.80	59.50
August 05	185,452	11.31	61.60	59.20
September 05	387,950	25.11	67.90	60.10
October 05	349,789	22.62	67.10	61.85
November 05	1,119,072	7.65	65.80	62.05
December 05	245,778	16.73	71.50	63.05
January 06	811,896	60,24	76.45	67.65
February 06	283,218	21.56	79.45	72.50
March 06	515,149	41.75	87.10	75.00
April 06	407,260	33.47	86.25	75.75
May 06	394,339	29.46	78.85	69.10
June 06	397,880	31.62	85.80	69.05
July 06	279,628	24.00	90.00	81.70
August 06	207,663	18.51	91.50	85.30
September 06	221,843	19.61	91.05	86.10
October 06	138,664	12.37	91.00	86.05
November 06	114,363	10,35	95.25	87.10
December 06	169,267	15.64	98.45	87.50

(Source: Euronext)

Annual General Meeting

Report of the Board

REPORT OF THE BOARD ON PROPOSED RESOLUTIONS TO BE VOTED ON BY THE ORDINARY GENERAL MEETING

Approval of the financial statements

The Meeting is asked to approve the consolidated and parent company financial statements for 2005/2006 as presented in this document and during the Annual General Meeting of February 15th 2007.

Appropriation of earnings

Net of all charges, taxes and amortisation, the parent company financial statements show a net profit of €165,761,804.71.

It is proposed that this profit be appropriated as follows:

■ Income for the year	€165,761,804.71
■ Plus retained earnings from the previous year	€259,043,611.23
Making a total of	€424,805,415.94
■ to the statutory reserve	€12,738.00
■ to shareholders in dividends	€21,954,590.00
■ to retained earnings	€402,838,087.94

The dividend for the year is therefore €2,50 per share.

The dividend will be payable on February 22nd 2007.

Following this appropriation of earnings, shareholders'equity will break down as follows:

■ share capital	€87,818,360.00
■ additional paid-in capital	€7,670,360.43
■ merger premiums	€2,728.36
■ statutory reserve	€8,781,836.00
■ other reserves	€2,308,431.46
■ retained earnings	€402,838,087.94
Total	€509,419,804.19

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2
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Dividends paid for previous years

In accordance with Article 243 bis of the General Tax Code, shareholders are hereby reminded that the dividends paid per share over the last three financial years were:

Year	Number of shares[a]	Par value	Net dividend
2004/2005	8,769,098	€10	€1.50
2003/2004	8,653,160	€10	€1.80
2002/2003	8,566,190	€4	-[b]

(a) number of shares eligible for dividend for the year
(b) the Combined General Meeting of March 11th 2004 (meeting after the Ordinary General Meeting voting on the financial statements for the year ending 30/09/2003) decided to proceed with an extraordinary dividend of €1.50 per share

Non-tax-deductible expenses

In accordance with the terms of Article 223 quater of the General Tax Code, the financial statements for the past year do not include any non-tax-deductible expenses with respect to Article 39-4 of that Code.

Acquisitions and disposals of subsidiaries and equity investments

The table of subsidiaries and equity investments is appended to the balance sheet.

Particular information on these subsidiaries and equity investments is given below:

Significant equity investments

During the past financial year, the company has made the following investments:

Pierre & Vacances Immobilier Holding SAS

On October 25th 2005, the Extraordinary General Meeting of Pierre & Vacances Immobilier Holding SAS approved a transaction to increase share capital in cash by €15,000,000 by issuing 1,500,000 new shares. This capital increase was fully subscribed by Pierre & Vacances SA.

On May 2nd 2006, in payment for the shares of Pierre & Vacances Development España SL, Pierre & Vacances Immobilier Holding SAS allocated to Pierre & Vacances SA 15,341 shares of €10 each, created as a capital increase by Pierre & Vacances Immobilier Holding SAS.

On September 29th 2006, in payment for the shares of SNC Ailette Cottages, Pierre & Vacances Immobilier Holding SAS allocated to Pierre & Vacances SA 610,548 shares of €10 each, created as a capital increase by Pierre & Vacances Immobilier Holding SAS.

Pierre & Vacances Développement France International SAS

On April 10th 2006, on the creation of Pierre & Vacances Développement France International, Pierre & Vacances SA subscribed for 100,000 shares at a par value of €10, or 100% of the share capital.

Green Buyco BV

On June 30th 2006, Pierre & Vacances SA bought from Green Participations SAS 4,500 shares of Green Buyco BV (or 7.5% of the share capital) for €33,250,000.

Multi-Resorts Holding BV

On July 5th 2006, Pierre & Vacances SA bought from SA Société d'Investissement Touristique et Immobilier 18,000 shares in Multi-Resorts Holding BV (or 100% of the share capital) for €18,000.

SNC Ailette Cottages

On July 21st 2006, Pierre & Vacances SA received (as a pledge) from Center Parcs Europe NV, 499,shares in SNC Ailette Cottages (or 99.8% of the share capital).

SNC Ailette Équipements

On July 21st 2006, Pierre & Vacances SA received (as a pledge) from Center Parcs Europe NV 1,524,shares in SNC Ailette Équipements (or 99.93% of the share capital).

Significant disposals

During the last financial year, the company disposed of the following investments:

Pierre & Vacances Development España SL

On May 2nd 2006, Pierre & Vacances SA transferred to Pierre & Vacances Immobilier Holding SAS all the shares it held in Pierre & Vacances Development España SL (or 60,001 shares out of the 120,000 shares comprising the share capital).

Pierre & Vacances Investissement XXXVII

On June 14th 2006, Pierre & Vacances SA transferred to GB Développement SA 1,906 shares in Pierre & Vacances Investissement XXXVII (or 50% of the capital), for €19,060.

On the same day, Pierre & Vacances SA transferred to Philippe CARCASSONNE 1,906 shares in Pierre & Vacances Investissement XXXVII (or 50% of the capital) for €19,060.

Green Buyco BV

On July 19th 2006, Pierre & Vacances SA transferred 4,500 shares in Green Buyco BV (or 7.5% of the capital) to BRE/CP Europe BidCo B.V. for €33,250,000.

Pierre & Vacances Investissement XXXIV

On August 4th 2006, Pierre & Vacances SA transferred 3,812 shares in SAS Pierre & Vacances Investissement XXXIV (or 100% of the capital) to Pierre & Vacances Tourisme Europe for a total of €38,120.

Pierre & Vacances Investissement XXXV

On August 4th 2006, Pierre & Vacances SA transferred 3,812 shares in SAS Pierre & Vacances Investissement XXXV (or 100% of the capital) to Pierre & Vacances Tourisme Europe for a total of €38,120.

SNC Ailette Équipements

On September 11th 2006, Pierre & Vacances SA transferred 1,524 shares in SNC Ailette Equipements (or 99.93% of the capital) to Pierre & Vacances Immobilier Holding SAS for €1.

SNC Ailette Cottages

On September 29th 2006, Pierre & Vacances SA transferred to Pierre & Vacances Immobilier Holding SAS all the shares it held in SNC Ailette Cottages, or 499 shares (or 99.8% of the capital).

SCI Les Terrasses de Saint-Tropez

On July 21st 2006, Pierre & Vacances SA, the sole associate, decided to dissolve SCI Les Terrasses de Saint-Tropez early without liquidation. This transaction was carried out on September 30th 2006.

Significant investments and disposals since the year-end

SAS Domaine Skiable de Valmorel

On October 3rd 2006, Pierre & Vacances SA transferred to Société Financière de Val d'Isère (Sofival) 50,000 shares in SAS Domaine Skiable de Valmorel, or 25% of the capital for €2,772,594.06.

Attendance fees

The Meeting is asked to approve €150,000 in attendance fees to be paid to members of the Board of Directors for 2006/2007, the Board being free to distribute the attendance fees between its members.

Related-party agreements

Agreements governed by Article L. 225-38 of the French Commercial Code

New agreements, previously authorised, have been made during the past year. They appear in the report of the Statutory Auditors appended hereto.

Agreements governed by Article L. 225-42 of the French Commercial Code

None.

In accordance with the law, the list of agreements covered by Article L. 225-39 of the French Commercial Code and made during the past year is available to any shareholder upon request.

End of the terms of office of the directors and appointment of a new director

The terms of office of all the members of the Board have now come to an end, so the Meeting is asked to approve their reappointment for three years.

The Meeting is also asked to appoint Eric DEBRY, born on November 10th 1959, of French nationality, as a director in addition to the members currently in office, for three years ending after the Meeting called to vote on the financial statements for the year ending September 30th 2009.

Information relating to the functions performed by the directors and the list of their current offices appear in the section on Administration – Management in the Corporate Governance section of this reference document.

Share buy-back programme

Since the authorisation given by the General Meeting of March 2nd 2006 is valid until September 2nd 2007, it appears necessary to extend a new authorisation which will terminate, so far as the unused fraction is concerned, the authorisation given to the Company by the Combined General Meeting of March 2nd 2006 to trade in its own shares.

The general regulation of the AMF, in its articles 241-1 and following, relating to the act of July 26th 2005, has removed the obligation to have the prospectuses relating to share buy-back programmes signed off.

The description of the share buy-back programme that will be submitted to the shareholders during the Combined General Meeting of Febuary 15th 2007 is available for shareholders to examine at the Company's head office and on the AMF website (www.amf-france.org) and on the group's financial site (http://groupe.pierreetvacances.com).

The main features of this new share buy-back programme are:

Portion of the capital held by the Company and breakdown by objectives of the shares held by the Company

On January 9th 2007, the Company holds 76,789 of its own shares, or 0,87% of the capital:

- 1,170 shares as part of the AFEI liquidity agreement;
- 26,000 shares were allocated to the share purchase option plan of September 26th 2005;
- 15,500 shares were allocated to the share purchase option plan of July 21st 2006;
- 34,119 shares were allocated to the reserve for future share purchase option plans that may be agreed.

Objectives of the buy-back programme

The shares bought may be used (in descending order of priority) to:

1) give impetus to the market through a liquidity contract according to the Compliance Charter of the AFEI;
2) issue shares on the exercise of rights attached to short-term investments giving access to the company's capital by repayment, conversion, exchange, presentation of warrants or any other means;
3) issue shares as a means of payment or exchange in external growth transactions, in order to minimise the acquisition cost or, more generally, improve the terms of the transaction;
4) grant free shares and/or purchase options to officers of the company and to employees;
5) cancel shares, on condition that a specific resolution is voted on by the Extraordinary General Meeting.

Maximum proportion of the capital, maximum number and details of the shares that the Company proposes to acquire and maximum purchase price

Pierre & Vacances will be able to acquire 10% of its capital, or, as of January 9th 2007, 878,483 shares at a par value of €10 each. Because of the 76,789 shares already held in treasury stock on January 9th 2007, the maximum number of shares that may be acquired as part of this buy-back programme is therefore 801,694, reflecting a theoretical maximum investment of €96,203,280 on the basis of the maximum buying price of €120 specified in the 15th resolution put to the vote of the General Meeting on February 15th 2007. It should however be noted that the buy-back programme's main objective is to steady the share price, so this maximum investment should not be reached.

Duration of the buy-back programme

Eighteen months from approval by the Combined General Meeting of Febuary 15th 2007, that is until August 15th 2008.

Transactions made to buy, sell or transfer, as part of the previous buy-back programme

Number of shares comprising the issuer's capital at the beginning of the programme	8,773,098
Capital owned directly or indirectly by the company at the beginning of the programme (shares+percentage)	48,178/0.55%
Information gathered since the beginning of the programme to January 9th 2007	
Number of shares purchased	42,374
Number of shares sold	13,763
Number of shares transferred	-
Number of shares cancelled	-
Shares bought back from people holding more than 10% of the capital or from directors	-
Number of shares cancelled during the past 24 months	-
Number of shares held on January 9th 2007 (shares+percentage):	76,789/0.87%
Book value of the portfolio on January 9th 2007	5,275,888.92
Market value of the portfolio on January 9th 2007	7,245,042.15

EXTRACT FROM THE BOARD'S REPORT ON THE PROPOSED RESOLUTIONS PUT BEFORE THE EXTRAORDINARY GENERAL MEETING[1]

Authorisation for the Board of Directors to cancel the shares bought back under the share buy-back programme

Through the 15th resolution described above, the General Meeting is being asked to authorise the Board of Directors, in application of Article L. 225-209 of the French Commercial Code, to buy shares in the Company up to 10% of the capital.

Among the objectives of this is, where necessary, to cancel the shares thus acquired. Consequently, your Board, through the 16th resolution, requests authorisation to reduce the share capital in order to cancel, up to the legal limit of 10% of the capital, some or all of the shares thus acquired by the Company as part of the abovementioned share buy-back programme. The requested authorisation, which will be for 18 months from the day of the General Meeting, would replace that of the same type granted by your General Meeting on March 2nd 2006.

Granting authority to the Board of Directors to increase the share capital

The Meeting is being asked to extend the authorisations to increase the share capital. By virtue of these authorisations, the Board of Directors will be able to decide quickly and flexibly on one or more capital increases and will have the powers necessary to increase the share capital by any means (excluding issues reserved for named persons) within an overall limit, while leaving the Board the right to define the type of securities to be issued and the terms and conditions of each issue.

The Meeting is being asked to give an overall authorisation of a maximum par value of €22,000,000 while leaving preferential subscription rights in place. It is also proposed that the Meeting authorise the Board of Directors to increase the capital while cancelling preferential subscription rights for a maximum par value of €22,000,000 to be charged against the amount stipulated above. By virtue of this overall authorisation, the Board will therefore be able to increase the share capital by any means authorised by the regulations in force. This overall authorisation may not be for more than twenty six months. The Board must report to the Ordinary General Meeting on the use it has made of this overall authorisation. This authorisation supersedes the previous unused authorisation given by the Combined General Meeting of March 2nd 2006.

Authorisation for the Board of Directors to proceed with capital increases reserved for members of a company savings plan

We recommend that you authorise the Board of Directors to proceed with capital increases by issuing shares or securities giving access to the Company's capital exclusively to members of a Company savings plan set up by the Company and the companies or company combinations associated with it.

The maximum par value of the increase or increases that may be made by virtue of this authorisation may not exceed €850,000. The requested authorisation would be for 18 months and would supersede the authorisation of the same type granted by your General Meeting of March 2nd 2006.

(1) the full version of the Board's report on the proposed resolutions to be voted on by the Extraordinary General Meeting has been sent to the shareholders owning nominal shares and to shareholders owning bearer shares who have requested it

Resolutions put to the Combined General Meeting of Febuary 15th 2007

Within the competence of the Annual Ordinary General Meeting

(Voting on these resolutions is subject to the quorum and majority conditions specified for Ordinary General Meetings)

FIRST RESOLUTION

The General Meeting, having heard the reports of the Board of Directors and Statutory Auditors on the year ending September 30th 2006, approves the parent company financial statements for the year, as presented, together with the transactions reflected in these financial statements or described in these reports.

It discharges all the Directors wholly and without reservation of their responsibility in respect of the performance of their duties during the year.

SECOND RESOLUTION

The General Meeting resolves to appropriate the income for the year, reflecting the net profit of €165,761,804,71, plus retained earnings from the previous year to the value of €259,043,611.23, making a total of €424,805,415.94, as follows:

- to the statutory reserve €12,738.00
- to the shareholders in dividends €21,954,590.00
- to retained earnings €402,838,087.94

The dividend to be distributed for the year is therefore €2.50 per share. This dividend will be payable on Febuary 22nd 2007.

To take account of the reform of the tax regime for distributions introduced by Article 76 of the Finance Act for 2006 applicable from the collection of 2006 taxes, and in accordance with the terms of Article 243bis of the General Tax Code, the tax credit has been deleted and an abatement of 40% has been put in place for the benefit only of individual shareholders.

The General Meeting agrees that, according to the terms of Article L. 225-210 of the French Commercial Code, the amount of dividend for the shares held by the company on the date of payment will be reallocated to "Retained earnings".

The General Meeting notes that the dividends paid for each share for the three preceding years were as follows:

Year	Number of shares[a]	Par value	Net dividend
2004/2005	8,769,098	€10	€1.50
2003/2004	8,653,160	€10	€1.80
2002/2003	8,566,190	€4	-[b]

(a) number of shares eligible for dividends for the year

(b) the Combined General Meeting of March 11th 2004 (meeting after the Ordinary General Meeting voting on the financial statements for the year ending 30/09/2003) decided to proceed with an extraordinary dividend of €1.50 per share

THIRD RESOLUTION

The General Meeting, having heard the reports of the Board of Directors and Statutory Auditors on the consolidated financial statements for the year ending September 30th 2006, approves the consolidated financial statements for that year, as presented, together with the transactions reflected in these financial statements or described in these reports.

The said consolidated financial statements for the year ending September 30th 2006 show a consolidated turnover of €1,414,3 million and a net attributable consolidated profit of €73,676 thousand.

FOURTH RESOLUTION

The General Meeting sets the value of attendance fees to be distributed between the Directors for the current year at €150,000.

FIFTH RESOLUTION

The General Meeting, having heard the special report of the Statutory Auditors on the agreements specified in Articles L. 225-38 and following of the French Commercial Code, approves the conclusions of the said report and the agreements specified therein.

SIXTH RESOLUTION

The Ordinary General Meeting notes that the term of office of Gérard BRÉMOND has come to an end and decides to reappoint him for three years, that is to the end of the Meeting called to vote on the financial statements for the year ending September 30th 2009.

SEVENTH RESOLUTION

The Ordinary General Meeting notes that the term of office of Michel DUPONT has come to an end and decides to reappoint him for three years, that is to the end of the Meeting called to vote on the financial statements for the year ending September 30th 2009.

EIGHTH RESOLUTION

The Ordinary General Meeting notes that the term of office of Olivier BRÉMOND has come to an end and decides to reappoint him for three years, that is to the end of the Meeting called to vote on the financial statements for the year ending September 30th 2009.

NINTH RESOLUTION

The Ordinary General Meeting notes that the term of office of Marc PASTURE has come to an end and decides to reappoint him for three years, that is to the end of the Meeting called to vote on the financial statements for the year ending September 30th 2009.

TENTH RESOLUTION

The Ordinary General Meeting notes that the term of office of Sven BOINET has come to an end and decides to reappoint him for three years, that is to the end of the Meeting called to vote on the financial statements for the year ending September 30th 2009.

ELEVENTH RESOLUTION

The Ordinary General Meeting notes that the term of office of Ralf CORSTEN has come to an end and decides to reappoint him for three years, that is to the end of the Meeting called to vote on the financial statements for the year ending September 30th 2009.

TWELFTH RESOLUTION

The Ordinary General Meeting notes that the term of office of SA Société d'Investissement Touristique et Immobilier – SITI has come to an end and decides to reappoint it for three years, that is to the end of the Meeting called to vote on the financial statements for the year ending September 30th 2009.

THIRTEENTH RESOLUTION

The Ordinary General Meeting notes that the term of office of GB Développement SA has come to an end and decides to reappoint it for three years, that is to the end of the Meeting called to vote on the financial statements for the year ending September 30th 2009.

FOURTEENTH RESOLUTION

The General Meeting decides to appoint Éric DEBRY as a director in addition to the members currently in office, for three years, that is up to the General Meeting called to vote on the financial statements for the year ending September 30th 2009.

FIFTEENTH RESOLUTION

(Authorisation for the Company to buy back its own shares)

The General Meeting, having heard the report of the Board of Directors, authorises the Board of Directors, with the option to delegate this authority, to trade in the Company's shares providing that the legal and regulatory requirements applicable at the time of trading are observed, and particularly in compliance with the terms and obligations set out in Articles L. 225-209 to L. 225-212 of the French Commercial Code.

The Company may buy its own shares on the market or off the market and sell some or all of the shares thus acquired within the following limits:

- the total number of shares held must not exceed 10% of the share capital;
- the unit purchase price may not exceed €120 per share (excluding purchase expenses);
- the unit selling price may not be less than €60 per share (excluding selling expenses);

The theoretical ceiling is therefore €105,418,032.

These transactions must be carried out in line with the rules set out by Articles 241-1 to 241-7 of the general regulation of the AMF concerning the conditions and periods of trading on the market.

This authorisation is designed to allow the Company (in priority order) to:

1) give impetus to the market through a liquidity contract according to the Compliance Charter of the AFEI;

2) issue shares on the exercise of rights attached to short-term investments giving access to the Company's capital by repayment, conversion, exchange, presentation of warrants or any other means;

3) issue shares as a means of payment or exchange in external growth transactions, in order to minimise the acquisition cost or, more generally, improve the terms of the transaction;

4) grant free shares and/or purchase options to officers of the company or to employees;

5) cancel shares, on condition that a specific resolution is voted on by the Extraordinary General Meeting.

The General Meeting agrees that:

- the purchase of the shares and the retention, sale or transfer of the shares thus purchased may, depending on the case, be carried out in one or more transactions, at any time, where appropriate during the period of public offering, by any means on the market or over the counter, particularly by block purchase or sale, or by the use of derivatives (to the exclusion of put sales) and of warrants, in compliance with the applicable regulations;
- in the event of a capital increase by incorporating reserves and allocating free shares and in the case of either a division or a grouping of shares, the prices indicated above shall be adjusted by a multiplication factor equal to the ratio between the number of shares comprising the share capital before the transaction and that number after the transaction.

The General Meeting agrees to give all powers to the Board of Directors, with the option to delegate, in order to:

- use all means to purchase, sell or transfer these shares, including using optional transactions, or transactions on derivatives (to the exclusion of put sales);
- make any agreement with a view to maintaining the registers of share purchases and sales, make any declarations to the AMF and any other organisation, fulfil all formalities and, in general, do whatever is necessary.

This authorisation is valid for a maximum of eighteen months from this date and terminates, with immediate effect, for the unused fraction, the authorisation given by the Combined General Meeting of March 2nd 2006.

Within the competence of the Extraordinary General Meeting

(Voting on these resolutions is subject to the quorum and majority conditions specified for Extraordinary General Meetings)

The present authorisation supersedes the previous authorisation given by the Extraordinary General Meeting of March 2nd 2006 which was not used and which is thereby replaced.

SIXTEENTH RESOLUTION

(Authorisation given to the Board of Directors to reduce the share capital by cancelling shares bought back under the share buy-back programme)

The Extraordinary General Meeting, having heard the report of the Board of Directors and the special report of the Statutory Auditors:

- authorises the Board of Directors to cancel, at its own discretion, on one or more occasions, within the limit of 10% of the share capital, the shares that the Company may hold as a result of the buy-backs carried out in application of the fifteenth resolution of this Meeting, and of the buy-backs made to date where appropriate and to reduce the share capital accordingly, in compliance with the applicable legal and regulatory requirements;
- sets the validity of this authorisation to eighteen months from the present Meeting;
- gives the Board of Directors the option of delegating all powers to carry out the transactions necessary for such cancellations and related reductions of the share capital, to modify the by-laws of the Company in consequence and carry out all the required formalities.

SEVENTEENTH RESOLUTION

(Granting authority to the Board of Directors to increase the share capital, with maintenance of preferential subscription rights – Renewal of the previous authorisation of the same type given by the Extraordinary General Meeting of March 2nd 2006 which was not used and which is replaced by the present authorisation)

The Extraordinary General Meeting, having heard the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the terms of the French Commercial Code and particularly article L. 225-129:

- agrees to grant the Board of Directors the authority to decide, on one or more occasions, in the proportions and at the times it sees fit, whether in France or abroad, to issue, either in euros or in foreign currency or in any other monetary unit established with reference to a basket of currencies, with maintenance of shareholders' preferential subscription rights, shares in the company and any other securities giving immediate or deferred access to the capital of the Company. These securities may take any form that is not incompatible with the applicable laws, and particularly the form of share warrants which may be issued either by subscription in cash or by free allocation to shareholders, it however being specified that the issue of preference shares is expressly excluded from this authority;

- sets the validity of this authority to twenty-six months from the present Meeting;
- agrees that the par value of the capital increases likely to be made immediately and/or in future by virtue of this authority may not, in any case and with no account being taken of the adjustments likely to be applied according to the law, exceed €22,000,000 or its equivalent in foreign currencies on the day of issue. To this total amount shall be added, where appropriate, the par value of the additional shares to be issued, according to law, to preserve the rights of holders of securities giving the right to subscribe for shares in the Company;
- also agrees that the par value of the securities representing credits giving access to the capital likely to be issued by virtue of this authority may not exceed €200,000,000 or its equivalent in foreign currencies on the day of issue;
- notes that, where appropriate, this authority carries forthwith, to the benefit of the holders of securities providing access to the capital of the Company, express renunciation by the shareholders of their preferential rights to subscribe for the shares to which these securities give entitlement;
- agrees that the shareholders may exercise, within the terms provided by law, their preferential subscription right on an irrevocable basis. In addition, the Board of Directors will be able to grant shareholders revocable subscription rights to be exercised proportional to their rights and within the limit of their requirements;
- agrees that, if irrevocable and, where appropriate, revocable subscriptions do not fully absorb the issue of shares or securities, the Board of Directors may use one and/or other of the following options, in the order it deems fit:
  - limit the issue to the amount of subscriptions obtained provided that the amount is at least three-quarters of the approved issue,
  - freely distribute some or all of the unsubscribed shares,
  - offer some or all of the unsubscribed shares to the public;
- grants the Board of Directors and, by delegation, the Chief Executive, under the terms provided by law, all powers to:
  - set the amounts to be issued, determine the dates and terms of issue and the form of the securities to be created and, generally, take all necessary steps and make all agreements to ensure the successful completion of the planned issues, all in compliance with the applicable laws and regulations,
  - note the completion of such issues and make any appropriate amendments to the by-laws,
  - and in general make all agreements, take all measures and complete all formalities necessary to the transactions.

Furthermore, the Extraordinary General Meeting grants the Board of Directors the power, at its sole discretion, to charge the fees for the capital increases to additional paid-in capital and to deduct from this amount the sums needed to ensure that the statutory reserve remains equal to one tenth of the new capital after each increase.

In the event of a capital increase, merger or demerger, as with other financial transactions involving a preferential subscription right or reserving a priority subscription right to the benefit of shareholders, the Board of Directors may suspend the exercise of the rights attached to the aforementioned securities for a period of no more than three months.

This authorisation supersedes the previous unused authorisation given by the Extraordinary General Meeting of March 2nd 2006.

EIGHTEENTH RESOLUTION

(Granting authority to the Board of Directors to increase the share capital, without preferential subscription rights – Renewal of the previous authorisation of the same type given by the Extraordinary General Meeting of March 2nd 2006 which was not used and which is replaced by the present authorisation)

The Extraordinary General Meeting, having heard the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the terms of the French Commercial Code and particularly article L. 225-129:

- agrees to grant the Board of Directors the authority to decide, on one or more occasions, in the proportions and at the times it sees fit, whether in France or abroad, to issue, either in euros or in foreign currency or in any other monetary unit established with reference to a basket of currencies, shares in the company and any other securities giving immediate or deferred access to the capital of the Company. The Extraordinary General Meeting agrees to remove the preferential subscription rights of shareholders to the securities to be issued, it being understood that the Board of Directors may, in accordance with the terms of article L. 225-135 of the French Commercial Code, grant the shareholders priority subscription rights to some or all of the issue, during the time frame and on the terms that it shall set. This subscription priority shall not give rise to the creation of negotiable rights, but may, if the Board deems fit, be exercised both irrevocably and revocably. These securities may take any form that is not incompatible with the applicable laws, and particularly the form of share warrants which may be issued either by subscription in cash or by free allocation to shareholders, it however being specified that the issue of preference shares is expressly excluded from this authority;
- sets the validity of this authority to twenty-six months from the present Meeting;
- agrees that the par value of the capital increases likely to be made immediately and/or in future by virtue of this authority may not, in any case and with no account being taken of the adjustments likely to be applied according to law, exceed €22,000,000 or its equivalent in foreign currencies on the day of issue. To this total amount shall be added, where appropriate, the par value of the additional shares to be issued, according to law, to preserve the rights of holders of securities giving the right to subscribe for shares in the Company. The maximum par value of the capital increases likely to be made by virtue of this authority may be applied against the overall share capital increase ceiling of €22,000,000 set by the seventeenth resolution of this Extraordinary General Meeting;
- also agrees that the par value of the securities representing credits giving access to the capital likely to be issued by virtue of this authority may not exceed €200,000,000 or its equivalent in foreign currencies on the day of issue, it being specified that this maximum par value shall be applied against the par value of €200,000,000 set by the seventeenth resolution of this Extraordinary General Meeting;

- notes that, where appropriate, this authority carries forthwith, to the benefit of the holders of securities providing access to the capital of the Company, express renunciation by the shareholders of their preferential rights to subscribe for the shares to which these securities give entitlement;
- agrees that the amount collected or due to be collected by the Company for each of the shares issued under this authority, after taking account, for an issue of share warrants, of the issue price of the said warrants, shall be set in accordance with the legal or regulatory terms applicable at the time of issue;
- grants the Board of Directors and, by delegation, the Chairman and Chief Executive Officer the same powers as those defined in the seventeenth resolution above.

This authorisation supersedes the previous unused authorisation given by the Extraordinary General Meeting of March 2nd 2006.

NINETEENTH RESOLUTION

(Increase in issues, with or without preferential subscription rights, of securities providing access to the share capital - Renewal of the previous authorisation of the same type given by the Extraordinary General Meeting of March 2nd 2006 which was not used and which is replaced by the present authorisation)

The Extraordinary General Meeting, having heard the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the terms of article L. 225-135-1 of the French Commercial Code:

Grants the Board of Directors and, by delegation, the Chief Executive Officer authority to increase the number of shares to be issued in the event of a capital increase with or without preferential subscription rights, as specified in the seventeenth and eighteenth resolutions, up to the limit of 15% of the number of shares in the initial issue, according to the legal and regulatory requirements applicable at the time of issue.

The par value of the issue increase agreed by virtue of this resolution will be charged, where appropriate, to the maximum par value defined in the fourth paragraph of the seventeenth and eighteenth resolutions.

This authorisation is valid for the same duration as that of the seventeenth and eighteenth resolutions, that is for a maximum of twenty-six months from this date.

The present authorisation supersedes the previous authorisation given by the Extraordinary General Meeting on March 2nd 2006 which was not used.

TWENTIETH RESOLUTION

(Issue in payment for shares received up to the limit of 10% of the share capital - Renewal of the previous authorisation of the same type given by the Extraordinary General Meeting of March 2nd 2006 which was not used and which is replaced by the present authorisation)

The Extraordinary General Meeting, having heard the report of the Board of Directors and in accordance with the terms of article L. 225-147 paragraph 5 of the French Commercial Code, grants the Board of Directors the powers necessary to proceed with a capital increase, on one or more occasions, up to the limit of 10% of the share capital, in order to pay company benefits in kind in the form of shares in the capital or of securities providing access to the share capital not traded on the regulated market.

The General Meeting grants all powers to the Board of Directors to approve the valuation of the benefits, note the completion thereof, charge where appropriate to the share premium all fees and rights occasioned by the capital increase, deduct from the share premium the sums necessary for the full allocation to the statutory reserve and make the changes in the by-laws.

This authorisation is valid for a maximum of twenty six months from this date.

The present authorisation supersedes the previous authorisation given by the Extraordinary General Meeting on March 2nd 2006 which was not used.

TWENTY FIRST RESOLUTION

(Capital increase reserved for the employees of companies or company combinations who are members of the Group's company savings plan - Renewal of the previous authorisation of the same type given by the Extraordinary General Meeting of March 2nd 2006 which was not used and which is replaced by the present authorisation)

The Extraordinary General Meeting, having heard the report of the Board of Directors and the special report of the Statutory Auditors:

- grants the Board of Directors the authority necessary to increase the parent company capital on one or more occasions at its sole discretion by issuing shares or other securities providing access to the capital of the Company, reserved for employees of the companies or company combinations who are members of the group's company savings plan (or any mutual investment fund present or future of which these employees are subscribers);
- removes in favour of these beneficiaries the preferential subscription right to shares or other securities providing access to the capital of the Company, which may be issued by virtue of this authorisation;
- sets the validity of this authorisation to eighteen months from this Meeting;
- limits the maximum par value of the increase or increases that may be made pursuant of this authorisation to €850,000;
- agrees to set the discount at 20% of the Company's average quoted share price on the Eurolist of Euronext Paris during the twenty stock market sessions preceding the day of the decision to set the date of opening the subscriptions. However, the Meeting expressly authorises the Board of Directors to reduce the abovementioned discount if it deems fit. The Board

of Directors may also replace some or all of the discount with freely allocated shares or other securities in application of the following terms;

- decides that the Board of Directors may provide for the allocation, free of charge, of shares or other securities providing access to the capital of the Company, it being understood that the total benefit resulting from this allocation may not exceed the legal or regulatory limits. The General Meeting also agrees that the features of the other securities providing access to the capital of the Company shall be decided by the Board of Directors under the terms required by law;
- grants the Board of Directors and, by delegation, the Chairman and Chief Executive Officer, as prescribed by law, the authority to:
  - set the amounts to be issued, determine the dates and terms of issue and the form of the short-term investments to be created and, generally, take all necessary steps and make all agreements to ensure the successful completion of the planned issues, all in compliance with the applicable laws and regulations,
  - note the completion of such issues and make the appropriate amendments to the by-laws,
  - and in general make all agreements, take all measures and complete all formalities necessary to the transactions.

Furthermore, the Extraordinary General Meeting grants the Board of Directors the power, at its sole discretion, to charge the fees relating to the capital increases against the additional paid-in capital and to deduct from this amount the sums needed to ensure that the statutory reserve remains equal to one tenth of the new capital after each increase.

The present authorisation supersedes the previous authorisation given by the Extraordinary General Meeting on March 2nd 2006 which was not used.

Persons responsible for auditing the financial statements and for the reference document

STATUTORY AUDITORS

Principal Auditors:

ERNST & YOUNG & Autres
Bruno BIZET
41, rue Ybry – 92576 NEUILLY-SUR-SEINE - FRANCE
First appointed by the General Meeting of May 29th 1990
Reappointed for six years by the General Meeting of March 11th 2004

AACE – ILE DE FRANCE
Michel RIGUELLE
10, rue de Florence – 75008 PARIS - FRANCE
First appointed by the General Meeting of October 3rd 1988
Reappointed for six years by the General Meeting of March 11th 2004

Deputy Auditors:

Pascal MACIOCE
41, rue Ybry – 92576 NEUILLY-SUR-SEINE - FRANCE
First appointed by the General Meeting of March 11th 2004

Jean-Baptiste PONCET
10, rue de Florence – 75008 PARIS - FRANCE
First appointed by the General Meeting of March 11th 2004

FEES PAID TO THE STATUTORY AUDITORS AND THE MEMBERS OF THEIR NETWORK

The table below shows the fees paid to the Statutory Auditors responsible for certifying the parent company and consolidated financial statements of Pierre & Vacances. These include fees for services provided and booked as expenses during 2004/2005 and 2005/2006 in the financial statements of Pierre & Vacances SA and its fully-consolidated subsidiaries.

	Ernst & Young & Autres				AACE – Ile-de-France			
	Amount		%		Amount		%	
(in thousands of euros)	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005
Audit								
Statutory Auditors services and certification of parent company and consolidated financial statements	1,119	1,127	90%	80%	374	376	100%	100%
Additional services	-	164	-	11%	-	-	-	-
SUB-TOTAL	**1,119**	**1,291**	**90%**	**91%**	**374**	**376**	**100%**	**100%**
Other services								
Tax services	125	125	10%	9%	-	-	-	-
Other	-	-	-	-	-	-	-	-
SUB-TOTAL	**125**	**125**	**10%**	**9%**				
TOTAL	**1,244**	**1,416**	**100%**	**100%**	**374**	**376**	**100%**	**100%**

The annual and consolidated financial statements of the Center Parcs Europe sub-group for 2004/2005 and 2005/2006 have been audited by the auditors of the Ernst & Young network in the Netherlands, Germany and Belgium and by Ernst & Young & Autres in France.

The fees for the audit-related work carried out during 2004/2005 include (€164 thousand) for the assistance given by Ernst & Young & Autres in converting to the IFRS standards.

Furthermore, the fees for the tax services covering the work done in 2004/2005 and 2005/2006 by the members of the Ernst & Young network in the Netherlands, Germany and Belgium as part of the legal restructuring in the Center Parcs Europe sub-group.

NAME OF THE PERSON ASSUMING RESPONSIBILITY FOR THE REFERENCE DOCUMENT

Gérard BRÉMOND, Chairman and Chief Executive Officer.

This information is the sole responsibility of the directors of the company.

STATEMENT BY THE PERSON ASSUMING RESPONSIBILITY FOR THE REFERENCE DOCUMENT

After having taken all reasonable measures appropriate, I confirm that the information contained in this reference document is, to my knowledge, a fair reflection of the true situation and is not subject to any omission likely to impair the meaning thereof.

Pierre & Vacances has obtained from its Statutory Auditors a letter of completion, in which they indicate that they have verified the information relating to the financial situation and financial statements given in this document and have read the whole of this document.

Paris, Juanuary 31st 2007
Gérard BRÉMOND,

Chairman and Chief Executive Officer

Cross-reference index

The cross-reference index below refers to the main headings required by European Regulation N° 809/2004 taken in application of the «Prospectus» Directive 2003/71/CE of the European Parliament and European Council of November 4th 2003 concerning the prospectus to be published in the event of a public offering of securities or for the purpose of admitting securities for trading. The information that does not apply to Pierre & Vacances is marked «N/A».

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