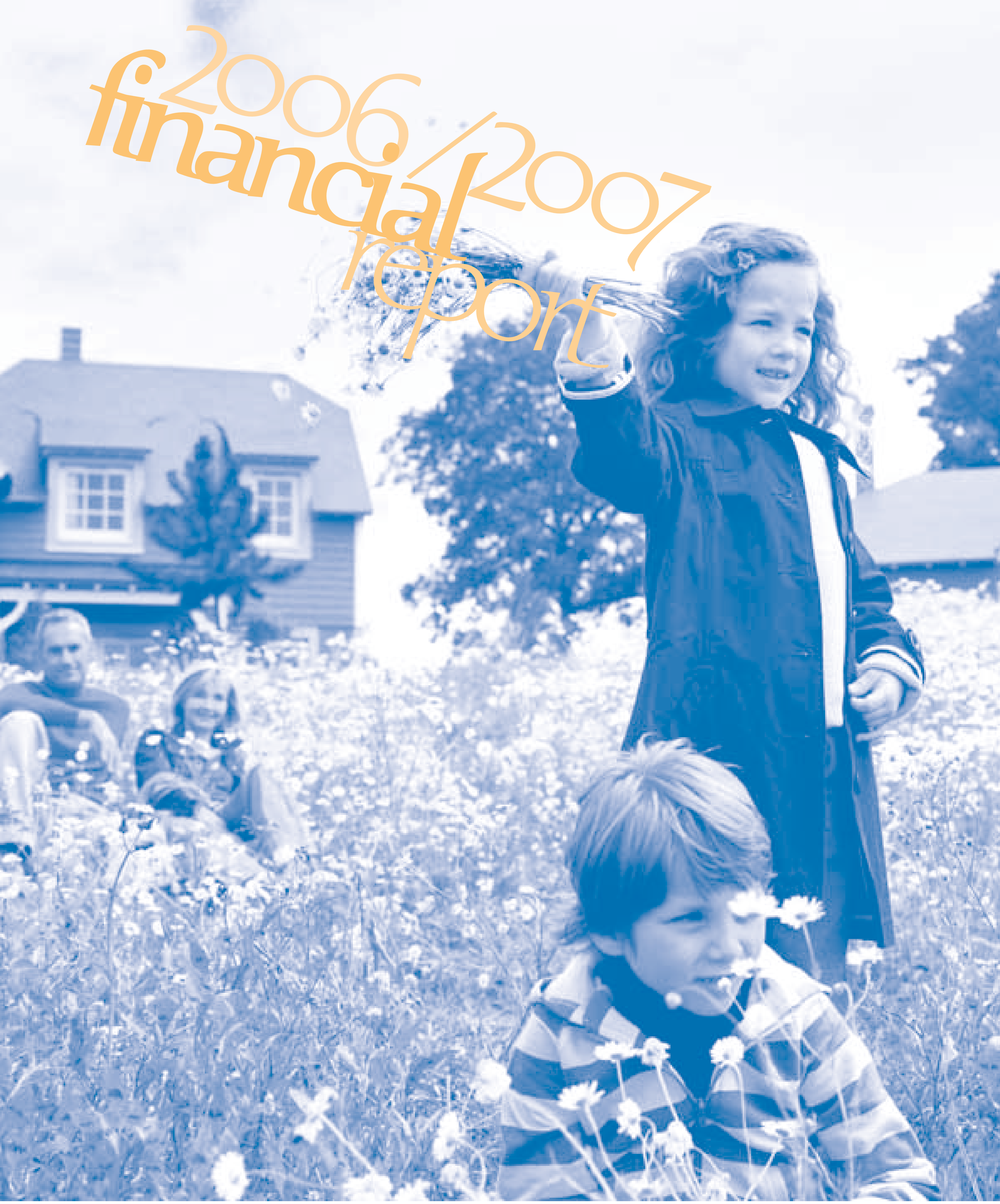
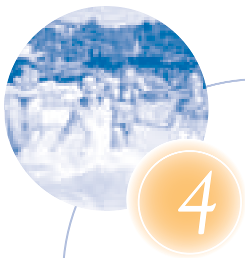
2006/2007 financial report



EUROPEAN LEADER IN HOLIDAY RESIDENCES

GROUPE
PIERRE & VACANCES

Contents



GROUPE
PIERRE & VACANCES

2006

Financial report

2007

In application of Article 28 of Commission regulation (EC) N°.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 39 to 104 (financial report) of the reference document for 2004/2005 registered with AMF on February 16, 2006 under number D 06-071;
- the consolidated financial statements and corresponding audit reports appearing on pages 31 to 118 (financial report) of the reference document for 2005/2006 registered with AMF on January 31, 2007 under number D 07-068;
- the group's management report appearing on pages 1 to 38 (financial report) of the reference document for 2004/2005 registered with AMF on February 16, 2006 under number D 06-071;
- the group's management report appearing on pages 3 to 29 (financial report) of the reference document for 2005/2006 registered with AMF on January 31, 2007 under number D 07-068.

AMF

The following pages "Financial Report 2006/2007" completed with the "Business Report 2006/2007" make up the whole reference document submitted to the Autorité des Marchés Financiers* on January 28, 2008, 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 48,000 apartments and homes, or 228,000 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 (68% of 2006/2007 turnover) and property development (32% of 2006/2007 turnover).

In 2006/2007, the Group posted further growth in turnover. The year was marked by a return to acquisitions with the Sunparks and Les Seniorales operations.

The offering was also rounded out by organic growth in particular with the opening of the Paris Tour Eiffel city residence (375 apartments) and the Center Parcs du Domaine du Lac d'Ailette (800 cottages).

Group businesses and performances in 2006/2007

Turnover

Full-year Group turnover from 1 October 2006 to 30 September 2007 rose 6% to €1,550.3 million on a like-for-like basis.

(millions of euros)	2006/2007	2005/2006	Current structure	Like-for-like
Tourism	**1,058.6**	**996.3**	**+6.3%**	**+2.6%**
Pierre & Vacances / Maeva / Résidences MGM / Hôtels Latitudes	502.1	480.5	+4.5%	+2.5%
Center Parcs Europe	529.8	515.8	+2.7%	+2.7%
Sunparks	26.7	0.0	+100%	+3.6%
Property development	**491.7**	**418.0**	**+17.6%**	**+14.2%**
Pierre & Vacances	467.6	418.0	+11.9%	+11.9%
Les Senioriales	24.1	0.0	+100%	+93.5%
TOTAL	**1,550.3**	**1,414.3**	**+9.6%**	**+6.0%**

Like-for-like turnover for 2005/2006 has been adjusted for the following items:
- *the consolidation as of 1 April 2007 of business at the Sunparks and Les Senioriales groups;*
- *the booking of turnover volumes from the two villages in the French West Indies following the switch from a mandate management method (where only management fees were booked) to a lease system on 1 October 2006.*

TOURISM

Turnover from the tourism businesses rose by 2.6% to €1,058.6 million on a like-for-like basis:

- Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes contributed €502.1 million, representing like-for-like growth of 2.5%. The average occupancy rate remained unchanged against a backdrop of growth in the offering (Paris Tour Eiffel, Eguisheim, Le Crotoy, Branville) with the rise in turnover stemming primarily from growth in average selling prices;
- Center Parcs Europe turnover rose 2.7% to €529.8 million. After falling 1.2% in H1, turnover picked up considerably over the year (+5.2%), with healthy peformances from the majority of the clients (Dutch, German and French);
- Since it was acquired in April 2007, Sunparks has posted turnover of € 26.7 million, up 3.6% on a like-for-like basis.

Key indicators on a like-for-like basis

(millions of euros)	2006/2007	2005/2006	Change
Like-for-like turnover	1,058.6	1,031.5	+2.6%
o/w accommodation	564.5	545.4	+3.5%
o/w supplementary income[1]	494.1	486.1	+1.6%
ALR[2] in euros	551	536	+2.9%
Number of weeks sold	1,024,467	1,018,504	+0.6%
Occupancy rate	71,0%	71,0%	

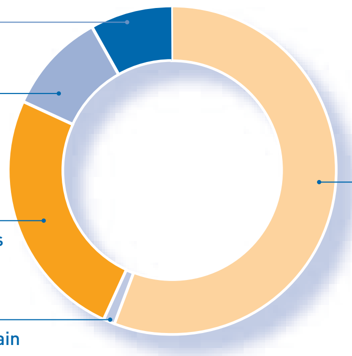
(1) Catering, events, mini-market, shops, marketing...
(2) Average letting rates by week of accommodation net of distribution costs.

Accommodation turnover rose 3.5% to €564.5 million on the back of:

- a 2.9% increase in average letting rates, stemming from a rise of 4.5% in average letting rates in the Pierre & Vacances/ Maeva/Résidences MGM/Hôtels Latitudes division, prompted both by price hikes and beneficial distribution and product mixes. Average letting rates at Center Parcs rose by 1%, generally in line with inflation;
- a stable average occupancy rate for the Group at 71.0%, resulting from stable frequency rates at both Pierre & Vacances/ Maeva/Résidences MGM/Hôtels Latitudes against a backdrop of extended offerings in cities and seaside resorts, and Center Parcs Europe, although 203 new cottages were opened at the Bois Francs village.

In 2006/2007, 44% of turnover stemmed from destinations outside France of which 43% at the Center Parcs villages located in the Netherlands, Germany and Belgium.

BREAKDOWN OF TOURISM TURNOVER BY DESTINATION



Tourism residence portfolio – end-September 2007

	Pierre & Vacances[1]	Maeva[2]	Résidences MGM	Hôtels Latitudes	Citéa[3]	Center Parcs	Sunparks	Total
Apartments/homes	20,126	8,678	898	1,160	4,534	11,142	1,736	**48,274**
Beds	103,747	37,276	5,746	2,863	12,332	55,831	9,728	**227,523**

(1) 20,366 apartments and 104,947 beds including marketing activity.
(2) 14,133 apartments and 64,551 beds including marketing activity.
(3) The Group owns 50% of Citéa, co-owned with Lamy, which manages the mandate for all of the two-star city residence offering.

In all, the Group's tourism portfolio grew by 2,900 apartments/ homes and 14,541 beds. The increase stemmed primarily from the acquisition of Sunparks (1,736 homes and 9,728 beds) and for Center Parcs Europe, from the opening of the Center Parcs du Domaine du Lac d'Ailette (800 cottages, 4,080 beds) as well as the extension of Bois Francs (203 cottages, 896 beds). Note for Pierre & Vacances/Maeva/ Résidences MGM/Hôtels Latitudes the openings over the year of the Paris Tour Eiffel, Eguisheim and Crotoy residences as well as the extension of the Branville village. The Group also took over two new residences in Spain (Ampolla Cap Roig and Tossa del Mar). At the same time, the Group withdrew from a number of sites in Italy (Cefalu and Marilleva) and in mountain resorts (Autrans and Val d'Isère Rond Point des Pistes).

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

	Pierre & Vacances	Maeva	Hôtels Latitudes	Citéa	Résidences MGM	Center Parcs	Sunparks	Total
France	17,911	8,678	1,160	4,534	898	2,443		35,624
French West Indies	851	-	-	-	-	-		851
The Netherlands	-	-	-	-	-	5,121		5,121
Germany	-	-	-	-	-	2,252		2,252
Belgium	-	-	-	-	-	1,326	1,736	3,062
Italy	972	-	-	-	-	-		972
Spain	392	-	-	-	-	-		392
TOTAL	**20,126**	**8,678**	**1,160**	**4,534**	**898**	**11,142**	**1,736**	**48,274**

At end-September 2007, the Pierre & Vacances Group operated 76% of its sites in France, where it offers numerous destinations including the northern Alps, the Pyrenees, the French Riviera, the Atlantic and Channel coasts, Provence, Paris and the French West Indies.

In Europe, the Group is also present in the Netherlands (10% of portfolio), Belgium (6%) and Germany (5%) via the Center Parcs and Sunparks villages, and with the Pierre & Vacances banner in Italy (2%) and in Spain (1%). Note also the Group's presence in Spain via the marketing of 11 sites under the Maeva banner.

Operating of tourist residence portfolio on 30 September 2007 (number of apartments/homes)

	Individual investors	Leases	Mandates	Institutional investors	Leases	Mandates	Group-owned	Total
Pierre & Vacances France	17,779	17,671	108	983	612	371		18,762
Pierre & Vacances Italy and Spain	762	422	340	602	592	10		1,364
Maeva	7,203	6,943	260	1,407	1,277	130	68	8,678
Hôtels Latitudes	453	453		707	600	107		1,160
Résidences MGM	898	898		0				898
Citéa	4,363		4,363	171		171		4,534
Center Parcs	1,131	1,131		10,011	10,011			11,142
Sunparks	0			1,091	1,091		645	1,736
TOTAL	**32,589**	**27,518**	**5,071**	**14,972**	**14,183**	**789**	**713**	**48,274**

At the Group level, 67.5% of the apartments operated were owned by individual investors and 31% by institutional investors while the remaining 1.5% was Group-owned at end-September 2007.

France (excluding Center Parcs villages)

In 2006/2007, the share of individual investors continued to increase to the detriment of that of institutional investors as a result of the Group's renovation policy (acquisition of residences from instituational investors for renovation and resale to individual investors). As such, individual investors accounted for 90% of the portfolio (vs. 86% at end-September 2006) and institutional investors (insurance companies and property funds primarily) 10% vs. 14% at end-September 2006. Only 68 apartments 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 30 September 2007, the majority of Center Parcs Europe villages belonged to institutional investors who have contracted leases with the Pierre & Vacances Group over an average period of 15 years.

Note however that the 840 cottages at the Center Parcs du Domaine du Lac d'Ailette and the 203 new cottages at the Bois Francs village were sold to individual investors in line with the Group's traditional development model in France.

In addition, on 27 September 2007, the Group completed the disposal of the property of Sunparks' Belgian villages to Foncière des murs:

- the property assets of the Oostduinkerke, De Haan and Vielsam villages were sold on 27 September;
- the disposal of the assets of the fourth village (Kempense Meren) is subject to administrative approval currently being discussed and ought to take place before 31 March 2008.

In Spain, two new residences at Ampolla Cap Roig and Tossa del Mar belong to institutional investors, with Bonmont belonging to individual investors.

In Italy, the residences are 50% owned by individual investors and 50% by institutional investors.

Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes

Like-for-like turnover from the Pierre & Vacances/Maeva/Résidence/Hôtels Latitudes banners rose 2.5% to €502.1 million in 2006/2007, driven by growth of 4.3% in accommodation turnover to €305.5 million, and growth of 1.6% in services turnover (the outsourcing of catering management took a toll on turnover).

Growth in accommodation turnover was driven by:

- a 4.5% increase in average letting rates to €537 per week sold, prompted by a price increase policy generally in line with inflation together with an improved distribution mix (development of internet sales) and product mix (renovation policy, in particular with a shift upscale in the mountain residences, deliveries etc);
- a virtually stable occupancy rate despite an increased offering in seaside resorts and city residences. The occupancy rate stood at 64.6% for all of the banners (vs. 64.8% in 2005/2006) 64.9% of which for Pierre & Vacances (vs 65.2%), 63.8% for Maeva (vs 64.0%), 75.7% for Résidences MGM (vs 74.2%) and 55.9% for Hôtels Latitudes (vs 58.1%).

The portion of direct sales (call centers, shops, websites, seminars and works councils) for the Pierre & Vacances/Maeva/Résidences MGM and Hôtels Latitudes banners totalled 73% of 2006/2007 accommodation turnover. Internet sales rose 52% and accounted for 14% of accommodation turnover.

Sales in France accounted for 71% of turnover, up 5.2% vs. the year-earlier period

Accomodation turnover derived from foreign clients grew by 2% over the year to stand at 29% of total turnover. Note the healthy performances by Belgian clients (+9%) as well as UK (+2.9%) and Dutch (+2.8%) clients.

By destination, 2006/2007 accommodation turnover broke down as follows:

Seaside resorts

Accommodation turnover at the seaside resorts rose 6.8% reflecting a 2.4% rise in average letting rates and a 4.4% increase in the number of nights sold.

Turnover from residences on the French Atlantic coast rose 4.6%, despite disadvantageous weather conditions, stemming for 2.6% from growth in the portfolio and 2% from prices. We also noted growth of 8.4% in the Mediterranean region, which was primarily driven by a 7.7% increase in the number of weeks sold.

The majority of growth stemmed from the domestic market, primarily via internet sales.

Mountain resorts

Turnover at the mountain resorts dropped 5.3% due to the 12.5% cut in the size of the offering, partly offset by the 9.2% rise in average letting rates.

The year was marked by the Group's withdrawal from the Autrans, Val d'Isère Rond Point des pistes and Marilleva (Italy) sites.

Average letting prices stood at €570 a week vs. €522 in 2005/2006. This hike stemmed from the rise upscale in the Group's holiday residences following renovation programmes, as well as the integration of new services into rental prices.

City residences

Full-year accommodation turnover at the city residences rose 13.3%, on the back of a massive increase in the offering following the opening of the Paris Tour Eiffel residence, although the impact of this was reduced by the closure of the Montmartre residence for work and the disposal to CITEA of the Aix Bastide Roy René residence. In addition, same-structure turnover at the Parisian residences surged (Paris Porte de Versailles +12.3%, Val d'Europe +13.1%, Paris Bercy +13.6%).

The 6.2% increase in average letting prices stemmed primarily from the opening of the Paris Tour Eiffel residence which has higher average letting prices than the other residences given its exceptional location. The rising momentum of this residence was reflected in the stagnation of overall occupancy rates.

We would note over the year the growth in international sales, which accounted for almost half of the rise in turnover from city residences.

French West Indies

2006/2007 confirmed the rising interest in the two villages with a sharp increase in accommodation turnover, even if turnover at Sainte Anne (+20%) was more robust than at Sainte Luce (+8.4%), which was affected by hurricane Dean at the end of August.

Turnover grew during all periods of the year, driven by the domestic market.

Like-for-like accommodation turnover by destination

(millions of euros)	2006/2007	2005/2006	Change
Seaside	171.3	160.3	+6.8%
Mountain	82.2	86.8	-5.3%
City	39.6	35.0	+13.3%
West Indies	12.4	10.8	+14.4%
TOTAL	**305.5**	**292.9**	**+4.3 %**

Like-for-like average letting rates (one week of accommodation)

(euros before VAT)	2006/2007	2005/2006	Change
Seaside	514	502	+2.4%
Mountain	570	522	+9.2%
City	563	530	+6.2%
West Indies	588	580	+1.6%
Average	**537**	**514**	**+4.5%**

Number of weeks sold and occupancy rate (like-for-like)

	Number of weeks sold			Occupancy rate		
	2006/2007	2005/2006	Change	2006/2007	2005/2006	Change
Seaside	333,478	319,522	+4.4%	61.0%	61.1%	-0.3%
Mountain	144,176	166,202	-13.3%	72.9%	72.9%	-0.1%
City	70,350	65,960	+6.7%	73.2%	73.8%	-0.8%
West Indies	20,993	18,644	+12.6%	53.8%	46.8%	+15.0%
TOTAL	**568,997**	**570,328**	**-0.2%**	**64.6%**	**64.8%**	**-0.3%**

Center Parcs Europe (excluding Sunparks)

Turnover at Center Parcs Europe rose 2.7% to €529.8 million.

Growth of 2.7% in accommodation turnover (2.4% excluding the Center Parcs du Domaine du Lac d'Ailette) to €243.8 million broke down as follows:

- an occupancy rate at Center Parcs Europe of 84.4% (vs. 84.3% in 2005/2006), with 82.8% in the Netherlands (vs. 83.5%), 91.9% in France (vs. 92.5%), 81.4% in Germany (vs. 79.0%) and 86.6% in Belgium (vs. 87.3%);
- growth in the number of nights available of 1.6%, primarily driven by the opening of 203 new cottages at the Bois-Francs site and to a lesser extent, the opening as of mid-September 2007 of the new village at the Center Parcs du Domaine du Lac d'Ailette;
- a 1% increase in average letting rates to €573 per week stay, mainly owing to sites in the Netherlands (+3.3%).

In 2006/2007, the share of direct sales (call-center, internet, seminars, works' councils and onsite sales) rose by 3.9% to account for 85.7% of accommodation turnover vs. 84.7% in 2005/2006, on the back of sales generated by the Group's websites, which leapt 68%. Internet sales therefore accounted for 35.5% of accommodation turnover during the year vs. 21.6% in 2005/2006.

Turnover growth stemmed from French (+4.9%), Dutch (2.7%) and German (+1.9%) clients, with a slight decrease in Belgian clients (-1.2%).

Turnover from services activities (catering, sports and leisure, shops, children's clubs etc.) rose by 2.8%, in line with accommodation turnover.

By destination, 2006/2007 accommodation turnover broke down as follows:

The Netherlands

After a 5.6% decline in Q1, turnover at the villages located in the Netherlands picked up during Q2 on the back of a recovery in Dutch and German clients. As such, full-year accommodation turnover rose by 3.6% following the 2.9% increase already seen in 2005/2006.

Marketing actions and the policy to develop the "early bird" advance-reservation offering helped optimise the price policy. Average letting rates grew by 3.3% in 2006/2007 on the back of lower distribution costs thanks to the higher portion of internet sales, as well as a decline in late reservations. The policy to optimise average letting rates was implemented while maintaining occupancy rates at a stable (-0.8 points) and high (82.8%) level.

The 67% surge in internet sales helped boost the performance of direct distribution channels, thereby raising the weight of direct sales from 84.7% to 85.3%.

France

Accommodation turnover at the French villages rose by 5.8% to €50.3 million. Excluding turnover from the new village at the Center Parcs du Domaine du Lac d'Ailette, growth in accommodation turnover stood at 4.4%.

Turnover at the French villages benefited from the extension of the Bois-Francs domain (opening of 204 new cottages) and to a lesser extent the opening of the new domain at the Center Parcs du Domaine du Lac d'Ailette in September 2007. The number of nights available rose by 8.3% (5.8% excluding Ailette). The increase in the number of cottages marketed was achieved while maintaining occupancy rates at a very high (91.9%) and virtually stable (-0.6%) level, thereby reflecting the development potential harboured in the Center Parcs business in France.

The 1.5% fall in average letting rates to €711 per week stemmed primarily from the sales policy implemented at the Bois-Francs village during the extension work to make up for the inconvenience caused.

The direct distribution rate stood at 94.2% vs. 93.4% in 2005/2006 driven by the surge in internet sales (+78%) and the extent of B2B activities (+27.5%), achieved thanks to the quality of infrastructure developed for business clients at the new Center Parcs du Domaine du Lac d'Ailette site.

Germany

The slight 1.2% decline in accommodation turnover at the villages located in Germany stemmed from a decline in Dutch visitors to the sites (+5.8%). The percentage of German clients rose by 1 point to account for 76.8% of turnover at the German villages during the year.

Occupancy rates rose by more than three percentage points to 81.4%, partly making up for the 2.4% fall in average letting prices (€434 per week) and 1.7% drop in the number of nights available (temporary withdrawal of certain cottages during renovation works).

The hike in internet sales (+72%) increased the portion of direct sales to 75.3% vs. 73.6% in 2005/2006.

Belgium

Accommodation turnover at the Belgian villages was stable in 2006/2007 (-0.2%), resulting primarily from the decline in business with French holidaymakers, partly offset by a rise in the number of Dutch clients. With a higher number of nights available (+1.6%), average letting prices notched down 0.9% and occupancy rates dipped 0.8% to remain at the high level of 86.6%. Direct distribution accounted for 86.5% of accommodation turnover in Belgium vs. 84.9% in 2005/2006, driven in particular by the 60% hike in internet sales.

Change in accommodation turnover by destination

(millions of euros)	2006/2007	2005/2006	Change
The Netherlands	119.4	115.3	+3.6%
France	50.3	47.5	+5.8%
Germany	37.9	38.3	-1.2%
Belgium	36.2	36.3	-0.2%
TOTAL	**243.8**	**237.5**	**+2.7%**

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

(euros before VAT)	2006/2007	2005/2006	Change
The Netherlands	573	554	+3.3%
France	711	722	-1.6%
Germany	434	445	-2.4%
Belgium	613	619	-0.9%
AVERAGE	**573**	**567**	**+1.0%**

Number of weeks sold and occupancy rate

	Number of weeks sold			Occupancy rate		
	2006/2007	2005/2006	Change	2006/2007	2005/2006	Change
The Netherlands	208,663	208,048	+0.3%	82.8%	83.5%	-0.8%
France	70,684	65,780	+7.5%	91.9%	92.5%	-0.7%
Germany	87,225	86,168	+1.2%	81.4%	79.0%	+3.0%
Belgium	59,123	58,690	+0.7%	86.6%	87.3%	-0.8%
TOTAL	**425,695**	**418,686**	**+1.7%**	**84.4%**	**84.3%**	**+0.1%**

Sunparks

Given that Sunparks was acquired on 19 April 2007, data for the year correspond to six months of business. Sunparks operates four villages located in Belgium.

	2006/2007 (6 months)	2005/2006 (6 months)	Change
Accommodation turnover *(millions of euros)*	15.2	15.0	+1.0%
Average letting prices per week *(euros)*	509	508	+0.1%
Number of weeks sold	29,774	29,478	+1.0%
Occupancy rate	67.7%	67.0%	+1.0%

Six-month accommodation turnover in 2006/2007 rose 1% relative to the same period in the previous year to total €15.2 million. This change stemmed primarily from the rise in the frequency rate for Dutch clients (+3.5%), to account for 43% of turnover. Given that average letting prices were stable, the rise in turnover stemmed from the increase in the number of weeks sold.

The average occupancy rate over the period totalled 67.7%. The two seaside villages De Haan and Oost Duinkerke, posted far higher occupancy rates at 74.7% and 82.7%, respectively, than those of the two countryside villages Vielsam and Kempense Meren (61.0% and 59.1%, respectively).

The weight of direct sales in overall sales totalled 76.7% vs 71.6% in the year-earlier period thanks primarily to the surge in internet sales (+36.8%), to account for 44.1% of total sales over the period.

PROPERTY DEVELOPMENT

Turnover from property development rose a further 14.2% (on a like for like basis) over the year to stand at a record level of €491.7 million, vs. €418.0 million in 2005/2006. Business at Les Senioriales in H2 contributed turnover of €24.1 million. As such, on a same-structure basis, turnover rose 11.9% to €467.6 million vs. €418.0 million in 2005/2006.

Breakdown of 2006/2007 property development turnover by programme *(millions of euros)*

New P&V	177.0
Domaine du Lac d'Ailette	78.8
Bois Francs	30.1
Branville Colombages	15.4
Le Crotoy	13.4
Eguisheim	10.7
Montrouge	4.9
Audierne	4.5
Other	19.2

New Les Senioriales	24.1
Villeréal	4.2
Saint Gilles	4.0
Hinx	3.7
Les Mées	3.4
Meursac	3.2
Other	5.6

Renovation P&V	266.3
Paris Tour Eiffel	43.6
Val d'Isère Aquila	25.5
Méribel Les Crêts	23.3
Courchevel Forum	22.3
Val d'Isère La Daille	22.1
Alpe d'Huez	7.6
Belle Plagne Néréïdes	7.2
La Tania	7.1
La Mongie	6.5
Bénodet	6.4
Les Ménuires les Bruyères	6.3
Font Romeu	6.2
Lille Vauban	6.0
Other renovations	76.2

Other P&V	24.3

The renovation business (including turnover from other businesses) accounted for 59% of 2006/2007 property development turnover, as in 2005/2006. Excluding Les Senioriales, the proportion of renovation business stood at 62% in 2006/2007. The business consists of acquiring residences from institutional investors in privileged locations and selling them to individual investors after renovation. The business remains successful in terms of both quality (rising upscale of sites and/or adapting products to suit client needs) and sales. The group also extended the business to the hotel rooms operated under the Hôtels Latitudes banner, which were sold or are currently being sold to individual investors after being aquired from institutional investors and then renovated (Hôtel du Golf at Les Arcs and Les Bruyères at Ménuires).

The main contributors to **renovation turnover** of €266.3 million in 2006/2007 were:

- the Paris Tour Eiffel city residence (375 apartments) which has been operated since April 2007 under the city residence banner "Adagio City Aparthotel";
- Val d'Isère Aquila;
- the Crêts residence at Méribel (90 apartments), delivered in December 2006 and operating since under the Pierre & Vacances banner;
- the residence Des chalets du Forum at Courchevel which was due to be delivered in December 2007 and operated under the Pierre & Vacances banner.

During the year, the Group also bought other property from institutional investors with the intention of renovating them: Le Britania in La Tania, the Aconit residence in Ménuires, the Vauban residence in Lille and the Terrasses du Parc in La Grande Motte.

Turnover from new Pierre & Vacances programmes totalled €177 million, vs. €172.8 million in 2005/2006 and broke down as follows:

- the Center Parcs programmes: the new Domaine du Lac d'Ailette (840 cottages) which was opened in September 2007 and the extension of the Bois-Francs village in Normandy (203 cottages gradually opened during the year);
- the Branville village with the delivery of rounds 1 and 2 of Branville Colombages;
- the first round (63 units) of the Crotoy residence delivered and opened in summer 2007;
- the Clos d'Eguisheim residence (Upper Rhine) with 98 units.

"Other" turnover totalled €24.3 million in 2006/2007 and stemmed primarily from non-group marketing fees and the write-back of the support funds for property programmes already delivered.

Turnover at Les Senioriales totalled €24.1 million over the period and concerned five programmes (Villeréal, Saint Gilles, Hinx, Les Mées, Meursac) accounting for turnover of €18.5 million. In all, 11 programmes were marketed over the period and 152 homes were sold. Two programmes were delivered during the year: Prades (63 homes) and Les Mées (45 homes).

Deliveries in 2006/2007

New	Renovation	No. of housing units
PIERRE & VACANCES		
Branville Colombages		99
Le Crotoy		63
TOTAL CHANNEL		**162**
	Bénodet	59
	Crouesty	18
TOTAL ATLANTIC		**77**
	Arles Saladelles	50
	La Croix Valmer	6
	Sainte Maxime	4
	Villefranche	3
TOTAL RIVIERA		**63**
	Alpe d'Huez - Ours Blanc	69
	Avoriaz Antarès	120
	Avoriaz Aster	29
	Font Romeu	79
	La Mongie	69
	Les Coches Boulier	18
	Les Ménuires les Bruyères	95
	Méribel Les Crêts	90
	Plagne Néréïdes	80
	Plagne Thémis	43
	Val d'Isère La Daille	146
	Belle Plagne	10
	Les Coches	6
	Alpe d'Huez	6
TOTAL MOUNTAIN		**860**
Domaine du Lac d'Ailette		840
Bois Francs		203
Eguisheim		98
TOTAL COUNTRY		**1,141**
	Paris Tour Eiffel	375
	Paris Haussmann	53
TOTAL PARIS		**428**
TOTAL PIERRE & VACANCES		**2,731**
Les Senioriales		**108**
OVERALL TOTAL		**2,839**

Breakdown of units delivered by region (number of apartments)

	2006/2007	2005/2006
PIERRE & VACANCES		
Atlantic	77	238
Channel	162	174
Riveria	63	281
Other (Spain + Italy)	0	57
Seaside	**302**	**750**
Mountain	**860**	**399**
Country	**1,141**	**470**
Paris	**428**	
TOTAL PIERRE & VACANCES	**2,731**	**1,619**
TOTAL LES SENIORIALES	**108**	**103(*)**
OVERALL TOTAL	**2,839**	**1,722**

(*) Before acquisition by Pierre & Vacances.

Group and non-Group property development turnover in volume terms (the amount of reservations including VAT signed over the year, net of cancellations over the same period) stood at €474.5 million, corresponding to 2,124 reservations (including € 22.4 million for Les Senioriales with 88 reservations).

Resale turnover totalled €42.6 million vs. €28.1 million in the year-earlier period.

The average price per apartment worked out to €223,258 compared with €219,568 in the year-earlier period.

Property reservations (incl. VAT)

	2006/2007	2005/2006	Change
New/Renovation			
Reservations *(million of euros)*	409.2	419.6	-2.5%
No. of apartments	1,771	1,869	-5.2%
Average letting rates *(in euros)*	231,056	224,505	2.9%
Resales			
Reservations *(million of euros)*	42.6	28.1	51.6%
No. of apartments	265	170	55.9%
Average letting rates *(in euros)*	160,755	165,294	-2.7%
Senioriales			
Reservations *(million of euros)*	22.4		
No. of apartments	88		
Average letting rates *(in euros)*	254,545		
Total			
RESERVATIONS *(million of euros)*	**474.2**	**447.7**	**5.9%**
NO. OF APARTMENTS	**2,124**	**2,039**	**4.2%**
AVERAGE LETTING RATES *(in euros)*	**223,258**	**219,568**	**1.7%**

Stock of apartments being marketed as of 30 September 2007

Programmes by destination	New (N)/ renovation (R)	Delivery date	No. of units	% reserved
PIERRE & VACANCES				
Channel				
Belle Dune 2	N	July 2009	95	92%
Branville Colombages tranches 1 et 2	N	December 2006 & July 2007	99	95%
Branville Colombages tranche 3	N	December 2008	52	33%
Houlgate	N	June 2009	126	90%
Lille Vauban	R	March 2008	69	97%
Port en Bessin les maisons du Green Beach	N	October 2008	46	85%
Atlantic				
Audierne	N	April 2008	72	99%
Bénodet	R	December 2006	59	100%
Le Pouliguen	R	July 2008	48	0%
Riviera				
Arles Saladelles	R	June 2007	50	98%
Barcarès	N	July 2008	61	97%
Grimaud	R	June 2006	53	100%
La Grande Motte	R	March 2008	50	78%
Seaside			**880**	**85%**
Alpe d'Huez Ours Blanc	R	December 2006	69	99%
Courchevel Forum	R	December 2007	55	95%
Flaine	R	December 2005	131	100%
La Mongie	R	December 2006	69	97%
La Tania	R	December 2007	71	99%
Les Arcs Belmont	R	December 2005	108	100%
Les Arcs Hôtel du Golf	R	December 2007	272	98%
Les Ménuires Aconit	R	December 2007	46	98%
Les Ménuires Les Bruyères	R	December 2006	107	99%
Méribel les Crêts	R	December 2006	90	99%
Plagne Néréïdes	R	December 2006	80	100%
Plagne Thémis	R	December 2006	43	100%
Val d'Isère Aquila	R	December 2006 & December 2007	40	93%
Val d'Isère la Daille	R	December 2006	146	100%

Programmes by destination	New (N)/ renovation (R)	Delivery date	No. of units	% reserved
Mountain			**1,327**	**99%**
Eguisheim	N	December 2006	98	100%
Country			**98**	**100%**
Bois Francs	N	December 2006	203	100%
Domaine du Lac d'Ailette	N	September 2007	840	100%
Hauts de Bruyère	N	December 2008	52	96%
Center Parcs			**1,095**	**100%**
Paris Montrouge	N	December 2007	133	98%
Paris Tour Eiffel	R	April 2007	375	100%
Paris			**508**	**99%**
Sainte Anne Anse à la barque	R	December 2007	138	99%
Sainte Anne Rivière à la barque	R	December 2008	132	28%
Sainte Luce Bougainville	R	December 2007	164	63%
French West Indies			**434**	**64%**
Cala Rossa tranche 4	N	February 2008	53	64%
Manilva	N	October 2008	328	34%
Italy & Spain			**381**	**38%**
TOTAL PIERRE & VACANCES			**4,723**	**89%**
Salies du Salat	N	March 2007	49	**98%**
Prades	N	July 2007	63	**92%**
St Pantaléon	N	January 2007	53	**98%**
Villereal	N	December 2007	53	**91%**
Les Mées	N	July 2007	45	**98%**
Meursac	N	October 2007	41	**93%**
Hinx	N	June 2008	76	**79%**
St Gilles	N	September 2008	85	**87%**
Villegly	N	July 2008	63	**78%**
Grasse	N	July 2009	59	**39%**
Saleilles	N	September 2008	53	**89%**
Bergerac	N	December 2008	60	**22%**
Ruoms	N	June 2009	65	**25%**
St Privat Les vieux	N	February 2009	49	**53%**
TOTAL SENIORIALES			**814**	**67%**
OVERALL TOTAL			**5,537**	**85%**

Analysis of 2006/2007 consolidated results

Highlights

PARTNERSHIP WITH ACCOR IN CITY RESIDENCES

On 2 February 2007, Pierre & Vacances and Accor signed a partnership to develop a network of city residences in Europe. The 50/50 joint venture created on 1 October 2007 is set to benefit from Pierre & Vacances' recognised know-how in city residences with the backing of Accor's development platform and distribution system.

The joint venture includes 22 three/four-star residences covered by management mandates (3,100 apartments, including the 15 existing residences, five under development at Pierre & Vacances City and two residence projects at Accor.

Development teams at both partners are working on developing new residences via property development, with sales to individual or institutional investors, as well as lease and management mandate operations.

The aim is to become the European leader in the city residence market with the creation of a new banner "Adagio City Aparthotel". Within five years, the network ought to have 50 residences (6,500 apartments) and a volume of business managed by the joint venture of around €180 million.

ACQUISITION OF BELGIAN GROUP SUNPARKS: A NEW DIMENSION FOR CENTER PARCS EUROPE

On 19 April 2007, Pierre & Vacances acquired Belgian group Sunparks including the property assets and operation of four three/four-star villages similar in concept to Center Parcs. The offer comprises a total of 1,683 cottages and 50 hotel rooms as well as a number of indoor leisure facilities (aqua centre, restaurant, supermarket, creche etc.) and outdoor sports complexes. In 2006, Sunparks had 450,000 clients (1,800,000 night stays sold) and marketed 80% of its holidays directly (40% over the internet). Average occupancy rates stood at 56%. The group employs 387 staff. 2006 turnover totalled €39 million (70% of which from accommodation and 30% from services activities) while EBITDA totalled €12.5 million.

Via this acquisition, Center Parcs Europe has bolstered its positions in the Belgian market and extended its three/four-star offering, which is similar in concept to the Sunparks villages and complementary in terms of location. The Group has identified a significant source of boosting earnings at Sunparks, primarily increasing occupancy rates and cost and revenue synergies with Center Parcs Europe. In addition, the Sunparks brand could provide a source of growth for the three/four-star segment in Europe.

The acquisition of Sunparks was based on enterprise value including debt of €150 million. In line with the Group's policy to not own the assets it operates, the property assets of the villages were sold to Foncière des Murs on 27 September 2007 in a deal worth an overall amount of €177 million:

- the property assets of Oostduinkerke, De Haan and Vielsam villages were sold on 27 September on the basis of an overall valuation of €132 million (including a €16 million budget for renovation works to be carried out in the next two years). The villages are operated by Sunparks Group, which is a 100% subsidiary of Center Parcs Europe, via 15-year leases providing Foncière des Murs a yield of 6.20%;
- the disposal of the property of the fourth village (Kempense Meren), is awaiting administrative approval and should be completed on the same conditions before 31 March 2008 for €46 million (including €4 million for renovation works).

The acquisition has enhanced Group earnings as of 2006/2007.

ACQUISITION OF LES SENIORIALES

On 15 May 2007, Pierre & Vacances acquired Les Senioriales, a property development company specialised in retirement homes, from the company's founders André and Paul Ramos. Les Senioriales is a property development company specialised in the construction of residences destined for active elderly people. This novel concept of specialised and non-medicalised residences meets three specific housing requirements for this client category:

- comfort: single floor homes with adapted fittings: electric shutters, air-conditioning, terrace etc.);
- safety: caretaker, steward, electric gate, camera, interphone;
- conviviality: club house, presence of events organiser every afternoon and organisation of festive events.

The houses are sold on a full-ownership basis, with no operating commitment on the part of the developer, with prices ranging from €180-270,000 and low co-ownership costs.

Boasting easy access to property groups (the Senioriales concept is highly approved by town mayors) and strictly controlled construction costs given the product's standardisation, the company has stepped up its development considerably. After the first nine constructions, 11 Senioriales residences are currently being marketed and 12 others are being studied.

The acquisition is set to boost Group earnings as of 2007/2008. In the financial year ending 31 March 2007, the company had sales of €31 million and underlying operating profit of €4 million. The price-tag stood at €23 million, representing enterprise value of €31 million, with debt at €8 million.

In a rapidly-growing target market (more than 800,000 new "senior-age" people each year), the expertise and reputation of the Pierre & Vacance Group in the property development business should help step up expansion of the Les Senioriales concept.

In addition, via this acquisition which provides further access to the old-age people market, the Pierre & Vacances Group has again enhanced its know-how and this should also contribute to the development of its tourism activities.

VILLAGES NATURE PROJECT IN PARTNERSHIP WITH EURO DISNEY MOVES ANOTHER STEP FORWARD

On 13 February 2007, a letter of intent was signed between the state authorities, Euro Disney Associés SCA and Pierre & Vacances, thereby confirming the French state's interest and support for the Villages Nature project in collaboration with local authorities.

The project is located 6 km from the Disney parks in France and aims to create a novel tourism concept based on the harmony between man and nature and combining the themes of water, land and forest and their associated recreational activities. Construction density is set to be low and in a domain of 520 hectares is set to include up to 5,000 tourism residence homes and apartments and around 130,000 m² of leisure facilities.

The first phase is set to cover 183 hectares and include Disney's Ranch Davy Crockett as well as up to 2,300 tourism residence apartments and homes and leisure facilities to be built in several stages. This first round of construction could be launched in 2010.

Over the next two years, public and private-sector partners are set to meet regularly at a pilot committee to define the development and construction conditions for the project and carry out planning studies with a view to signing a framework agreement.

REFINANCING OF PIERRE & VACANCES GROUP NET FINANCIAL DEBT

On 26 March 2007, Pierre & Vacances refinanced the remaining capital due on loans contracted for acquisitions operations (Center Parcs Europe, Gran Dorado and Maeva). Corporate debt of an equivalent amount (€92.5 million) was refinanced with a virtually identical banking pool, by Center Parcs Europe NV for €71.4 million and by Pierre & Vacances SA for €21.1 million.

The main effects of this refinancing for the Pierre & Vacances Group were the following:

- a new maturity date, prolonged by two and a half years to 26 March 2012;
- a margin reduced by around 25 basis points;
- a cut in the number of covenants: only one remains (two were eliminated): adjusted net debt/EBITDA equal or below 5.5x for the year ending 30 September 2007.

The Group's revolving credit facility was maintained at €90 million and the expiry dates were prolonged until 2012.

Presentation of the consolidated financial statements

In 2006/2007 the Pierre & Vacances Group added to its achievements in 2005/2006 and posted growth of 14.2% in current net income. The Group also resumed acquisitions and made two significant purchases. Like-for-like turnover rose by 6.0% to €1,550.3 million, including growth of 2.6% for the tourism businesses and 14.2% for the property development segment (see section on turnover).

CURRENT OPERATING INCOME

Current operating income rose 7.8% to €105.2 million with both of the Group's businesses, tourism and property development, contributing to the increase.

(millions of euros)	2006/2007	2005/2006
EBITDA[1]	128.5	129.6
Depreciation and amortisation net of write-backs	-23.3	-32.0
Current operating income	**105.2**	**97.6**
Operating margin	*6.8%*	*6.9%*
Adjusted operating margin[2]	*7.1%*	*6.9%*

(1) EBITDA = earnings before interest, tax, depreciation and amortisation net of write-backs.
(2) Adjusted for:
- the impact of the opening of the Center Parcs du Domaine du Lac d'Ailette (turnover of €1.8 million and operating margin €9.4 million in the red);
- the consolidation in 2006/2007 of six months of turnover from Sunparks (turnover of €26.7 million and operating margin of €7.3 million) and Les Seniorales (turnover of €24.1 million and operating margin of €1.0 million).

Tourism division current operating income

The contribution to current operating income from tourism activities rose 7.7% to €59 million (€61.1 million adjusted for the opening of the Center Parcs du Domaine du Lac d'Ailette and the consolidation of Sunparks). Operating margin totalled 5.6% (5.9% adjusted) compared with 5.5% in 2005/2006.

	P&V/Maeva/ Résidences MGM/ Hôtels Latitudes		Center Parcs Europe / Sunparks		Tourism	
(millions of euros)	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006
Turnover	502.1	480.5	556.6	515.8	**1,058.7**	**996.3**
Current operating income	12.6	15.3	46.4	39.5	**59.0**	**54.8**
Operating margin	**2.5%**	**3.2%**	**8.3%**	**7.7%**	**5.6%**	**5.5%**
Adjusted operating margin[1]	**2.5%**	**3.2%**	**9.2%**	**7.7%**	**5.9%**	**5.5%**

(1) Adjusted for:
- the impact of the opening of the Center Parcs du Domaine du Lac d'Ailette (turnover of €1.8 million and operating margin €9.4 million in the red);
- the consolidation in 2006/2007 of six months of turnover from Sunparks (turnover of €26.7 million and operating margin of €7.3 million).

The **Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes** division turned in current operating income of €12.6 million vs. €15.3 million in 2005/2006. In 2006/2007, Pierre & Vacances developed its international activities with the creation of new sales offices in the UK, Benelux and Denmark and the extension of existing offices in Spain and Germany. These investments prompted an expense of €2.7 million during the year. Turnover growth of 2.5% helped offset the rise in costs due to inflation and the indexation of rents.

The contribution from **sub-division Center Parcs Europe** to current operating income stood at €46.4 million. Note that this contribution included launch costs for the Center Parcs du Domaine du Lac d'Ailette and six months of turnover at Sunparks which was acquired in April 2007. Adjusted for these items, 2006/2007 current operating income at Center Parcs stood at €48.5 million, up 22.8% relative to 2005/2006. This growth stemmed from the 2.7% rise in accommodation turnover as well as the cost savings generated over the year. Adjusted operating margin totalled 9.2% vs. 7.7% in 2005/2006.

Property development current operating income

The contribution from the property development businesses stood at €46.2 million, of which:

- €45.2 million in current operating income from the Pierre & Vacances property businesses, up 5.6% and representing a margin of 9.7%;
- €1.0 million in operating income from Les Senioriales. Operating income of €1.8 million generated by Les Seniorales was reduced by €0.8 million, which was booked as part of the goodwill generated during the acquisition.

	Pierre & Vacances		Les Senioriales	Total property	
(millions of euros)	2006/2007	2005/2006	2006/2007	2006/2007	2005/2006
Turnover	467.6	418.0	24.1	491.7	418.0
Current operating income	45.2	42.9	1.0	46.2	42.9
Operating margin	**9.7%**	**10.3%**	**4.1%**	**9.4%**	**10.3%**
Adjusted operating margin[1]	**9.7%**	**10.3%**	**7.3%**	**9.6%**	**10.3%**

(1) Adjusted at Les Senioriales for booking of portion of goodwill during acquisition.

ATTRIBUTABLE NET INCOME

(millions of euros)	2006/2007	2005/2006	% change
Turnover	1,550.3	1,414.3	*+9.6%*
Current operating income	**105.2**	**97.6**	***+7.8%***
Financial expenses	-4.2	-5.6	*-25.6%*
Corporate tax*	-34.0	-33.2	*+2.2%*
Companies accounted for by the equity method	0	0.1	
Minority interests	0	-0.2	
Attributable current net income(*)	**67.0**	**58.7**	***+14.2%***
Other operating income/expense(*)	8.2	15.0	*NS*
Attributable net income	**75.2**	**73.7**	***+2.1%***

* *Other operating income and expense is presented net of tax. It also includes non-recurring tax items (tax savings, update of group fiscal position), which are reclassified from accounting tax.*

Financial expenses came in at €4.2 million vs. €5.6 million in 2005/2006, on the back of further improvements in the balance sheet.

Corporate tax (excluding exceptional items) totalled €34.0 million, representing an effective tax rate of 33.6%, which was lower than the 36.2% seen in 2005/2006 thanks to the cut in the tax rate in the Netherlands from 29% to 25%.

Attributable current net income rose 14.2% to €67.0 million, vs. €58.7 million in the year-earlier period.

Other operating income/expense net of tax of €8,2 m included capital gains on the disposal of non-strategic assets for the Group and tax savings.

Afte taking account of these factors, attributable net income rose 2.1% to €75.2 million.

Following the exercise of stock options by the company's senior officers over the period, the weighted average number of outstanding shares came to 8,715,386 for 2006/2007 vs. 8,727,201 for the previous year. Attributable net income per share rose by 2.3% to €8.63 compared with €8.44 in the year-earlier period.

A dividend of €2.7 per share is to be proposed, representing an 8% increase on the 2005/2006 level and equating to an overall pay-out of €23.8 million, or 36% of current net income.

Investments and financial structure

MAIN CASH FLOWS

Growth of 19.3% in cash flow generated by the Group's businesses (+€20.2 million) together with the increase in the cash pile prompted by changes in working capital requirements (+€67.1 million) enabled the Pierre & Vacances Group to post net surplus cash of €42.3 million, despite the fact that the Group made two acquisitions during the year, Les Senioriales and Sunparks, which consumed a portion of the Group's equity (€52.5 million).

Summary cash flow statement

(millions of euros)	2006/2007	2005/2006
Cash flow (after financial interests and tax)	124.7	104.5
Change in working capital requirements	130.9	63.8
Cash flow from operating activities	**255.6**	**168.3**
Capital expenditure and investments	-319.4	-104.5
Asset disposals and net cash allocated to assets due to be sold off	123.6	34.5
Cash flow from investment activities	**-195.8**	**-70.0**
Capital increase	1.3	0.6
Acquisition/disposal of treasury stock	-0.6	-3.2
Dividends paid(*)	-21.9	-13.6
Change in borrowings	3.7	-50.1
Cash flow from financing activities	**-17.5**	**-66.3**
Change in cash and cash equivalents	**42.3**	**32.0**

(*) Dividends paid to shareholders of the parent company and minority interests of consolidated companies.

Cash generated by the Group's tourism and property development businesses rose by €87.3 million to €255.6 million. This increase stemmed from both growth in cash flow (after financial interest and tax) and the rise in cash generated by changes in working capital requirements.

The €20.2 m increase in 2006/2007 cash flow to stand at €124.7 million was driven by:

- the €19.3% increase in operating income before tax, depreciation, amortisation and asset disposals;
- the €0.9 million decline in the amount of tax paid following the use of tax-loss carry-forwards during the year.

The cash generated in 2006/2007 from changes in working capital requirements (€130.9 million) stemmed primarily from the property development business and corresponded to:

- a decline in property stocks for the programmes underway which prompted an overall resource of €98.2 million.

Change in property stocks included:

  - a €347.0 million cut in property stocks relative to the disposals made during the year (the Center Parcs du Domaine du Lac d'Ailette, Paris Tour Eiffel, extension of the Bois Francs village, Branville, Cefalù in Sicily, Méribel, Avoriaz, Val d'Isère, Courchevel...);
  - a €211.1 million investment in work on the programmes underway, both new and renovation (the Center Parcs du Domaine du Lac d'Ailette, Paris Tour Eiffel, extension of Bois Francs village, Le Crotoy, Eguisheim, Branville...) and purchase of lands;
  - a €37.7 million investment in acquisitions from institutional investors of property assets in tourism residences, mostly already operated by the Group, in order to renovate the housing units and sell them on to individual investors with a lease-back agreement. This investment enabled the Group to acquire 400 housing units located in mountain resorts (Courchevel, La Tania and les Ménuires), seaside resorts (Le Pouliguen, La Grande Motte) and city centres (Lille).

- change in operating debts and receivables for the property businesses.

Cash flows allocated to investments totalled €195.8 million and corresponded mainly to:

- investments made for operating the tourism business (€51.0 million);
- the sums committed as of 30 September 2007 (€126.5 million) and refinanced by a sale and lease-back operation, as part of the construction of central facilities (tropical paradise, restaurants, bars, shops, sports and leisure facilities) at the new Center Parcs du Domaine du Lac d'Ailette in the Aisne region;
- the acquisition of Les Senioriales (€21.6 million);
- the acquisition of Sunparks: the acquisition cost of €87 million, in addition to debt of €40.9 million, was partly refinanced by the disposal on 27 September 2007 of the property assets of three of the Sunparks villages to Foncière des Murs for an overall amount of €93 million (the disposal of the fourth village is awaiting administrative approval, currently being discussed, and should take place by March 2008);
- a disposal gain of €2.8 million on the sale of the Group's remaining 25% stake in Domaine Skiable de Valmorel, a company which operates the ski-lifts at the mountain resort.

The investments made in operating the tourism businesses (€51.0 million) concerned the following:

- investments made by Center Parcs Europe (€32.0 million):
  - €14.7 million mainly for the improvement in the product mix for all of the villages, including €8.2 million for the Dutch villages, €2 million for the French villages, €2.7 million for the German villages and €1.8 million for the Belgian villages,
  - €19.3 million for the acquisition of furniture for the cottages and facilities at the new Center Parcs du Domaine du Lac d'Ailette,
  - €9.1 million for the end of extension work for equipment at the Bois Francs village which was refinanced by the owner in full during the year (including spending undertaken in 2005/2006) for €13 million,
  - €1.9 million on IT systems;
- spending by the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division (€19 million):
  - €5.2 million for furnishing homes and apartments as well as the acquisition of general services and leisure equipment (swimming pools, sports and leisure facilities) at the villages and residences delivered during the year,
  - €6.1 million for renovation works on the network operated, including €2.8 million invested in renovating reception infrastructure for the seminars business at the Pont Royal village located in Provence,
  - €4.9 million for overhauling IT systems,
  - €2.8 million for renewing televisions.

The €3.7 million increase in borrowings as of 30 September 2007 (excluding bank overdraft facilities) stemmed from the following:

- additional outstanding loans booked during the year (€92.3m) as part of the sale and lease-back deal for central facilities at the new Center Parcs du Domaine du Lac d'Ailette;
- the repayment of debt carried by Sunparks (€40.9 million);
- annual amortisation (€28.1 million) of the Group's corporate debt contracted for acquisitions operations;
- a net decline of €21.5 million in property debt primarily owing to the repayment of the remaining capital due on loans contracted by the Group to finance the property assets of Hôtel du Golf in Les Arcs (€12.8 million) and Val d'Isère (€8.1 million).

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 particularly 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 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. In contrast, 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 two/three-sun rated residences in prime locations, generally from institutional investors, with the aim of renovating and upgrading them to a three/four 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 2006/2007 helped maintain a solid balance sheet against a backdrop of resumed acquisitions. As such, the net debt-to-equity ratio stood at just 17.5% on 30 September 2007, in line with the level seen at end-September 2006.

Simplified balance sheet

(millions of euros)	30/09/2007	30/09/2006	Change
Goodwill	148.5	130.3	18.2
Net fixed assets	528.9	358.2	170.7
INVESTMENTS	**677.4**	**488.5**	**188.9**
Shareholders' equity	425.4	368.8	56.6
Provisions for risks and charges	56.3	53.6	2.7
Net financial debt	74.4	59.1	15.3
Working capital requirement	121.3	7.0	114.3
RESOURCES	**677.4**	**488.5**	**188.9**

The €18.2 million rise in **the net value of goodwill** stemmed primarily from the acquisition of Les Senioriales.

On 30 September 2007, net book value of the main goodwill items broke down as follows:

- Pierre & Vacances/Maeva/ Résidences MGM/Hôtels Latitudes €65.5 million
- Center Parcs Europe €63.3 million
- Les Senioriales €17.8 million

The rise in the net book value of **fixed assets** (€170.7 million) stemmed primarily from:

- the €51.0 million in investments in the tourism business (see above);
- the costs incurred during 2007 (€126.5 million) and refinanced by the sale and lease-back operation for building central facilities at the new Center Parcs du Domaine du Lac d'Ailette. This amount came in addition to the €28.5 million in investments already made in 2005/2006;

- the valuation of the Sunparks (€5.5 million) and Les Senioriales (€2 million) brands.

after deducting:

- depreciation, amortisaton and provisions over the period (€28.8 million);
- reclassification as stocks (€1.5 million) of property assets for which the group has decided to undertake renovation operations.

Net fixed assets on 30 September 2007 broke down as follows:

- €136.3 million in intangible assets;
- €355.8 million in tangible fixed assets;
- €36.8 million in financial fixed assets and securities accounted for by the equity method.

The contribution from Center Parcs Europe to net intangible fixed assets stood at €90.3 million, including €85.9 million for the Center Parcs brand. The share of the sub-division in the Group's net tangible fixed assets was €113.1 million.

Shareholders' equity totalled €425.4 million on 30 September 2007 vs. €368.8 million on 30 September 2006, after taking account of:

- a dividend pay-out of €21.8 million;
- a capital increase of €1.3 million for the exercise of stock options;
- an increase in equity before earnings of €1.8 million prompted by IFRS accounting of stock options, the Pierre & Vacances shares owned by the Group and the change in fair value of financial hedging instruments;
- net income of €75.2 million.

The €2.7 million increase in **provisions for risks and charges** to €56.3 milllion on 30 September 2007 stemmed mainly from the €2.5 million hike in renovation provisions, given that the amount set aside for the year (€5.8 million) was higher than that written back following renovation works (€3.3 million).

On 30 September 2007, provisions for risks and charges broke down as follows:

- Provisions for renovation €38.3 million
- Provisions for pensions €11.7 million
- Provisions for restructuring and various risks €6.3 million

Net debt reported by the Group on 30 September 2007 broke down as follows:

(millions of euros)	30/09/2007	30/09/2006	Variations
Gross borrowings	234.1	176.5	57.6
Cash and cash equivalents net of bank overdrafts	-159.7	-117.4	-42.3
Net finanial debt	**74.4**	**59.1**	**15.3**

The rise in net debt is analysed in the section «Main Cash Flows» of this report.

Net debt on 30 September 2007 of €74.4 milllion corresponded mainly to:

- the remaining capital due (€83.3 million) on coporate debt refinanced by the Group on 26 March 2007 and relative to the loans taken out during acquisitions operations. The portfolio of refinancing loans was as follows on 30 September 2007:
    - €64.3 million for the acquisition of the additional 50% stake in sub-division Center Parcs Europe,
    - €19.0 million for the acquisition of Gran Dorado, the first 50% of the capital of Center Parcs Europe and Maeva.

  As part of this refinancing, the maturity date for these loans was extended by two-and-a-half years with the end payment set for 26 March 2012. The provisional amortisation plan for this five-year loan is linear and corresponds to an annual repayment of the principle of €18.5 million;
- financial debt of €118.7 million booked for the sale and lease-back operation for central facilities at the new Center Parcs du Domaine du Lac d'Ailette;
- the loans contracted by the Group to finance property assets destined to be sold off (€20.0 million of which €8.2 million for Pierre & Vacances and €11.8 million for Les Senioriales);
- net of available cash.

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

Remuneration of senior officers

For the years ending 30 September 2007 and 30 September 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. In contrast, the Society d'Investissement Touristique et Immobilier (a company controlled by the Chairman and Chief Executive Office, the founder and majority shareholder of Pierre & Vacances SA) as the lead company, invoices for fees for the services rendered by Gérard Brémond, Eric Debry, 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 offices broke down as follows (€):

	2006/2007 Remuneration		2005/2006 Remuneration	
	Due for the year	Paid during the year	Due for the year	Paid during the year
Gérard Brémond, Chairman and CEO				
Fixed remuneration(*)	503,420	503,420	182,843	182,843
Variable remuneration(**)	90,000	90,000	90,000	65,204
TOTAL	**593,420**	**593,420**	**272,843**	**248,047**
Eric Debry, Deputy CEO				
Fixed remuneration(*)	471,154	471,154	N/A	N/A
Variable remuneration(**)	450,000	-	N/A	N/A
TOTAL	**921,154**	**471,154**	**N/A**	**N/A**
Thierry Hellin, Deputy CE				
Fixed remuneration(*)	222,908	222,908	224,514	224,514
Variable remuneration(**)	103,250	103,250	75,000	65,000
TOTAL	**326,158**	**326,158**	**299,514**	**289,514**
Patricia Damerval, Deputy CE				
Fixed remuneration(*)	232,520	232,520	208,008	208,008
Variable remuneration(**)	75,000	75,000	75,000	43,116
TOTAL	**307,520**	**307,520**	**283,008**	**251,124**

(*) Including reintegration of benefits in kind in the form of a company car.
(**) 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.

Eric Debry started as Deputy CEO in October 2006.

The Group has no specific complementary pension plans in place for the senior officers. As part of the employment contract with SITI they receive a retirement package calculated according to the rules applicable to all employees.

The stock options and free shares granted to senior officers during the year are set out on page 148-150 of this report.

Attendance fees paid to directors

The amount of attendance fees paid in 2007 for 2006/2007 totalled €150,000 euros, identical to the amount paid in 2005/2006.

	2006/2007 remuneration		2005/2006 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**

(*) Mrs Brémond, Corsten and Pasture effectively received the sum of €22,5000 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 or guarantee was granted to the members of the Management Committee or the Board of Directors by Pierre & Vacances SA.

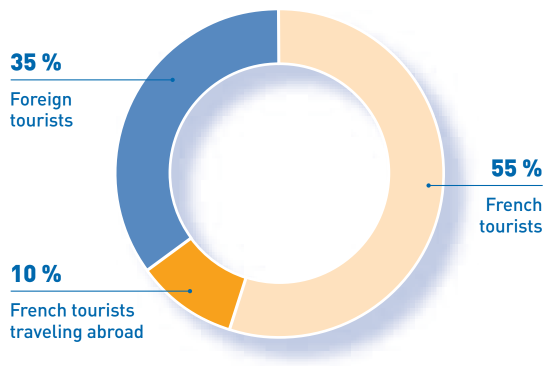
Recent developments and outlook

The market

During 2007, the European tourism sector continued to benefit from advantageous economic conditions. Tourism spending in France notched up slightly further thanks to sharp growth in traditional European clients (German, Italian, UK), which accounted for 80% of night stays by non-French tourists and a surge in clients from outside Europe (US and Middle East in particular).

The internet confirmed its position as the leading information medium in the tourism segment by being the best suited to last-minute choices in particular. Online sales picked up over 2007 and the internet came in at the top of holiday reservation methods in Europe with 39% vs. 35% in the previous year according to a survey carried out by Ipsos.

TOURISM SPENDING IN FRANCE IN 2006



Total accommodation capacity in France on 1 January 2007:

	No. of beds (1000s)	%
Tourist hotels	1,224.8	6.7
Tourist residences	508.0	2.8
Camp sites	2,781.8	15.1
Holiday villages	245.2	1.3
Tourism furnished apartments	750.8	4.0
Bed and breakfast	73.8	0.4
Youth hostels	14.1	0.1
Total commercial accommodation	**5,598,5**	**30.4**
Second homes	12,815.0	69.6
TOTAL	**18,413.5**	**100.0%**

Source: Insee, tourism department of French Ministry of Transport and Equipment, professional bodies.

With 281 sites, or 48,300 apartments and 227,500 beds operated in Europe, the Pierre & Vacances Group is the European leader in holiday residences[1].

In France, the Pierre & Vacances Group occupies the leading position in this market. Its main rivals are: Lagrange (10,300 apartments), Odalys (10,200 apartments), VVF Vacances (8,300 apartments), Eurogroup (2,500 apartments) and France Location (3,600 apartments).

On 1 January 2007, institute Deloitte identified that France has 387 hotel residences in city locations, or around 29,000 apartments. Almost half the market share is owned by five networks: Citadines (33 residences, 3,500 apartments), Pierre & Vacances City (13 residences, 1,800 apartments), Citéa (35 residences, 3,500 apartments), Appart City Cap Affaires (24 residences, 2,900 apartments), Residhome and Séjours & Affaires (37 residences, 2,000 apartments).

In Northern Europe, rivals to Center Parcs are Landal Greenparks (60 villages, or 10,000 cottages in the Netherlands, Belgium, Germany, the Czech Republic, Austria and Switzerland) and Roompot (31 villages or 2,300 cottages in the Netherlands).

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

Targets for 2007/2008

In 2006/2007 the Pierre & Vacances Group added to its achievements in 2005/2006, and resumed acquisitions with two sizeable purchases, Sunparks and Les Senioriales.

Actions undertaken in the tourism businesses are set to continue in 2007/2008.

- Those implemented in the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes/Adagio, mainly concern:
  - **bolstering sales outside France** thanks to an internet portail in five languages, specific resources for animating these sites, expanding sales offices outside France (Germany, Italy, Belgiuam, Spain and Scandinavia) and rolling out the umbrella brand "P&V the best in holiday rentals";
  - **the rising momentum of internet sales**, which are set to account for 20% of reservations by the end of 2008,
  - **making services activities profitable**. These are virtually entirely outsourced at present and the contribution to earnings remains marginal. Outsourcing of catering activities continued last year and helped generate profitability gains,
  - **cost control** based on the optimisation of on-line marketing functions with the distribution mix. In addition, the introduction of rental indexation cielings when leases are renewed and the new programmes marketed should help limit exposure to the construction cost index.
- Concerning Center Parcs Europe and Sunparks, efforts are continuing in the following areas:
  - **enhancing marketing efficiency**, thanks to further development of internet sales, which are set to reach 50% of sales by end-2008, with growth in the seminars business (especially thanks to the Center Parcs du Domaine du Lac d'Ailette) and the continuation of the Early Bird policy favouring reservations in advance,
  - **improving performances at Sunparks** by increasing the occupancy rate from 56% at present to 65% in three years thanks to the marketing clout of Center Parcs Europe,
  - **optimising operating costs**, via the integration of Sunparks, further gains on purchases and optimising maintenance costs.
- In terms of property development, 2006/2007 reservation turnover of €474 million including VAT vs. €448 million in 2006/2007 guarantees a high level of business for coming years.
  - **Deliveries in 2007/2008 at Pierre & Vacances** are estimated at 650 apartments and homes (vs. 2,700 in 2006/2007), 350 of which for new programmes (Audierne, Le Crotoy, Montrouge, Port en Bessin, Coudalère) and 300 for renovation (Courchevel Forum et la Tania, Val d'Isère Aquila, Les Menuires Aconit, Grande Motte, Lille Vauban…).
  - **Deliveries in 2007/2008 at Les Senioriales** are estimated at 370 homes (Meursac, Villereal, Hinx, Villegly, Saleilles and Saint Gilles).
- In addition, the Group's tourism and property development businesses are due to be rounded out with a number of development projects:
  - **at Center Parcs in Europe**, with **the construction of new villages** in France (Moselle in 2010 and Rhône Alpes in 2011), and in Germany;
  - **Adagio (former Pierre & Vacances City), the company created on 1 October 2007 in partnership with Accor, the aim of which is to manage 50 residences within five years**. Openings already planned are the residences in Montrouge, Annecy and Paris Opéra in 2008 and in Brussels and Nantes in 2009. In addition, numerous other projects are being considered in the main French towns (Paris and close suburbs, Strasburg, Lyon, Grenoble, Lille, Toulouse) and European cities (Brussels, Basel, Vienna, Munich, Cardiff, London, Edinburgh, Barcelona, Madrid);
  - **the "Villages Nature" project in partnership with Eurodisney, which is set to result in the creation of 5,000 houses and apartments further out**. The first phase of the project concerns the creation of 2,300 homes and apartments in lakeland villages;
  - **the Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes brands, with the search for property assets to renovate in France and the development of new destinations outside France.** The Group is already present in Spain and is studying the prospect of expanding in Morocco.

The Pierre & Vacances Group boasts a healthy balance sheet and plans to make further acquisitions in its businesses.

Recent developements

MAIN EVENTS IN THE QUARTER (NON AUDITED FIGURES)

Center Parcs/Sunparks

- In December 2007, the Group signed a letter of intent for the construction of a fifth Center Parcs village in France in the Isère region at Roybon. The project includes 1,000 cottages and leisure facilities with the opening planned for 2011.
- Regarding the Center Parcs village in Moselle, an extension project of 450 new cottages and the construction of a second activities centre is currently being completed. This is set to raise capacity at the site to 1,320 cottages.
- The Group is in the late stages of negotiations for the creation of a new Sunparks village in Germany with a capacity of 500 cottages.

Adagio City Aparthotel

- In 2008, the openings of residences in Montrouge in March (133 apartments), Annecy in April (106 apartments), Basel in July (77 apartments) and Paris Opera in August (99 apartments).
- The Group is in the late stages of negotiations for city residence projects in France (Paris, Toulouse, Bordeaux...) and outside France (London, Prague, Barcelona...). A number of other projects are being considered in Europe.

TURNOVER

Consolidated turnover for Q1 2007/2008 (from 1 October to 31 December 2007) totalled €279.4 million.

(millions of euros)	2007/2008	2006/2007	Same-structure	Like-for-like(*)
Tourism	**203.4**	**173.2**	**+17.4%**	**+12.5%**
- Pierre & Vacances/Adagio/Maeva/Résidences MGM/ Hôtels Latitudes	65.2	56.0	+16.6%	+16.6%
- Center Parcs Europe / Sunparks	138.2	117.2	+17.8%	+10.7%
Property development	**76.0**	**267.8**	**-71.6%**	**-72.4%**
- Pierre & Vacances	63.1	267.8	-76.4%	-76.4%
- Les Senioriales	12.9	0	N/A	+70.4%
TOTAL Q1	**279.4**	**441.0**	**-36.6%**	**-38.7%**

(*) On a like-for-like basis, Q1 2006/2007 turnover has been adjusted for figures from Sunparks and Les Senioriales consolidated as of 1 April 2007

Tourism turnover

Like-for-like tourism turnover rose 12.5% to €203.4 million on a like for like basis:

- turnover from the Pierre & Vacances/Adagio/Maeva/Résidences MGM/Hôtels Latitudes division rose 16.6%, with 18.7% growth in accommodation turnover (+11.3% adjusted for Paris Tour Eiffel). Growth was driven by robust business at the seaside resorts (+16.8%), the mountain resorts (+13.3%) and the city residences (+29.4% and +7.0% excluding Paris Tour Eiffel). The Group's strategy to expand foreign clients is paying off with 23.9% growth in turnover from these clients;
- turnover at Center Parcs and Sunparks rose 10.7%, with +11.1% for accommodation turnover (+5.8% excluding the Center Parcs du Domaine du Lac d'Ailette). Growth stemmed from France (+38.8%), Germany (+6%), Belgium (+5.2%) and the Netherlands (+4.7%). Note the 14.4% increase in accommodation turnover at Sunparks to €4.5 million, on the back of a 19.5% increase in occupancy rates.

Property development turnover

Turnover from property development totalled €76.0 million vs. €267.8 million in the same period last year.

The difference was due to the fact that Q1 2006/2007 turnover was particularly high since it included the majority of turnover from the business generated over 2006/2007.

In contrast, turnover from property development over the next nine-months in 2007/2008 is set to be similar to that seen in the year-earlier period.

Turnover during the quarter included €12.9 million in turnover from Les Senioriales and €63.1 million from Pierre & Vacances, with 76% from renovated properties (Courchevel Forum, Val d'Isère Aquila, les Arcs Hôtel du Golf...) and 24% from new property (Montrouge, Le Crotoy, Audierne...).

OUTLOOK

Tourism businesses

In view of the level of turnover seen in Q1 and reservations to date, we currently expect growth in like-for-like turnover in H1 2007/2008 as follows:

- 15% at Pierre & Vacances/Adagio/Maeva/Résidences MGM/ Hôtels Latitudes (11% excluding impact of Paris Tour Eiffe[*];
- 11% at Center Parks/Sunparks (4% excluding impact of the Center Parcs du Domaine du Lac d'Ailette).

Property development business

The pace of reservations on property development programmes currently being marketed remains high at €90.7 million, identical to the level achieved during the same period last year.

(*) The impact of the opening in 2008 of city residences is not material.

Annual consolidated financial statements
To september 30, 2007

Consolidated profit and loss account

(in thousands of euros)	Note	2006/2007	2005/2006	2004/2005
Turnover	3/4	1,550,268	1,414,356	1,230,634
Purchases and external services	26	-1,046,943	-946,118	-790,217
Personnel expenses	27	-329,802	-305,269	-302,774
Amortisation and provisions	28	-40,222	-42,354	-37,302
Other current items	29	-28,112	-22,996	-25,352
CURRENT OPERATING INCOME	**3**	**105,189**	**97,619**	**74,989**
Other operating expenses and earnings	3/30	-2,576	11,208	-6,173
OPERATING INCOME	**3**	**102,613**	**108,827**	**68,816**
Financial earnings	31	3,895	4,331	3,031
Financial expenses	31	-8,080	-9,957	-13,020
FINANCIAL INCOME		**-4,185**	**-5,626**	**-9,989**
Corporate income tax	32	-23,196	-29,450	-16,521
Share of income of companies accounted for by the equity method	9	-	106	193
NET INCOME		**75,232**	**73,857**	**42,499**
Including:				
- Attributable		75,199	73,676	42,160
- Minority interests	19	33	181	339
Net attributable earnings per share (in euros)	33	8.63	8.44	4.85
Diluted attributable earnings per share (in euros)	33	8.53	8.40	4.82

Consolidated balance sheet

Assets

(in thousands of euros)	Note	30/09/2007	30/09/2006	30/09/2005
Goodwill	5	148,453	130,260	128,028
Intangible fixed assets	6	136,344	125,934	118,738
Tangible fixed assets	8	355,761	203,289	159,430
Investments in companies accounted for by the equity method	9	-	1,417	1,311
Non-current financial assets	10	36,812	27,537	33,234
Deferred tax assets	32	34,969	48,087	74,243
NON-CURRENT ASSETS	**3**	**712,339**	**536,524**	**514,984**
Inventories and work in progress	12/13	112,191	190,532	207,418
Trade receivables and related accounts	14	241,300	242,701	319,271
Other current assets	15/22	222,429	196,260	200,897
Cash and cash equivalents	16/23	162,164	118,292	86,210
Non-current assets and asset groups held for sale	2	42,986	-	-
CURRENT ASSETS	**3**	**781,070**	**747,785**	**813,796**
TOTAL ASSETS	**3**	**1,493,409**	**1,284,309**	**1,328,780**

Liabilities

(in thousands of euros)		30/09/2007	30/09/2006	30/09/2005
Share capital		88,109	87,818	87,691
Additional paid-in capital		8,651	7,671	7,218
Treasury stock		-5,932	-5,286	-2,085
Items reported directly in shareholders' equity		575	274	-428
Reserves		258,752	204,685	174,421
Consolidated income		75,199	73,676	42,160
ATTRIBUTABLE SHAREHOLDERS' EQUITY	**18**	**425,354**	**368,838**	**308,977**
Minority interests	19	-33	2	282
SHAREHOLDERS' EQUITY		**425,321**	**368,840**	**309,259**
Long-term debt	21/23	203,189	113,715	183,835
Provisions for contingencies and charges, non-current	20	42,299	35,278	38,000
Deferred tax liabilities	32	-	-	-
NON-CURRENT LIABILITIES	**3**	**245,488**	**148,993**	**221,835**
Short-term debt	21/23	34,102	64,026	42,454
Provisions for contingencies and charges, current	20	13,992	18,298	12,765
Trade payables and related accounts	24	333,535	269,981	235,431
Other current liabilities	22/25	440,971	414,171	507,036
CURRENT LIABILITIES	**3**	**822,600**	**766,476**	**797,686**
TOTAL LIABILITIES		**1,493,409**	**1,284,309**	**1,328,780**

Consolidated cash flow statement

(in thousands of euros)	Note	2006/2007	2005/2006	2004/2005
Operations				
Net consolidated income		**75,232**	**73,857**	**42,499**
Depreciation, amortisation and provisions (not related to current assets)		30,538	26,249	22,531
Expenses related to share subscription and purchase option plans		2,122	1,142	956
Capital gains and losses on disposals		-2,801	-22,714	925
Share in income of companies accounted for by the equity method	9	-	-106	-193
Cost of net long-term debt	31	4,648	5,867	11,789
Taxation (including deferred taxes)	32	23,196	29,450	16,521
Cash flow generated by operations		**132,935**	**113,745**	**95,028**
Net cost of long-term debt: net interest paid		-4,298	-4,475	-9,723
Taxes paid		-3,924	-4,803	-8,730
Cash flow after debt interest and taxes		**124,713**	**104,467**	**76,575**
Change in working capital requirement from operations (including debt relating to staff benefits)		130,884	63,841	10,543
NET CASH FLOW FROM OPERATING ACTIVITIES (I)		**255,597**	**168,308**	**87,118**
Investments				
Acquisitions of tangible and intangible fixed assets	6/8	-207,201	-81,506	-42,622
Acquisitions of long-term investments		-10,008	-3,173	-2,552
Acquisitions of subsidiaries (net of cash acquired)	17	-102,144	-19,855	-5,303
Subtotal of disbursements		-319,353	-104,534	-50,477
Disposals of tangible and intangible assets		36,249	23,661	2,159
Disposals of long-term investments		1,071	10,443	4,552
Disposals of subsidiaries (net of cash paid)	17	86,227	415	17,499
Subtotal of receipts		123,547	34,519	24,210
NET CASH FLOW FROM INVESTMENT ACTIVITIES (II)		**-195,806**	**-70,015**	**-26,267**
Financing				
Capital increases in cash by the parent company	18	1,271	580	3,821
Acquisitions and disposals of treasury stock	18	-646	-3,201	-1,916
Dividends paid to parent company shareholders		-21,765	-13,085	-15,576
Dividends paid to minority shareholders in subsidiaries	19	-68	-461	-603
Receipts from new bank loans		198,097	49,881	204,405
Repayment of bank loans		-193,319	-99,830	-242,330
Other flows from financing operations		-1,060	-141	-7,949
NET CASH FLOW FROM FINANCING ACTIVITIES (III)		**-17,490**	**-66,257**	**-60,148**
CHANGE IN NET CASH FLOW (IV = I + II + III)		**42,301**	**32,036**	**703**
Cash and cash equivalents at beginning of year (V)	17	117,393	85,357	84,654
Cash and cash equivalents at end of year (VI = IV + V)	17	159,694	117,393	85,357

Statement of changes in attributable consolidated shareholders' equity

(in thousands of euros)	Number of shares	Capital stock	Additional paid-in capital	Treasury stock	Changes reported directly in share-holders' equity	Reserves	Consolidated income	Attributable share-holders' equity	Minority interests	Total share-holders' equity
BALANCE AT OCTOBER 1, 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 30, 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 30, 2006	**8,781,836**	**87,818**	**7,671**	**-5,286**	**274**	**204,685**	**73,676**	**368,838**	**2**	**368,840**

(in thousands of euros)	Number of shares	Capital stock	Additional paid-in capital	Treasury stock	Changes reported directly in share-holders' equity	Reserves	Consolidated income	Attributable share-holders' equity	Minority interests	Total share-holders' equity
BALANCE AT SEPTEMBER 30, 2006	**8,781,836**	**87,818**	**7,671**	**-5,286**	**274**	**204,685**	**73,676**	**368,838**	**2**	**368,840**
Hedging instruments	-	-	-	-	388	-	-	388	-	388
Deferred taxes on these items	-	-	-	-	-87	-	-	-87	-	-87
Changes in value recognised directly in shareholders' equity	**-**	**-**	**-**	**-**	**301**	**-**	**-**	**301**	**-**	**301**
Net income	-	-	-	-	-	-	75,199	75,199	33	75,232
Total expenses and earnings booked	**-**	**-**	**-**	**-**	**301**	**-**	**75,199**	**75,500**	**33**	**75,533**
Capital increase	29,075	291	980	-	-	-	-	1,271	-	1,271
Dividends	-	-	-	-	-	-21,765	-	-21,765	-68	-21,833
Change in treasury stock	-	-	-	-646	-	34	-	-612	-	-612
Expenses on option plans	-	-	-	-	-	2,122	-	2,122	-	2,122
Other movements	-	-	-	-	-	73,676	-73,676	0	-	0
BALANCE AT SEPTEMBER 30, 2007	**8,810,911**	**88,109**	**8,651**	**-5,932**	**575**	**258,752**	**75,199**	**425,354**	**-33**	**425,321**

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 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 30, 2007 on December 4, 2007.

Note 1 - Accounting principles

1.1 – GENERAL CONTEXT

In application of European regulation No. 1606/2002 of July 19, 2002, the consolidated financial statements for 2006/2007 have been drawn up in accordance with the IFRS (International Financial Reporting Standards) as adopted by the European Union as at September 30, 2007.

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

The standards and interpretations applied by the group for 2006/2007 are the same as those adopted for the financial statements for 2005/2006 except for those adopted by the European Union which have to be applied for the year beginning October 1, 2006 and which the group had not chosen to apply in advance (see section 1.2 - Changes in the accounting reference documents).

To draw up the consolidated financial statements for 2004/2005, the opening balance sheet at October 1, 2004 was drawn up according to the requirements of IFRS 1 "First-time adoption of the International Financial Reporting Standards" and the financial statements for 2004/2005 were drawn up according to the IFRS standards including application of IAS 32 and IAS 39 relating to financial instruments. Specifically, the group had chosen to apply these two standards at the time of the transition, in order to ensure better comparability of the financial statements for the years 2004/2005 and 2005/2006.

1.2 – CHANGES IN THE ACCOUNTING REFERENCE DOCUMENTS

The new standards and interpretations that have been adopted for drawing up the financial statements and whose application is made mandatory for the year beginning October 1, 2006 have not affected the group's consolidated financial statements for 2006/2007.

Note that for 2005/2006, the group had decided to apply IFRIC 4 in advance on the conditions for determining whether an agreement contains a lease (applicable to years beginning on or after January 1, 2006).

The new standards, interpretations and amendments applied to 2006/2007 and not anticipated in the financial statements for 2005/2006 are:

- 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 1, 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 1, 2006);
- 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 1, 2006);
- the limited revision of 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 1, 2006);
- the new IFRS 6 standard "Exploration for and evaluation of mineral resources" (applicable to years beginning on or after January 1, 2006);
- IFRIC 5 on the rights to interests arising from decommissioning, restoration and environmental rehabilitation funds (applicable to years beginning on or after January 1, 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 1, 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 March 1, 2006);
- IFRIC 8 on the scope of IFRS 2 "Share-based payment" (applicable to years beginning on or after May 1, 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 1, 2006).

The standards, interpretations and amendments to existing standards that are not applied in advance in the financial statements for the year 2006/2007 are:

- the new IFRS 7 standard "Financial instruments: disclosures" (applicable for the years beginning on or after January 1, 2007);
- the amendments to standard 1 "Presentation of financial statements" relating to disclosures concerning capital (applicable to years beginning on or after January 1, 2007);
- amendments to standard 23 "borrowing costs" (applicable to years beginning on or after January 1, 2009);
- the new IFRS 8 standard "Operating segments" (applicable to years beginning on or after January 1, 2009);
- the revision to IAS standard 1 "Presentation of financial statements" (applicable to years beginning on or after January 1, 2009);
- IFRIC 10 on interim financial reporting and impairment (applicable to years beginning on or after November 1, 2006);
- IFRIC 11 relating to options granted within a group and treasury shares bought as coverage for option plans (applicable to years beginning on or after March 1, 2007);
- IFRIC 12 relating to Service concession agreements (applicable to years beginning on or after January 1, 2008);
- IFRIC 13 concerning Customer loyalty programmes (applicable for years beginning on or after July 1, 2008);
- IFRIC 14 concerning the Limit on a defined benefit asset, Minimum funding (applicable to years beginning on or after January 1, 2008).

The group is reviewing all these standards and interpretations in order to measure their potential impact on the results, the financial position and the consolidated cash flows and to assess the impact on the disclosures to be made. At this stage of the analysis, the group does not anticipate any significant impact.

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 year-end date of the consolidating company, namely September 30.

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 year-end 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 notes. 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.

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 group has no subsidiaries outside the Euro zone.

1.8 – BUSINESS COMBINATIONS

Business combinations prior to October 1, 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 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.

Minority interests buy-back commitment

When the group has granted purchase options on their investments to shareholders of its fully consolidated subsidiaries, it anticipates this additional purchase of shares. These commitments are booked as debt at the current value of the buy-back price with the minority interests as an offsetting amount and the goodwill for the balance.

1.9 – ASSETS AND LIABILITIES BEING SOLD

Assets and liabilities that it has been decided to sell during the period are presented on a separate line of the balance sheet ("Non current assets and asset groups held for sale"), as soon as they are available for immediate sale and the sale is highly probable. When several assets are intended to be sold in a single transaction, the asset group is valued overall as are the liabilities that are attached to it at the lowest of the net book value and the fair value net of the selling costs. Non-current assets classified as held for sale are no longer depreciated.

1.10 – 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 30. 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 asset group generating cash flows largely independent of other asset groups. The CGU groups adopted by Pierre & Vacances for assessing the recoverable value of goodwill are the group's business combinations used to analyse its results in its internal reporting.

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.

1.11 – 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 30. 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 programmes. 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.

1.12 – INVESTMENT SUBSIDIES

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

1.13 – 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 future 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, Sunparks, Pierre & Vacances, 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.

1.14 – 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.

1.15 – 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.

1.16 – TRADE RECEIVABLES

Because of the group's businesses, trade receivables are short term, so they are booked at their nominal value.

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.

1.17 – 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, while awaiting the conclusions of the IASB on this subject, 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.

1.18 – CASH AND CASH EQUIVALENTS

The gross cash balance, as presented under assets on the balance sheet, includes cash and cash equivalents, site deposits and short-term investments (Unit Trusts and Mutual Funds) with a maturity of less than three months 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.

1.19 – 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 as a personnel expense representing the expectation of gain for the beneficiaries of these 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 7, 2002 in which rights have not been acquired on January 1, 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, in the absence of a coverage relationship, or for the ineffective portion of the coverage, the changes in value of the derivatives are reported as financial income.

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 for holidays taken during the year and sales of holidays and fees 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 as the percentage progress of the work multiplied 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 and allocations of free 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 in the scope of consolidation that have occurred since September 30, 2006 concern:

Acquisitions made in 2006/2007

Acquisition of the Belgian Sunparks group

On April 19, 2007, Center Parcs Europe NV took full control of the Belgian Sunparks group. This acquisition includes the operation and property assets of four villages in the Center Parcs 3/4-star category; it offers a total of 1,683 cottages and 50 hotel rooms and many indoor leisure facilities (aquatic centre, restaurant, supermarket, creche, etc.) and open-air sports complexes.

Because the date of purchases was so close to March 31, and the amount of business done during this period was insignificant (less than 0.2% of consolidated turnover), the Sunparks sub-group has been fully consolidated from April 1, 2007. This sub-group is incorporated into the business of the Center Parcs division and all the companies in it are wholly-owned.

The cash price for the shares was €80,038 thousand and the first consolidation goodwill generated at the time of the acquisition has been reported in net acquired assets. Specifically, the Pierre & Vacances Group has assessed the fair value of the assets and liabilities acquired and determined the related deferred taxes. The values assigned to assets, liabilities and possible identifiable liabilities have been determined on a provisional basis, based on information available at the closure of the accounts. They may change; any changes in value that may occur will be reported within 12 months of the date of acquisition.

The main adjustments between the fair value of the net asset acquired and the consolidated net book value of the group are as follows:

- the valuation of the land and buildings of the four villages. Specifically, at the same time of taking over Sunparks, and according to the group's financial policy not to own the assets managed, Pierre & Vacances (through its Belgian subsidiary Sunparks Groep NV) signed a sales agreement with the subsidiary Foncière des Murs on September 27, 2007 following a protocol of July 25, 2007 relating to the sale-and-leaseback of the land and property assets of these four villages in Belgium. The transaction is worth a total of €177 million and is divided into the sale of the buildings of the Oostduinkerke, De Haan and Vielsalm villages on the basis of an overall valuation of €132 million (including an envelope of €16 million for refurbishment work to be carried out in the next two years and the valuation of an optional extension to the De Haan village for €19 million), and the sale of the fourth village (Kempense Meren), subject to local authority permissions being discussed. This last sale should take place, on the same terms, before March 31, 2008 and be worth €45 million (including €4 million of works). The year's operation resulted in the sale of the shares in four companies (Sunparks De Haan NV, Sunparks Oostduinkerke NV, Sunparks Projects NV and Sunaquapark Oostduinkerke NV) and in the direct sale of the land and buildings of the third village, Vielsalm. Pierre & Vacances retains ownership of 10% of the above companies holding the land and buildings of the Oostduinkerke and De Haan villages. These sale-and-leaseback transactions are accounted for in the acquisition balance sheet by recording on the one hand through a reclassification of these assets on the balance sheet line "Non-current assets and asset groups held for sale" and on the other hand through a revaluation of these assets at their selling price, less selling costs, of €82,323 thousand. At the year-end, the "Non-current assets and non-current asset groups held for sale" balance sheet item showing €42,986 thousand is the value of the buildings of this fourth village as at September 30, 2007. The total annual rental income provided in the lease agreements between the Sunparks subsidiaries operating the villages and Foncière des Murs, the owners of the buildings, stands at €6 million. The details of these lease agreements are shown in Note 35 - Off-balance sheet commitments;

- the reporting of deferred income of €9,885 thousand according to standard 17 "leases" reflecting the surplus from selling the land and buildings of the four villages above their purchase price. This surplus will be amortised over the period of the lease;
- the €5,505 thousand brand valuation that was calculated by independent experts using a multi-criteria approach taking account of the future contribution to income;
- the reporting of net deferred tax assets of a total of €7,162 thousand on items that have been restated at the fair value and on tax deficits of the Sunparks group subsidiaries which Pierre & Vacances has estimated the probability of recovering over future years.

The identifiable assets and liabilities acquired are shown schematically below:

(in thousands of euros)	**Net book value before regrouping**	**Fair value adjustment**	**Reclassification**	**Fair value**
Net assets acquired on April 1, 2007				
Intangible fixed assets	51	5,505	-	5,556
Tangible fixed assets	57,339	-	-53,793	3,546
Deferred tax assets	-	8,789	-1,871	6,918
Inventories and work in progress	1,428	-	-	1,428
Trade receivables and related accounts	1,426	-	-	1,426
Other current assets	2,167	-807	-	1,360
Cash and cash equivalents	729	-	-	729
Non-current assets and asset groups held for sale	-	82,323	53,793	136,116
Long term debt (current and non-current)	-42,440	-	-	-42,440
Provisions for contingencies and charges (current and non-current)	-	-1,143	-	-1,143
Deferred tax liabilities	-244	-1,627	1,871	-
Trade payables and related accounts	-9,237	-	-	-9,237
Other current liabilities	-10,019	-11,434	-	-21,458
TOTAL NET ASSETS ACQUIRED	**-1,568**	**81,606**	**0**	**80,038**
Cost of acquisition				
Share purchase price				78,331
Acquisition-related costs				1,707
TOTAL ACQUISITION COST				**80,038**
GOODWILL				**-**

Acquisition of the Les Senioriales group

On May 15, 2007, the Pierre & Vacances Group took over the Les Senioriales group by buying 95.03% of the capital from its founders, André and Paul Ramos. This group specialises in building residences for a clientele of active seniors. This innovative concept of non-medical specialist residences is a complementary and profitable line of development for Pierre & Vacances. The group generated turnover of €31 million and current operating income of €4 million for the year ending March 31, 2007.

Because the date of purchase was so close to March 31, and because the amount of business during this period (less than 0.4% of consolidated turnover) was insignificant, the Les Senioriales sub-group is fully consolidated from April 1, 2007. It is incorporated into the property development business sector.

The cost of acquisition of the shares was €24,844 thousand. It includes €1,100 thousand in anticipation of the option to buy 4.97% of the share capital held by the Pierre & Vacances Group from the new Chief Executive Officer of this sub-group. Goodwill of €17,828 thousand was generated. Specifically, the Pierre & Vacances Group has assessed the fair value of the assets and liabilities acquired and determined the related deferred taxes. The values assigned to the assets, liabilities and possible identifiable liabilities have been determined on a provisional basis, based on the information available at the date of closure of the accounts. They may change; any changes in value that may occur will be reported within 12 months of the date of acquisition.

The main adjustments between the fair value of the net asset acquired and the consolidated net book value of the group are as follows:

- the €2,040 thousand brand valuation that was calculated according to the royalties method;
- the margins of certain property development programmes at €775 thousand which Pierre & Vacances has considered as pre-acquisition income because of the significant degree of advancement of these programmes at the time the takeover occurred;
- the reporting of net deferred tax liabilities of a total of €965 thousand on items that have been restated at the fair value.

The fair value of the assets and liabilities acquired and the goodwill are analysed as follows:

(in thousands of euros)	Net book value before regrouping	Adjustment to fair value	Fair value
Net assets acquired			
Intangible fixed assets	85	2,040	2,125
Tangible fixed assets	150	-	150
Inventories and work in progress	11,805	775	12,580
Trade receivables and related accounts	15,643	-	15,643
Other current assets	6,141	-	6,141
Cash and cash equivalents	3,322	-	3,322
Long term debt (current and non-current)	-11,557	-	-11,557
Provisions for contingencies and charges (current and non-current)	-34	-13	-47
Deferred tax liabilities	-449	-965	-1,414
Trade payables and related accounts	-7,278	-	-7,278
Other current liabilities	-12,649	-	-12,649
Total net assets acquired	5,179	1,837	7,016
Acquisition cost			
Share purchase price			22,958
Acquisition-related costs			1,886
TOTAL ACQUISITION COST			**24,844**
GOODWILL			**17,828**

Other acquisitions

On June 11, 2007, Pierre & Vacances Tourisme Europe SA bought the shares of SNC Hôtelière de l'Anse à la Barque for €1 from the Pierre & Vacances parent company, Société d'Investissement Touristique & Immobilier SA. SNC Hôtelière de l'Anse à la Barque holds the usufruct of a portion of the first tranche of the property assets in Sainte-Anne in Guadeloupe (276 accommodation units) the operation of which has been entrusted to the Pierre & Vacances tourism operation company through a lease.

Because the date of purchase was so close to June 30, and because the amount of business over this period was insignificant (zero contribution to consolidated turnover), its inclusion in the consolidated financial statements did not take effect until July 1, 2007. This company is wholly-owned and is fully consolidated. Its first consolidation, after valuing the assets and liabilities acquired, at their fair value did not generate any goodwill.

Furthermore, the Pierre & Vacances Group purchased, as part of its Tourism business, two businesses:

- the first, for €611 thousand, was a residence at la Grande Motte, operated under the Maeva brand;
- the second, for €734 thousand, was the hôtel du Golf de Courchevel 1650, operated under the Pierre & Vacances brand.

Disposal made in 2006/2007

On October 3, 2006, Pierre & Vacances SA sold the shares in Domaine Skiable de Valmorel, which operates the ski lifts of this resort, for €2,773 thousand. This disposal generated, in the group's consolidated income, a pre-tax gain of €1,356 thousand. This item was taken out of the scope of consolidation from October 1, 2006. The company was consolidated by the equity method.

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 2006/2007 is analysed as follows:

(in thousands of euros)	Turnover 2006/2007	Current operating income 2006/2007	Net attributable income 2006/2007	Net bank borrowings 30/09/2007	Total assets 30/09/2007
Acquisitions					
Sunparks	26,704	7,301	3,700	-2,159	78,795
Les Senioriales	24,037	978	643	9,903	73,178
SNC Hôtelière de l'Anse à la Barque	2,357	-44	-30	-	506
TOTAL ACQUISITIONS	**53,098**	**8,235**	**4,313**	**7,744**	**152,479**
As % of group total assets	3.42%	7.83%	5.73%	10.41%	10.21%
Disposal					
Domaine Skiable de Valmorel(*)	-	-	-	-	1,416
TOTAL DISPOSAL	**0**	**0**	**0**	**0**	**1,416**
As % of group total assets	-	-	-	-	0.09%

(*) Contribution to the consolidated financial statements of Domaine Skiable de Valmorel at October 1, 2006.

Other changes made since September 30, 2006

In the property development business, 11 new companies were created following the launch of new programmes to build or refurbish residences: Lille Vauban Développement, Bois des Harcholins Cottages, Bois des Harcholins Equipements, Bois des Harcholins Foncière, Dhuizon Loisirs, Courchevel 1650 Loisirs, Chamonix Loisirs, Lot 175 Hauts Forts, les Maisons du Green Beach Loisirs, La Grande Motte Loisirs, Hôtel Pouliguen.

Furthermore, the group continued its policy of rationalising and simplifying operating and legal organisations by creating new companies or making internal changes of scope (mergers and dissolving of companies by asset mergers).

Main changes in the scope of consolidation in 2005/2006

The significant changes in scope for 2005/2006 were:

- the acquisition, as part of the property refurbishment activity, on December 15, 2005, through SNC Tourisme Montagne Développement, of all the capital of four property-owning companies:
  - two companies holding the property assets of residences previously operated under the Pierre & Vacances brand, SNC Alpe d'Huez Soleil, a company owning the land and buildings of the Ours Blanc residence (123 apartments) in the Alpe d'Huez resort, and SNC Méribel Soleil, a company owning the land and buildings of the Les Crêts residence (181 apartments) at Méribel,
  - two companies holding the property assets of residences previously operated under the Maeva brand, SNC La Daille Soleil, a company owning the land and buildings of the La Daille A residence (126 apartments) at Val d'Isère and SNC Belle Plagne Soleil, a company owning the land and buildings of the Néréides residence (101 apartments) at the Belle Plagne resort.

After buying the debts from the shareholders on the date of acquisition to the value €3,161 thousand for SNC Alpe d'Huez Soleil, €4,584 thousand for SNC Méribel Soleil, €2,322 thousand for SNC La Daille Soleil and €3,293 thousand for SNC Belle Plagne Soleil, the total cost of buying the shares was respectively €2,397 thousand, €8,496 thousand, €5,026 thousand and €2,191 thousand.

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

Furthermore, at the same time as these acquisitions, the group bought the business assets of these four residences for a total of €2,232 thousand and the operation of them was leased back after having been managed by the group under a management agreement:

- the purchase through BNG Resort Holdings BV, on June 29, 2006, of 100% of the shares of Holding Green BV for €1,080 thousand. This purchase had led to posting a one-off profit of €23,169 thousand when the earn-out clause was used, as part of the acquisition on July 19, 2006 by the Blackstone group of all the capital of Green Buyco BV. The full consolidation of the purchased buildings did not generate any reported goodwill;
- the sale, on May 23, 2006, of the shares in 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 value of the transaction was €387 thousand and the pre-tax impact of this sale on group consolidated income was a gain of €378 thousand.

2.2 – SCOPE OF CONSOLIDATION

French companies

Legal form	Companies	Consolidation method[1]	% stake at 30/09/2007	% stake at 30/09/2006
HOLDING COMPANIES				
SA	Pierre & Vacances	Parent company	100.00%	100.00%
SNC	Pierre & Vacances FI	Full	100.00%	100.00%
GIE	Pierre & Vacances Services	Full	100.00%	100.00%
Tourism France				
SA	Groupe Maeva	Full	-	100.00%
SA	Pierre & Vacances Maeva Tourisme	Full	-	100.00%
SA	Pierre & Vacances Tourisme Europe	Full	100.00%	100.00%
Center Parcs				
SNC	Center Parcs Holding Belgique	Full	100.00%	100.00%
SNC	Center Parcs Holding France	Full	100.00%	100.00%
SNC	Center Parcs Holding Franco-Belge	Full	100.00%	100.00%
Property development				
SAS	Pierre & Vacances Holding	Full	100.00%	100.00%
SAS	Pierre & Vacances Immobilier Holding	Full	100.00%	100.00%
SARL	Pierre & Vacances Transactions	Full	100.00%	100.00%
TOURISM				
French Tourism Division				
SNC	Sté Hotelière de l'Anse à la Barque Tourisme	Full	100.00%	-
SCI	Auberge de Planchamp	Full	100.00%	100.00%
SEP	Avoriaz La Falaise	Proportional	28.50%	28.50%
SA	Cannes Beach Résidence	Full	-	100.00%
SA	Citéa	Proportional	50.00%	50.00%
SAS	City Apart Hôtel	Proportional	50.00%	-
SARL	Clubhotel	Full	100.00%	100.00%
SA	Clubhotel Multivacances	Full	100.00%	100.00%
SARL	Club Univers de France	Full	99.00%	99.00%
SNC	Commerce Patrimoine Cap Esterel	Full	100.00%	100.00%

(1) Full: Fully consolidated; proportional: proportionally consolidated; equity: equity method.

Legal form	Companies	Consolidation method[1]	% stake at 30/09/2007	% stake at 30/09/2006
TOURISM (continued)				
French Tourism Division				
SA	Compagnie Hôtelière Pierre & Vacances	Full	100.00%	100.00%
SA	Domaine Skiable de Valmorel	Equity	-	25.00%
SEP	Hyères La Pinède	Full	47.50%	47.50%
SNC	Latitudes Toulouse	Full	100.00%	100.00%
SNC	Locarev Maeva Résidences	Full	100.00%	100.00%
SCI	Orion Antibes 2	Full	100.00%	100.00%
SCI	Orion Deauville	Full	100.00%	100.00%
SAS	Parking de Val d'Isère La Daille	Full	100.00%	100.00%
SAS	Pierre & Vacances Esterel Développement	Full	100.00%	100.00%
SNC	Pierre & Vacances Investissement 9	Full	100.00%	100.00%
SA	Pierre & Vacances Maeva Distribution	Full	100.00%	100.00%
SAS	Pierre & Vacances Maeva Tourisme Exploitation	Full	100.00%	100.00%
SAS	Pierre & Vacances Maeva Tourisme Management	Full	100.00%	100.00%
SAS	Pierre & Vacances Rénovation Tourisme	Full	100.00%	100.00%
SAS	SET Pierre & Vacances Guadeloupe	Full	100.00%	100.00%
SAS	SET Pierre & Vacances Martinique	Full	100.00%	100.00%
SARL	SGRT	Full	100.00%	100.00%
SNC	SICE	Full	100.00%	100.00%
SARL	Société de Gestion des Mandats	Full	100.00%	100.00%
SA	Société Financière des Arcs	Full	100.00%	100.00%
SNC	Société Hotelière de l'Anse à la Barque Tourisme	Full	100.00%	-
SA	Sogire	Full	100.00%	100.00%
Center Parcs Division				
SCS	Center Parcs France	Full	100.00%	100.00%
SNC	Domaine du Lac de l'Ailette	Full	100.00%	100.00%
PROPERTY DEVELOPMENT				
French Property Development Division				
SNC	Alpe Huez Soleil	Full	100.00%	100.00%
SNC	Arcs 1800 Loisirs	Full	-	100.00%
SNC	Arles Saladelles Loisirs	Full	100.00%	100.00%
SNC	Audierne Loisirs	Full	100.00%	100.00%
SNC	Avoriaz Loisirs	Full	100.00%	100.00%
SNC	Avoriaz Tourisme Développement	Full	100.00%	100.00%
SNC	Belle Dune Loisirs	Full	100.00%	100.00%
SNC	Belle Plagne Soleil	Full	100.00%	100.00%

(1) Full: Fully consolidated; proportional: proportionally consolidated; equity: equity method.

Legal form	Companies	Consolidation method[1]	% stake at 30/09/2007	% stake at 30/09/2006
PROPERTY DEVELOPMENT (continued)				
French Property Development Division				
SNC	Bénodet Tourisme Développement	Full	100.00%	100.00%
SNC	Biscarrosse Loisirs	Full	100.00%	100.00%
SNC	Branville Tourisme Développement	Full	100.00%	100.00%
SNC	Britania Loisirs	Full	100.00%	100.00%
SNC	Buttes-Chaumont Développement	Full	-	100.00%
SNC	Cannes Beach Loisirs	Full	-	100.00%
SNC	Cap Océan	Full	100.00%	100.00%
SNC	Charmettoger Développement	Full	100.00%	100.00%
SNC	Chamonix Loisirs	Full	100.00%	-
SNC	Château d'Olonne Loisirs	Full	100.00%	100.00%
SARL	Cobim	Full	100.00%	100.00%
SNC	Coches Boulier Développement	Full	100.00%	100.00%
SNC	Coches Tourisme Développement	Full	100.00%	100.00%
SNC	Coudalère Loisirs	Full	100.00%	100.00%
SNC	Courchevel 1650 Loisirs	Full	100.00%	-
SNC	Courchevel Forum Loisirs	Full	100.00%	100.00%
SNC	Dhuizon Loisirs	Full	100.00%	-
SCI	Du Port	Full	-	100.00%
SNC	Eguisheim Loisirs	Full	100.00%	100.00%
SNC	Flaine Loisirs	Full	100.00%	100.00%
SNC	Font Romeu Loisirs	Full	100.00%	100.00%
SNC	Francia La Villa	Full	100.00%	100.00%
SNC	Grimaud Les Restanques	Full	100.00%	100.00%
SNC	Grimaud Tourisme Développement	Full	100.00%	100.00%
SNC	Haussmann Développement	Full	100.00%	100.00%
SNC	Hôtel du Pouliguen	Full	100.00%	-
SNC	Houlgate Loisirs	Full	100.00%	100.00%
SNC	Isola Loisirs	Full	-	100.00%
SNC	Lacanau Tourisme Développement	Full	100.00%	100.00%
SNC	La Daille Soleil	Full	100.00%	100.00%
SNC	La Grande Motte Loisirs	Full	100.00%	-
SNC	La Mongie Loisirs	Full	100.00%	100.00%
SNC	Le Crotoy Loisirs	Full	100.00%	100.00%
SNC	Le Douhet Loisirs	Full	-	100.00%
SNC	Le Rouret Loisirs	Full	100.00%	100.00%
SNC	Les Maisons du Green Beach Loisirs	Full	100.00%	-

(1) Full: Fully consolidated; proportional: proportionally consolidated; equity: equity method.

Legal form	Companies	Consolidation method[1]	% stake at 30/09/2007	% stake at 30/09/2006
PROPERTY DEVELOPMENT (continued)				
French Property Development Division				
SAS	Les Senioriales	Full	100.00%	-
SCI	Les Senioriales Biscarosse	Full	100.00%	-
SCI	Les Senioriales de Camargue - St Gilles	Full	100.00%	-
SCI	Les Senioriales de Carcassonne - Villegly	Full	100.00%	-
SCI	Les Senioriales de Casteljaloux	Full	100.00%	-
SCI	Les Senioriales de Cevennes - St Privat des Vieux	Full	100.00%	-
SCI	Les Senioriales de l'Atlantique - Meursac	Full	100.00%	-
SCI	Les Senioriales de la Côte d'Azur -Grasse	Full	100.00%	-
SCI	Les Senioriales de la Méditerranée	Full	100.00%	-
SCI	Les Senioriales de Provence - les Mées	Full	100.00%	-
SCI	Les Senioriales de Saleilles	Full	100.00%	-
SCI	Les Senioriales de Salies du Salat	Full	100.00%	-
SCI	Les Senioriales de Sierentz	Full	100.00%	-
SCI	Les Senioriales de St Jean - Granville	Full	100.00%	-
SCI	Les Senioriales de St Omer	Full	100.00%	-
SCI	Les Senioriales de St Pantaléon	Full	100.00%	-
SCI	Les Senioriales de Villereal	Full	100.00%	-
SCI	Les Senioriales des Landes - Hinx	Full	100.00%	-
SCI	Les Senioriales du Bassin d'Arcachon	Full	100.00%	-
SCI	Les Senioriales du Bergerac	Full	100.00%	-
SCI	Les Senioriales du Lombez	Full	100.00%	-
SCI	Les Senioriales du Vendin	Full	100.00%	-
SCI	Les Senioriales Rochefort du Gard	Full	100.00%	-
SARL	Les Villages Nature de Val d'Europe	Proportional	50.00%	50.00%
SNC	Le Touquet Loisirs	Full	-	100.00%
SNC	Lille Vauban Développement	Full	100.00%	-
SNC	Loches Loisirs	Full	-	100.00%
SNC	lot 175 les Hauts Forts	Full	100.00%	-
SNC	Mandelieu Maure Vieille Loisirs	Full	100.00%	100.00%
SNC	Maubuisson Loisirs	Full	-	100.00%
SNC	Ménuires Aconit Développement	Full	100.00%	100.00%
SNC	Ménuires Bruyères Développement	Full	100.00%	100.00%
SNC	Mer Montagne Développement	Full	100.00%	100.00%
SNC	Méribel Soleil	Full	100.00%	100.00%
SNC	Moliets Tourisme Développement	Full	100.00%	100.00%
SNC	Monflanquin Loisirs	Full	100.00%	100.00%

(1) Full: Fully consolidated; proportional: proportionally consolidated; equity: equity method.

Legal form	Companies	Consolidation method[1]	% stake at 30/09/2007	% stake at 30/09/2006
PROPERTY DEVELOPMENT (continued)				
French Property Development Division				
SCI	Montrouge Développement	Proportional	50.00%	50.00%
SAS	Paris Tour Eiffel Développement	Full	100.00%	100.00%
SNC	Perros-Guirec Loisirs	Full	-	100.00%
SARL	Peterhof II	Full	100.00%	100.00%
SA	Pierre & Vacances Conseil Immobilier	Full	100.00%	100.00%
SARL	Pierre & Vacances Courtage	Full	100.00%	100.00%
SA	Pierre & Vacances Développement	Full	100.00%	100.00%
SA	Pierre & Vacances Promotion Immobilière	Full	100.00%	100.00%
SNC	Plagne Lauze Loisirs	Full	100.00%	100.00%
SNC	Plagne Quartz Développement	Full	100.00%	100.00%
SNC	Plagne Thémis Néréides Développement	Full	100.00%	100.00%
SNC	Plöemel Loisirs	Full	-	100.00%
SNC	Pont Royal II	Full	100.00%	100.00%
SNC	Port-en-Bessin Loisirs	Full	100.00%	100.00%
SNC	Résidence du Lac	Full	-	100.00%
SNC	Saint-Quay Portrieux Loisirs	Full	100.00%	100.00%
SARL	Senioriales Diffusion	Full	100.00%	-
SA	Société de Développement de Bourgenay	Full	100.00%	100.00%
SNC	Soulac Loisirs	Full	100.00%	100.00%
SNC	Tourisme Montagne Développement	Full	100.00%	100.00%
SAS	Tourisme et Rénovation	Full	100.00%	100.00%
SNC	Tréboul Tourisme Développement	Full	100.00%	100.00%
SNC	Trouville Loisirs	Full	-	100.00%
SNC	Uhart Cize Loisirs	Full	-	100.00%
SNC	Valloire Loisirs	Full	-	100.00%
SNC	Val d'Europe Loisirs	Full	-	100.00%
SNC	Val d'Isère la Daille B Loisirs	Full	100.00%	100.00%
SNC	Val d'Isère Loisirs	Full	100.00%	100.00%
SNC	Valmeinier Loisirs	Full	100.00%	100.00%
SNC	Vars Loisirs	Full	100.00%	100.00%
Center Parcs Division				
SNC	Ailette Cottages	Full	100.00%	100.00%
SNC	Ailette Equipement	Full	100.00%	100.00%
SNC	Bois des Harcholins Cottages	Full	100.00%	-
SNC	Bois des Harcholins Equipement	Full	100.00%	-

(1) Full: Fully consolidated; proportional: proportionally consolidated; equity: equity method.

Legal form	Companies	Consolidation method[1]	% stake at 30/09/2007	% stake at 30/09/2006
PROPERTY DEVELOPMENT (continued)				
Center Parcs Division				
SNC	Bois des Harcholins Foncière	Full	100.00%	-
SNC	Bois Francs Loisirs	Full	100.00%	100.00%
SNC	Les Hauts de Bruyères Loisirs	Full	100.00%	100.00%
Other				
SNC	Financière Pierre & Vacances I	Full	100.00%	100.00%
SNC	Financière Pierre & Vacances II	Full	100.00%	100.00%
SNC	La Financière Pierre & Vacances & Cie	Full	100.00%	100.00%
SAS	Orion	Full	100.00%	100.00%
SAS	Pierre & Vacances Investissement 24	Full	100.00%	100.00%
SAS	Pierre & Vacances Investissement 27	Full	-	100.00%
SAS	Pierre & Vacances Investissement 28	Full	100.00%	100.00%
SAS	Pierre & Vacances Investissement 30	Full	100.00%	100.00%
SAS	Pierre & Vacances Investissement 31	Full	100.00%	100.00%
SAS	Pierre & Vacances Investissement 32	Full	100.00%	100.00%
SAS	Pierre & Vacances Investissement 33	Full	100.00%	100.00%
SAS	Pierre & Vacances Investissement 38	Full	100.00%	-
SAS	Pierre & Vacances Marques	Full	100.00%	100.00%

(1) Full: Fully consolidated; proportional: proportionally consolidated; equity: equity method.

Legal form	Companies	Country	Consolidation method[1]	% stake at 30/09/2007	% stake at 30/09/2006
HOLDING COMPANIES					
Center Parcs					
NV	Center Parcs Europe	Netherlands	Full	100.00%	100.00%
BV	Center Parcs BF Holding	Netherlands	Full	100.00%	100.00%
GmbH	Center Parcs Deutschland Kunden-Center	Germany	Full	100.00%	100.00%
GmbH	Center Parcs Germany	Germany	Full	100.00%	100.00%
BV	Center Parcs Germany Holding	Netherlands	Full	100.00%	100.00%
GmbH	Center Parcs Medebach Beteiligungs	Germany	Full	100.00%	100.00%
BV	Center Parcs NL Holding	Netherlands	Full	100.00%	100.00%
NV	Center Parcs Real Estate Development	Netherlands	Full	100.00%	100.00%
GmbH & Co.KG	Center Parcs Service	Germany	Full	100.00%	100.00%
BV	Center Parcs Sunparks	Netherlands	Full	100.00%	-

(1) Full: Fully consolidated; proportional: proportionally consolidated; equity: equity method.

Legal form	Companies	Country	Consolidation method[1]	% stake at 30/09/2007	% stake at 30/09/2006
HOLDING COMPANIES (continued)					
Property development					
SE	Tourism Real Estate Property Holding	Europe	Full	100.00%	100.00%
SE	Tourism Real Estate Services Holding	Europe	Full	100.00%	100.00%
TOURISM					
Center Parcs Division					
NV	Center Parcs België	Belgium	Full	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Bispingen	Germany	Full	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Heilbachsee	Germany	Full	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Hochsauerland	Germany	Full	100.00%	100.00%
GmbH	Center Parcs Leisure Deutschland	Germany	Full	100.00%	100.00%
NV	Center Parcs Netherlands	Netherlands	Full	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Butjadinger Küste	Germany	Full	100.00%	100.00%
NV	Sunparks Groep	Belgium	Full	100.00%	-
NV	Sunparks Vielsalm	Belgium	Full	100.00%	-
NV	Sunparks Kempense Meren	Belgium	Full	100.00%	-
NV	Sunparks Leisure	Belgium	Full	100.00%	-
Other Tourism Divisions					
Srl	Part House	Italy	Proportional	55.00%	55.00%
Srl	Pierre & Vacances Italia	Italy	Full	100.00%	100.00%
GmbH	Pierre & Vacances Tourisme	Germany	Full	100.00%	100.00%
SL	SET Pierre & Vacances España	Spain	Full	100.00%	100.00%
PROPERTY DEVELOPMENT					
SL	Bonavista de Bonmont	Spain	Full	100.00%	100.00%
Srl	Cala Rossa Immobiliare	Italy	Full	100.00%	100.00%
SL	Nuit & Jour Projections	Spain	Proportional	50.00%	50.00%
SL	Pierre & Vacances Développement España	Spain	Full	100.00%	100.00%
SL	Pierre & Vacances Inversion Inmobiliaria	Spain	Full	100.00%	100.00%
Srl	Progetto Tao	Italy	Full	100.00%	100.00%
OTHER					
BV	BNG Resort Holding	Netherlands	Full	-	100.00%
BV	Center Parcs Netherlands 2	Netherlands	Full	100.00%	100.00%
BV	Holding Green	Netherlands	Full	100.00%	100.00%
BV	Multi Resorts Holding	Netherlands	Full	100.00%	100.00%
BV	Pierre & Vacances Group Trademarks	Netherlands	Full	100.00%	100.00%
BV	Pierre & Vacances Group Trademarks Management	Netherlands	Full	100.00%	100.00%
BV	Pierre & Vacances South Europe Holding	Netherlands	Full	100.00%	-

(1) 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, divided into two divisions:
  - the Pierre & Vacances property development division 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 refurbished houses. The property development programmes currently developed are in France, Italy and Spain,
  - the Les Senioriales division, specialising in building and marketing residences in France and aimed at a customer base of active seniors. The full ownership of the houses is sold without any operating commitment on the part of the group;
- the tourism business organised partly around the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division and partly around the Center Parcs Europe / Sunparks division:
  - the Pierre & Vacances/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/Sunparks division, within the same operating department, includes the operation of all the villages in the Netherlands, Germany, Belgium and France.

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

Inter-divisional turnover is generated on normal market terms.

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

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 thousands of euros)	2006/2007					
	TOURISM		PROPERTY DEVELOPMENT		UNASSIGNED	TOTAL
	PV/Maeva/ MGM/ Latitudes	Center Parcs Europe/ Sunparks	Pierre & Vacances	Les Senioriales		
Business turnover	522,597	557,145	471,821	24,037	-	1,575,600
Turnover between business groups	-20,555	-592	-4,185	-	-	-25,332
External turnover	**502,042**	**556,553**	**467,636**	**24,037**	**-**	**1,550,268**
Current operating income	**12,435**	**46,435**	**45,341**	**978**	**-**	**105,189**
Other operating expenses and earnings	-1,686	-2,282	36	-	1,356	-2,576
Operating income	**10,749**	**44,153**	**45,377**	**978**	**1,356**	**102,613**
Amortisation expenses	**14,127**	**14,626**	**267**	**33**	**-**	**29,053**
Depreciation expenses	**980**	**-**	**-**	**-**	**-**	**980**
Tangible and intangible investments	**22,659**	**183,391**	**202**	**14**	**935**	**207,201**
Non-current assets	183,335	430,829	3,022	20,084	75,069	712,339
Current assets	148,106	65,415	282,482	51,033	234,034	781,070
TOTAL ASSETS	**331,441**	**496,244**	**285,504**	**71,117**	**309,103**	**1,493,409**
Non-current liabilities	10,635	30,177	262	45	204,369	245,488
Current liabilities	275,903	189,342	255,716	32,673	68,966	822,600
TOTAL LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**286,538**	**219,519**	**255,978**	**32,718**	**273,335**	**1,068,088**

(in thousands of euros)	2005/2006				
	TOURISM		PROPERTY DEVELOPMENT	UNASSIGNED	TOTAL
	PV/Maeva/ MGM/ Latitudes	Center Parcs Europe			
Business turnover	503,440	516,680	422,578	-	1,442,698
Turnover between business groups	-22,953	-856	-4,533	-	-28,342
External turnover	**480,487**	**515,824**	**418,045**	**-**	**1,414,356**
Current operating income	**15,284**	**39,463**	**42,872**	**-**	**97,619**
Other operating expenses and earnings	-6,273	20,119	-2,638	-	11,208
Operating income	**9,011**	**59,582**	**40,234**	**-**	**108,827**
Amortisation expenses	**13,508**	**12,609**	**635**		**26,752**
Depreciation expenses	**112**	**-**	**-**	**-**	**112**
Tangible and intangible investments	**26,245**	**25,131**	**28,671**	**1,459**	**81,506**
Non-current assets	178,013	245,952	31,574	80,985	536,524
Current assets	128,592	51,999	420,001	147,193	747,785
TOTAL ASSETS	**306,605**	**297,951**	**451,575**	**228,178**	**1,284,309**
Non-current liabilities	11,666	22,660	217	114,450	148,993
Current liabilities	234,313	130,876	313,846	87,441	766,476
TOTAL LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**245,979**	**153,536**	**314,063**	**201,891**	**915,469**

	2004/2005				
	TOURISM		PROPERTY DEVELOPMENT	UNASSIGNED	TOTAL
(in thousands of euros)	PV/Maeva/ MGM/ Latitudes	Center Parcs Europe			
Business turnover	487,386	504,052	283,205	-	1,274,643
Turnover between business groups	-39,556	-	-4,453	-	-44,009
External turnover	**447,830**	**504,052**	**278,752**	**-**	**1,230,634**
Current operating income	**11,725**	**30,440**	**32,824**	**-**	**74,989**
Other operating expenses and earnings	202	-6,375	-	-	-6,173
Operating income	**11,927**	**24,065**	**32,824**	**-**	**68,816**
Amortisation expenses	**12,760**	**11,875**	**937**	**-**	**25,572**
Depreciation expenses	**31**	**-**	**-**	**-**	**31**
Tangible and intangible investments	**14,713**	**27,101**	**286**	**522**	**42,622**
Non-current assets	165,620	233,379	3,261	112,724	514,984
Current assets	137,606	50,361	512,887	112,942	813,796
Total assets	**303,226**	**283,740**	**516,148**	**225,666**	**1,328,780**
Non-current liabilities	12,261	24,858	196	184,520	221,835
Current liabilities	238,295	119,984	378,523	60,884	797,686
TOTAL LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**250,556**	**144,842**	**378,719**	**245,404**	**1,019,521**

Note 4 - Information by geographic region

	2006/2007		
(in thousands of euros)	Turnover	Tangible and intangible investments	Total assets
France	591,930	178,806	536,986
Netherlands	259,832	16,029	83,836
Germany	86,802	2,760	23,755
Belgium	104,726	7,701	26,069
Italy	12,069	747	5,673
Spain	3,236	7	2,153
Unassigned(*)	-	-	149,213
TOURISM	**1,058,595**	**206,050**	**827,685**
France	470,660	209	312,903
Italy	19,455	-	7,173
Spain	1,558	7	36,545
PROPERTY DEVELOPMENT	**491,673**	**216**	**356,621**
UNASSIGNED	**-**	**935**	**309,103**
TOTAL	**1,550,268**	**207,201**	**1,493,409**

(*) Goodwill and the Center Parcs brand that cannot be valued separately by country.

(in thousands of euros)	2005/2006 Turnover	Tangible and intangible investments	Total assets
France	558,643	34,571	336,375
Netherlands	255,470	11,417	74,810
Germany	85,877	2,179	21,146
Belgium	79,539	1,639	8,205
Italy	15,081	573	13,569
Spain	1,701	997	1,238
Unassigned(*)	-	-	149,213
TOURISM	**996,311**	**51,376**	**604,556**
France	392,040	28,610	416,283
Italy	7,562	61	16,506
Spain	18,443	-	18,786
PROPERTY DEVELOPMENT	**418,045**	**28,671**	**451,575**
UNASSIGNED	**-**	**1,459**	**228,178**
TOTAL	**1,414,356**	**81,506**	**1,284,309**

(*) Goodwill and the Center Parcs brand that cannot be valued separately by country.

(in thousands of euros)	2004/2005 Turnover	Tangible and intangible investments	Total assets
France	528,653	17,149	326,678
Netherlands	247,506	12,790	73,681
Germany	84,845	10,789	17,899
Belgium	75,806	885	6,064
Italy	14,548	191	13,349
Spain	524	10	82
Unassigned(*)	-	-	149,213
TOURISM	**951,882**	**41,814**	**586,966**
France	246,731	286	460,581
Italy	20,032	-	24,245
Spain	11,989	-	31,322
PROPERTY DEVELOPMENT	**278,752**	**286**	**516,148**
UNASSIGNED	**-**	**522**	**225,666**
TOTAL	**1,230,634**	**42,622**	**1,328,780**

(*) Goodwill and the Center Parcs brand that cannot be valued separately by country.

Analysis of main balance sheet items

Note 5 - Goodwill

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Gross values	171,142	151,969	149,737
Accumulated amortisation and impairments	-22,689	-21,709	-21,709
NET VALUES	**148,453**	**130,260**	**128,028**

Following a reorganisation of the tourism business in Italy, €980 thousand depreciation has been recognised on the goodwill of PV Srl.

Other goodwill was automatically value-tested on September 30, 2007 according to the procedures described in Notes 1.10. and 7.

The tests did not reveal the need to report an impairment by income for 2006/2007. The same applied on September 30, 2006 and 2005.

The changes in the net balance of goodwill for 2006/2007 are analysed as follows:

(in thousands of euros)	
Net values on October 1, 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 30, 2006	**130,260**
Increase in gross value and impact of additions to the scope	19,173
Disposals	-
Impairments	-980
Reclassification and other changes	-
NET VALUES ON SEPTEMBER 30, 2007	**148,453**

The change in gross value of goodwill for 2006/2007 relates to the acquisitions (see Note 2: scope of consolidation):

- on April 24, 2007, of the la Grande Motte residence going concern for €611 thousand. This going concern is operated under the Maeva brand;
- on April 30, 2007, of the Hôtel du Golf de Courchevel 1650 going concern for €734 thousand. This going concern is operated under the Pierre & Vacances brand;
- on May 15, 2007, of the Les Senioriales group. The gross value of goodwill resulting from this acquisition is €17,828 thousand.

Net values at the year-end

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Center Parcs Europe	63,344	63,344	63,344
Pierre & Vacances/ Maeva/ Résidences MGM/ Hôtels Latitudes	65,482	65,117	62,885
Pierre & Vacances Promotion Immobilière	1,463	1,463	1,463
Pierre & Vacances Développement España	336	336	336
Les Senioriales	17,828	-	-
TOTAL NET VALUE	**148,453**	**130,260**	**128,028**

Note 6 - Intangible fixed assets

(in thousands of euros)	Brands	Other intangible fixed assets	Total intangible fixed assets
On October 1, 2005			
Gross values	98,200	33,316	131,516
Accumulated amortisation 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	-	-	0
Amortisation	-	-3,974	-3,974
Impairments	-	-	0
Writebacks of amortisation and impairments	-	355	355
Reclassifications	-	3,240	3,240
TOTAL CHANGES FOR THE YEAR	**0**	**7,196**	**7,196**
On September 30, 2006			
Gross values	98,200	44,806	143,006
Accumulated amortisation and impairments	-1,508	-15,564	-17,072
NET VALUES	**96,692**	**29,242**	**125,934**
Changes			
Acquisitions	-	7,555	7,555
Disposals and write-offs	-	-926	-926
Business combinations	7,545	156	7,701
Amortisation	-	-3,915	-3,915
Impairments	-	-	0
Writebacks of amortisation and impairments	-	73	73
Reclassifications	-	-78	-78
TOTAL CHANGES FOR THE YEAR	**7,545**	**2,865**	**10,410**
On September 30, 2007			
Gross values	105,745	51,548	157,293
Accumulated amortisation and impairments	-1,508	-19,441	-20,949
NET VALUES	**104,237**	**32,107**	**136,344**

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

- a scope effect following the acquisition of the Sunparks sub-group (€5,576 thousand) and of the Les Senioriales sub-group (€2,143 thousand) mainly reflecting the value of the brands;
- the investments made by the group as part of upgrading the information systems of its tourism businesses (€6,369 thousand):

- the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division made investments during 2006/2007 worth a total of €4,449 thousand of which €2,380 thousand was for new developments on the sales reservation software package,
- the Center Parcs Europe division, during 2006/2007, made investments worth €1,920 thousand.

So, in net value:

- **the "brands" item includes** €85,870 thousand for the Center Parcs brand, €7,472 thousand for the Pierre & Vacances brand, €5,505 thousand for the Sunparks brand, €3,236 thousand for the Maeva brand, €2,040 thousand for the Les Senioriales brand and €114 thousand for the Multivacances brand. According to the method described in the reporting principles for intangible fixed assets (Note 1.11), an impairment test was carried out on September 30, 2007 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 "intangible fixed assets" item includes** €24,362 thousand for the investments in the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division and €4,437 thousand for the investments in the Center Parcs Europe division. These fixed assets relate mainly to investments arising from the overhaul of their information systems.

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 30 of each year.

As indicated in Note 1.10. 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 a CGU or CGU group 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.

Within each business sector, the CGU group used to assess the recoverable value of the assets reflects the group's activities in terms of financial reporting. So the main Pierre & Vacances Group CGUs to which virtually all the goodwill and brands on the balance sheet relate are:

- for tourism:
  - the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes CGU group which contains within the same operating department the operation of the residences and villages in France, Italy and Spain, arising both from the group's internal property development and external acquisitions (mainly those of Orion in March 1999, Maeva in September 2001 and Résidences MGM in February 2003),
  - the Center Parcs Europe CGU which contains the business of Center Parcs Europe Continentale and Gran Dorado, companies that were bought by the group in successive stages in 2000, 2001 and 2003. All the activity of the companies has been merged and is today marketed under the single Center Parcs branch in the Netherlands, Germany, Belgium and France,
  - the Sunparks CGU which includes the activities of the four new Belgian villages bought on April 19, 2007.
- for property development:
  - the les Senioriales CGU which relates to the property development and marketing business in France for the residences targeted at active seniors.

The assignment of goodwill and brands to the various CGUs thus identified appears as follows on September 30, 2007, 2006 and 2005.

	30/09/2007			30/09/2006			30/09/2005		
(in thousands of euros)	Goodwill	Brand	Total	Goodwill	Brand	Total	Goodwill	Brand	Total
PV/Maeva/Résidences MGM/Hôtels Latitudes	65,482	10,822	76,304	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	63,344	85,870	149,214
Sunparks	-	5,505	5,505	-	-	-	-	-	-
Les Senioriales	17,828	2,040	19,868	-	-	-	-	-	-
Other CGU groups	1,799	-	1,799	1,799	-	1,799	1,799	-	1,799
TOTAL NET VALUES	**148,453**	**104,237**	**252,690**	**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 of the main CGUs and CGU groups that represent the majority of the goodwill and intangible assets with an indefinite lifetime:

	Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes	Center Parcs Europe
Perpetual growth rate	**1.5%**	**1.5%**
Discount rate used	**8.3%** (*versus* 8.4% on September 30, 2006)	**8.3%** (*versus* 8.4% on September 30, 2006)
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 -15% and +20% on the recoverable value respectively	A one-point increase and decrease in the discount rate has an impact of -13% and +18% on the recoverable value respectively

On September 30, 2007, the only goodwill that has been subject to an impairment is that of PV Srl following a reorganisation of the Tourism business in Italy.

Note 8 - Tangible fixed assets

(in thousands of euros)	Land	Buildings	Fixtures and fittings	Other tangible fixed assets and fixed assets in progress	Total tangible fixed assets
At October 1, 2005					
Gross values	14,243	70,810	109,984	132,334	327,371
Accumulated amortisation and depreciations	-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
Impairments	-	-	-	-	0
Writebacks of amortisation and impairments	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**
At September 30, 2006					
Gross values	15,012	74,302	112,923	155,729	357,966
Accumulated amortisation and depreciations	-1,222	-26,074	-52,514	-74,867	-154,677
NET VALUES	**13,790**	**48,228**	**60,409**	**80,862**	**203,289**
Changes					
Acquisitions	823	92,191	67,655	38,977	199,646
Disposals and write-offs	-127	-965	-399	-26,305	-27,796
Business combinations	-	-72	3,581	192	3,701
Amortisation	-	-3,798	-10,365	-10,975	-25,138
Impairments	-	-	-	-	0
Writebacks of amortisation and impairments	66	426	255	2,762	3,509
Reclassifications	-427	27,373	199	-28,595	-1,450
TOTAL CHANGES FOR THE YEAR	**335**	**115,155**	**60,926**	**-23,944**	**152,472**
At September 30, 2007					
Gross values	15,328	192,495	213,341	140,178	561,342
Accumulated amortisation and depreciations	-1,203	-29,112	-92,006	-83,260	-205,581
NET VALUES	**14,125**	**163,383**	**121,335**	**56,918**	**355,761**

The tangible fixed assets, with a net book value of €355,761 thousand at September 30, 2007, essentially include the assets:

- **of the Center Parcs Europe/Sunparks tourism division** with a net book value on September 30, 2007 of €271,674 thousand. It is made up mainly of €264,390 thousand worth of furniture and general fittings necessary for operating villages.

  The main changes for the year arise from:

  - investments of €178,646 thousand including in particular:
    - €126,466 thousand in cost of central facilities (tropical paradise, restaurants, bars, shops, sports and leisure facilities) of the Domaine du Lac d'Ailette village, refinanced by a sale and lease back transaction. This is added to the investments already made during 2005/2006 (€28,470 thousand). So the net capitalised value relating to the facilities on September 30, 2007 stood at €154,730 thousand (of which €5,090 thousand is financing costs). As part of this operation, Pierre & Vacances signed a public service delegation agreement with the Conseil Général de l'Aisne, which delegates to the group the design, building and operation of the leisure centre facilities. Furthermore, a tripartite agreement was signed between Pierre & Vacances, the Conseil Général de l'Aisne and a finance house to set up the financing for this work. Part of the cost of building the facilities was provided by a subsidy from the Conseil Général de l'Aisne. The rest of the financing is based on the transfer of the assets to the finance house, accompanied by a lease on the facilities. Through these agreements, the group will operate the central leisure facilities until December 31, 2038. When the concession expires, the Conseil Général will resume ownership of the facilities free of charge,
    - €14,663 thousand for improving the product mix of all the villages including €8,196 thousand for the Netherlands villages, €2,673 thousand for the German villages, €1,969 thousand for the French village of Chaumont and €1,825 thousand for the Belgian villages,
    - €19,295 thousand for buying the furnishings for the cottages and the facilities for the Center Parcs du Domaine du Lac d'Ailette,
    - €17,291 thousand for work financed by the property owners including €9,142 thousand associated with completing the extension work on the central facilities of the French village of Bois Francs, €5,000 thousand for the work on the German village of Hochsauerland and €3,149 thousand for the work on the Dutch village of Port Zélande;
  - the previously agreed sales of the above works carried out in the Bois Francs, Hochsauerland and Port Zélande villages to the property owners for a total of €21,149 thousand. For the Bois Francs village, during the year the owner refinanced all the works (including the expenses that had been incurred for 2005/2006), that is €13,000 thousand,
  - the inclusion in the scope of consolidation of the Sunparks sub-group, for which the net value of the fixed assets was €3,547 thousand,
  - the amortisations for the year to the value of €12,661 thousand;

- **of the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division** to the net value of €79,917 thousand. It mainly comprises:
  - general services, various rooms, fittings and equipment necessary for operating the sites in France to the value of €56,168 thousand. During the year, the operating companies purchased general services for €4,028 thousand particularly for the Issambres, Paris Tour Eiffel and Ménuires Bruyères sites. Furthermore, the group carried out refurbishment work on the operated sites for €9,154 thousand including refurbishing the reception infrastructures for the seminar business at the Pont Royal village (€2,800 thousand) and Cap Esterel (€553 thousand),
  - furniture for apartments operated in France to the value of €13,337 thousand. 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 are worth €1,208 thousand,
  - the shops owned by CPCE on the Cap Esterel site, for a net value of €1,012 thousand,
  - the renovation of a part of the stock of televisions in the residences operated through a lease finance agreement (€2,840 thousand),
  - assets held in Italy to the net value of €998 thousand. Following the disposal during the year of the assets of the Cefalù residence in Sicily (net value sold of €1,627 thousand), the assets consist essentially of the furniture of the Dehon residence in Rome (net value of €584 thousand),
  - general services of the Bonmont residence in Spain to the net value of €988 thousand.

Furthermore, during the year, a net amount of €1,524 thousand was reclassified as stock involving property assets on which the group decided to carry out property renovation with the properties being sold to private investors after the work has been completed.

LEASE FINANCING CONTRACTS

At September 30, 2007, the net value of tangible fixed assets includes a total of €158,351 thousand for the restatement of the fixed assets held under lease financing agreements, compared with €29,060 thousand at September 30, 2006. The corresponding residual long-term debt stood at €122,568 thousand at September 30, 2007 compared with €26,926 thousand at September 30, 2006 (see Note 21 "Long-term debt").

The main change for the year arises from the costs incurred for building the central facilities of the Center Parcs Domaine du Lac d'Ailette village, and refinanced by a sale and lease back. On September 30, 2007, the net value of the fixed assets relating to this transaction stood at €154,730 thousand; the corresponding long-term debt was €118,729 thousand.

Note 9 - Companies accounted for by the equity method

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Domaine Skiable de Valmorel	-	1,417	1,311
TOTAL	**0**	**1,417**	**1,311**

The 25% of Domaine Skiable de Valmorel that the group owned was sold on October 3, 2006 for €2,773 thousand. This sale generated a gross gain of €1,356 thousand.

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

Information on the balance sheet

(in thousands 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 thousands 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 31, 2005 and 2004 of «Domaine Skiable de Valmorel» (D.S.V.). Since D.S.V. closes its financial year on December 31 and does not produce interim accounts, the December 31, 2005 financial statements were the most recent available at September 30, 2006 for calculating the equity value of the D.S.V. shares.

Note 10 - Non-current financial assets

(in thousands of euros)	Non-consolidated short-term investments	Related receivables	Loans and other financial assets	Total financial assets
At October 1, 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				
Changes 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 writebacks	1,750	-	130	1,880
TOTAL CHANGES FOR THE YEAR	**1,501**	**-284**	**-6,914**	**-5,697**
At October 1, 2006				
Gross values	1,954	131	25,684	27,769
Accumulated depreciation	-43	-	-189	-232
NET VALUES	**1,911**	**131**	**25,495**	**27,537**
Changes				
Changes in scope	-	163	85	248
Acquisitions	7,655	180	2,227	10,062
Disposals	-2	-311	-722	1,035
Impairment	-	-	-	0
Impairment writebacks	-	-	-	0
TOTAL CHANGES FOR THE YEAR	**7,653**	**32**	**1,590**	**9,275**
At September 30, 2007				
Gross values	9,571	163	27,274	37,008
Accumulated depreciation	-7	-	-189	-196
NET VALUES	**9,564**	**163**	**27,085**	**36,812**

The net book value of the **non-consolidated short-term investments** is €9,564 thousand at September 30, 2007. The detail of the non-consolidated short-term investments is shown in Note 11.

"Loans and other long-term investments", representing a net book value of €27,085 thousand at September 30, 2007 mainly consist of:

- guarantee deposits in the amount of €22,555 thousand paid to property owners/lessors and suppliers. These deposits mainly concern the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division (€6,377 thousand) and the Center Parcs Europe/Sunparks division (€15,770 thousand of which €9,750 thousand relates to deposits of three months' rent paid to the owners of seven villages disposed of in 2002/2003 and of which €5,928 thousand relates to guarantee deposits paid for the Chaumont and Bois Francs villages);
- a €2,626 thousand 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 2, 2009 and September 30, 2013.

The repayment of these loans by the joint venture groups is subordinate to the full payment of all their creditors.

Note 11 - Shares in non-consolidated companies

At September 30, 2007, the net book value of shares in non-consolidated companies breaks down as follows:

			Financial information on the companies *(in thousands of euros)*	
	% holding	**Book value of shares held** *(in thousands of euros)*	**Shareholders' equity**	**Net income**
Company				
Sunparks De Haan NV	10.00%	3,375	33,383	-
Sunparks Oostduinkerke NV	10.00%	2,544	25,531	-
Sunparks Projects NV	10.00%	1,260	12,601	-
Sunaquapark Oostduinkerke	10.67%	476	4,447	-
Gran Dorado Zandvoort BV	10.00%	827	9,003	828
Gran Dorado Port Zélande BV	10.00%	661	7,158	693
Medebach Park BV	10.00%	64	1,180	811
Property II SpA	10.00%	221	2,209	-35
Other shares	-	136	-	-
TOTAL		**9,564**	**-**	**-**

«Shares in non-consolidated companies» are mainly:

- 10% of the capital held by Sunparks Groep NV to the value of €7,655 thousand in Sunparks De Haan NV, Sunparks Oostduinkerke NV, Sunparks Projects NV and Sunaquapark Oostduinkerke NV. These are companies carrying the sold buildings of two villages, Oostduinkerke and de Haan, as part of the Sunparks transaction. It should be noted that there is a protocol for an option to buy these shares that can be exercised in three years for which the impact of the discount has been valued in financial instruments, liabilities, at €1,042 thousand gross;
- 10% of the capital held by Multi Resorts Holding BV to the value of €1,552 thousand 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 agreed to finance and the work took a long time;
- the €221 thousand 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 (€9,571 thousand at September 30, 2007 compared with €1,954 thousand at September 30, 2006) arises mainly from buying the shares in Sunparks Groep NV for €7,655 thousand. Specifically, as part of the sale of the land and buildings of the four Sunparks villages, this Pierre & Vacances Group subsidiary took a 10% stake in the companies carrying the assets of two of the villages that were sold: Oostduinkerke and De Haan.

Note 12 - Inventories and work in progress

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Work in progress	45,022	39,178	81,923
Finished products	53,499	144,998	115,220
GROSS PROPERTY DEVELOPMENT PROGRAMMES	98,521	184,176	197,143
Provisions	-4,406	- 8,138	-7,038
NET PROPERTY DEVELOPMENT PROGRAMMES	**94,115**	**176,038**	**190,105**
Other inventories	18,076	14,494	17,313
TOTAL	**112,191**	**190,532**	**207,418**

The reduction reported during the year in the net balance of inventories and work in progress (€-78,341 thousand) mainly reflects the change in the contribution of the property development programmes (€-81,923 thousand) the balance of which at September 30, 2007 is €94,115 thousand (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 millions of euros)	30/09/2006	Changes in scope	Increases	Reductions	30/09/2007
Manilva	**10,265**	-	6,057	-	**16,322**
Courchevel	**939**	-	22,809	-14,278	**9,470**
Branville	**3,858**	-	20,215	-17,892	**6,181**
Val d'Isère (l'Aquila)	**13,443**	-	8,329	-15,825	**5,947**
Bois des Harcholins Cottages	**-**	-	5,542	-	**5,542**
Cala Rossa	**5,225**	-	1,644	-1,183	**5,686**
Hôtel du Golf aux Arcs	**15,299**	-	2,946	-13,083	**5,162**
Le Pouliguen	**-**	-	4,189	-	**4,189**
Port Aventura	**-**	-	3,674	-	**3,674**
La Grande Motte	**-**	-	3,758	-280	**3,478**
Les Senioriales – Côte d'Azur	**-**	485	2,973	-586	**2,872**
Les Senioriales – Camargue	**-**	2,781	2,661	-3,678	**1,764**
Les Senioriales – Landes	**-**	1,842	2,520	-2,791	**1,571**
Les Senioriales – Saleilles	**-**	97	1,563	-	**1,660**
Méribel Soleil	**14,914**	-	2,385	-15,660	**1,639**
Britania	**209**	-	6,474	-5,332	**1,351**
Les Senioriales – Carcassone	**-**	413	1,823	-1,137	**1,099**

(in millions of euros)	**30/09/2006**	**Changes in scope**	**Increases**	**Reductions**	**30/09/2007**
Haussmann	**1,700**	-	-	-660	**1,040**
Les Senioriales – Méditerranée	**-**	1,557	1,836	-2,372	**1,021**
La Mongie	**2,757**	-	2,517	-4,329	**945**
Bois Francs	**16,737**	-	10,108	-25,902	**943**
Lille Vauban	**-**	-	4,802	-3,815	**987**
Plagne (le Themis & les Néréides)	**5,743**	-	1,549	-6,445	**847**
Bourgenay	**784**	-	-	-75	**709**
Paris Tour Eiffel	**11,676**	-	27,185	-38,167	**694**
Bénodet	**3,373**	-	693	-3,374	**692**
Les maisons du Green Beach Loisirs	**-**	-	656	-	**656**
Les Arcs Belmont	**2,439**	-	-	-1,995	**444**
Les Senioriales – Atlantique	**-**	1,203	1,570	-2,354	**419**
La Daille Soleil A	**6,608**	-	1,545	-7,741	**412**
Montrouge	**1,657**	-	2,233	-3,558	**332**
Eguisheim	**2,825**	-	5,400	-7,906	**319**
Arles	**1,473**	-	924	-2,096	**301**
Alpe d'Huez Soleil	**4,368**	-	1,300	-5,395	**273**
Hôtel les Bruyères aux Ménuires	**2,410**	-	1,126	-3,294	**242**
Audierne	**1,448**	-	1,676	-2,886	**238**
Les Senioriales – Villereal	**-**	1,240	1,843	-2,850	**233**
Les Ménuires (Aconit)	**816**	-	3,252	-3,837	**231**
Le Domaine du Lac d'Ailette	**1,114**	-	57,533	-58,418	**229**
Flaine	**1,217**	-	-	-994	**223**
Grimaud	**598**	-	-	-401	**197**
Les Senioriales – Provence	**-**	1,079	2,700	-3,583	**196**
Les Senioriales – Salies du Salat	**-**	748	-	-634	**114**
La Daille B	**5,151**	-	963	-6,014	**100**
Avoriaz (Taïga, Antares & Aster)	**5,353**	-	4,389	-9,651	**91**
Les Senioriales – St Pantaléon	**-**	808	45	-781	**72**
Le Rouret	**626**	-	246	-863	**9**
Cefalù	**12,714**	-	-	-12,714	**0**
Saint Laurent du Var	**3,296**	-	-	-3,296	**0**
Font Romeu	**3,090**	-	1,416	-4,506	**0**
Cannes Verrerie	**2,959**	-	-	-2,959	**0**
Issambres et Mandelieu	**2,491**	-	18	-2,509	**0**
Le Crotoy	**1,825**	-	8,005	-9,830	**0**
Les Coches (le Boulier)	**1,230**	-	779	-2,009	**0**
Bonmont	**1,135**	-	-	-1,135	**0**
Port en Bessin	**977**	-	-	- 977	**0**

(in millions of euros)	30/09/2006	Changes in scope	Increases	Reductions	30/09/2007
Cannes (la Villa Francia)	**947**	-	5	-952	**0**
Le Crouesty	**743**	-	-	-743	**0**
Château d'Olonne	**524**	-	-	-524	**0**
Other property development programmes	**7,220**	327	2,875	-2,717	**7,705**
PROPERTY DEVELOPMENT SUB-TOTAL	**184,176**	**12,580**	**248,751**	**-346,986**	**98,521**

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, relating to the group's purchase of les Senioriales for which the fair value of the inventory on the date of purchase is €12,580 thousand,
  - 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 €37,748 thousand. They mainly include:
    - the Chalets du Forum at Courchevel, comprising 59 apartments, 81 parking places and 34 basements for €18,880 thousand,
    - the Britania at La Tania, comprising 71 apartments and 44 parking places for €5,120 thousand,
    - the 69 condominium lots, the general services and the 38 covered parking places in the hotel managed under a management agreement by Citéa and situated in the centre of Lille for €3,744 thousand,
    - the land and buildings of the Aconit residence at les Ménuires, operated by Pierre & Vacances, comprising 102 apartments and 20 parking places for €2,800 thousand,
    - the hôtel du domaine de Cramphore at Pouliguen, comprising 48 apartments and 45 parking places for €3,904 thousand,
    - a residence at la Grande Motte, comprising 50 apartments and 38 parking places for €3,300 thousand,
  - acquisitions of land for new construction programmes totalling €8,740 thousand, mainly that of Port Aventura (€3,674 thousand) in Spain for Pierre & Vacances, and those on the Côte d'Azur (€2,327 thousand) and at Saleilles (€1,047 thousand) for the Les Senioriales sub-group,
  - work done during the year on the new build or refurbishment programmes thus creating an increase in gross inventory of €202,258 thousand. Significant work has been done on the following programmes: the cottages of the Domaine du Lac d'Ailette village (€57,533 thousand), Paris Tour Eiffel (€27,185 thousand), Branville (€20,215 thousand), the extension to the Center Parcs village of Bois Francs (€10,108 thousand), Val d'Isère for the Aquila residence (€8,329 thousand), Manilva (€6,057 thousand), Les Bois des Harcholins (€5,542 thousand), Eguisheim (€5,400 thousand), Avoriaz (€4,389 thousand), les Chalets du Forum at Courchevel (€3,929 thousand), the Hôtel du Golf at Les Arcs (€2,946 thousand) and Les Senioriales – Provence (€2,626 thousand);
- reductions relating to reporting on the percentage completion method of income from new build or refurbishment programmes (€346,986 thousand). The main programmes involved are: the cottages of the Domaine du Lac d'Ailette village (€58,418 thousand), Paris Tour Eiffel (€38,167 thousand), the extension to the Center Parcs village of Bois Francs (€25,902 thousand), Branville (€17,892 thousand), Courchevel (€14,278 thousand), Cefalù (€12,714 thousand)), Val d'Isère for the Aquila residence (€15,825 thousand), Méribel (€15,660 thousand), Hôtel du Golf at Les Arcs (€13,083 thousand), Avoriaz (€9,651 thousand), Le Crotoy (€9,929 thousand), Eguisheim (€7,906 thousand), La Daille Soleil A (€7,741 thousand), La Plagne (€6,445 thousand), La Daille B (€6,014 thousand) and Alpe d'Huez (€5,395 thousand).

Note 14 - Trade receivables and related accounts

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Property development	170,090	179,514	253,533
Tourism	77,504	73,809	74,685
Services	675	692	1,277
GROSS TRADE RECEIVABLES	**248,269**	**254,015**	**329,495**
Property development	-381	-393	-405
Tourism	-6,588	-10,921	-9,819
PROVISIONS	**-6,969**	**-11,314**	**-10,224**
TOTAL	**241,300**	**242,701**	**319,271**

On September 30, 2007, net trade receivables were down €1,401 thousand, compared with the previous year. This change is the result of contrasting changes between the Property Development and Tourism businesses.

The reduction in the net trade receivables for the Property Development business (€9,412 thousand) arises essentially from:

- inclusions in the scope associated with the purchase of the Les Senioriales sub-group for €15,555 thousand;
- money received as work has progressed: €140,400 thousand. This relates mainly to the following programmes: Le Domaine du Lac d'Ailette village, Paris Tour Eiffel, the Center Parcs village of Bois Francs, Les Senioriales – Méditerranée, Eguisheim, Le Crotoy, Bonmont, Les Senioriales – Provence, Les Coches, Avoriaz, Les Ménuires Bruyères, La Plagne and Alpe d'Huez;
- they are partly offset by the €115,444 thousand increase in receivables arising from capital fund campaigns to be carried out on sales signed in the presence of a notary during 2006/2007 and relating to programmes not yet delivered on September 30, 2007 (essentially the extension to the village of Audierne, Manilva, Val d'Isère, Courchevel, Les Senioriales – Camargue, Britania, Les Senioriales – Landes, Les Senioriales – Carcassonne, Montrouge and Maisons du Green Beach).

The change in net trade receivables for the Tourism business shows an increase of €8,028 thousand including a writeback of provision for €4,333 thousand.

Note 15 - Other current assets

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Advances and downpayments	8,389	5,807	3,712
Current accounts	9,152	3,289	1,189
Governments – taxes	104,583	82,344	80,610
«Ownership plus Holidays» loans	7,167	8,865	10,496
Other receivables	32,339	26,503	28,895
Hedging instruments	740	352	-
GROSS VALUES	**162,369**	**127,160**	**124,902**
Provisions	-1,285	-1,048	-925
OTHER NET DEBTORS	**161,084**	**126,112**	**123,977**
Marketing fees and publicity - Tourism	3,568	3,754	4,095
Marketing fees and publicity - Property Development	23,119	32,168	38,163
Rents	23,605	24,200	21,732
Sundry prepayments	11,053	10,026	12,930
PREPAYMENTS	**61,345**	**70,148**	**76,920**
TOTAL	**222,429**	**196,260**	**200,897**

Change in «Other receivables» essentially breaks down as an increase of €22,239 thousand in «Governments - taxes» mainly attributable to the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division for €6,738 thousand, the Center Parcs/Sunparks division for €6,845 thousand and the impact of purchasing the Les Senioriales sub-group for €5,565 thousand.

The main changes in prepayments result from a total reduction of €8,803 thousand in «Prepayments - marketing fees and publicity - Property Development», associated with the marketing fees invoiced by the Pierre & Vacances Conseil Immobilier subsidiary and relating to property inventories the margin of which has not yet been recognised at the year-end.

Note 16 - Cash and cash equivalents

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Cash	44,398	46,100	55,578
Cash equivalents	117,766	72,192	30,632
TOTAL	**162,164**	**118,292**	**86,210**

The detail of cash equivalents by type is analysed as follows:

(in thousands of euros)	30/09/2007 Fair value	30/09/2006 Fair value	30/09/2005 Fair value
Money market funds	117,748	72,174	30,347
Deposits	18	18	285
TOTAL	**117,766**	**72,192**	**30,632**

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 three years, as shown on the consolidated cash flow table, is analysed as follows:

(in thousands of euros)	2006/2007	2005/2006	2004/2005
Acquisitions			
Sunparks	-79,309	-	-
Les Senioriales	-21,609	-	-
Goodwill of Hotel du Golf de Courchevel 1650	-734	-	-
Goodwill of La Grande Motte	-611	-	-
Anse à la Barque	119	-	-
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	**-102,144**	**-19,855**	**-5,303**
Disposals			
Sunparks De Haan NV	35,095	-	-
Sunparks Oostduinkerke NV	30,355	-	-
Sunparks Projects NV	13,209	-	-
Sunaquapark Oostduinkerke	4,795	-	-
Domaine Skiable de Valmorel	2,773	-	-
Center Parcs Holding Deutschland GmbH	-	-	17,499
Marazul del Sur SA	-	415	-
SUBTOTAL OF SUBSIDIARY DISPOSALS	**86,227**	**415**	**17,499**
TOTAL	**-15,917**	**-19,440**	**12,196**

Net cash assigned to the acquisition and disposal of subsidiaries generated a cash requirement of €15,917 thousand for 2006/2007. It includes:

- the payment made for buying the «Sunparks» shares for €80,038 thousand, minus the positive cash flow of €729 thousand;
- the payment made for the «Les Senioriales» shares for €24,844 thousand, minus the positive cash flow of €3,235 thousand;
- the positive cash flow from the SNC Anse à la Barque for €119 thousand, bought during the year;
- the payment made for the goodwill of La Grande Motte and the Hôtel du Golf de Courchevel 1650 respectively for €611 thousand and €734 thousand;
- the money received for the sale, as part of the Sunparks transaction, of the companies holding the sold buildings of two villages, Oostduinkerke and De Haan. This sale generated total cash of €83,454 thousand;

- the money received for the sale of Domaine Skiable de Valmorel, the company operating the ski lifts of that resort. This sale generated €2,773 thousand in cash.

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

- 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 and €838 thousand respectively, less the positive cash flow of €554 thousand,
  - acquisition of the shares and business of the SNC La Daille Soleil for €5,026 thousand and €505 thousand respectively, less the positive cash flow of €305 thousand,
  - acquisition of the shares and business of the SNC Alpe d'Huez Soleil for €2,397 thousand and €502 thousand respectively, less the positive cash flow of €274 thousand,
  - acquisition of the shares and business of the SNC Belle Plagne Soleil for €2,191 thousand and €387 thousand respectively, less the net positive cash flow of €197 thousand;
- the payment made for shares in Holding Green BV for €1,080 thousand, less the positive cash flow of €237 thousand;
- the receipt for the sale of Marazul del Sur SA, a company owing shops on a Maeva site. This sale generated €415 thousand in cash.

Net cash assigned to the acquisition and disposal of subsidiaries generated a cash surplus of €12,196 thousand 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 had therefore generated cash of €17,499 thousand;
- the payment for shares in Hôtelière Haussmann in the amount of €5,739 thousand minus its positive cash flow of €292 thousand;
- the positive cash flow of €144 thousand 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)	2006/2007	2005/2006	2004/2005
Provisions for inventories and work in progress	-3,664	1,568	-3,001
Provisions for trade receivables and related accounts	-4,634	1,566	-496
Provisions for other current assets	314	-25	-395
Provisions for pensions and retirement	758	1,423	349
TOTAL PROVISIONS	**-7,226**	**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)	30/09/2007	30/09/2006	30/09/2005
Cash and cash equivalents	162,164	118,292	86,210
Credit bank balance	-2,470	-899	-853
NET CASH FLOW	**159,694**	**117,393**	**85,357**

Note 18 - Group shareholders' equity

CAPITAL AND ADDITIONAL PAID-IN CAPITAL

During 2006/2007, 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 18, 1998, March 20, 2000, June 20, 2000 and April 11, 2003:

Date options exercised	Number of options exercised	Strike price *(in euros)*	Options allocated by the Board on
October 31, 2006	500	15.24	December 18, 1998
November 7, 2006	2,000	59.99	June 20, 2000
December 13, 2006	500	47.00	March 20, 2000
March 15, 2007	750	47.00	March 20, 2000
April 2, 2007	75	47.00	March 20, 2000
April 23, 2007	10,000	44.00	April 11, 2003
April 24, 2007	10,000	44.00	April 11, 2003
May 22, 2007	1,000	47.00	March 20, 2000
June 6, 2007	1,000	47.00	March 20, 2000
June 18, 2007	1,500	15.24	December 18, 1998
June 18, 2007	1,750	47.00	March 20, 2000
TOTAL	**29,075**		
including	*2,000*	*15.24*	*December 18, 1998*
including	*5,075*	*47.00*	*March 20, 2000*
including	*2,000*	*59.99*	*June 20, 2000*
including	*20,000*	*44.00*	*April 11, 2003*

The corresponding capital increases (additional paid-in capital included) generated an increase of €1,271 thousand in attributable shareholders' equity.

After these transactions, the share capital on September 30, 2007 stood at €88,109,110 and is divided into 8,810,911 fully paid-up ordinary shares with a par value of €10 each. During the year ending September 30, 2007, the weighted average number of ordinary shares in circulation was 8,715,386.

POTENTIAL CAPITAL: OPTIONS TO SUBSCRIBE FOR SHARES

The analysis of the potential capital and its movements during 2006/2007 are detailed in the table below:

				Movements for the year							
		30/09/2006		Options allocated		Options exercised		Options cancelled		30/09/2007	
Subscription options allocated by the Board on	Strike price (in euros)	Number (*)	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	Impact on shareholders' equity (in thousands of euros)	Number (*)	Impact on shareholders' equity (in thousands of euros)
18/12/98	15.24	2,000	31	-	-	-2,000	-31	-	-	-	-
20/03/00	47.00	7,392	348	-	-	-5,075	-240	-	-	2,317	108
20/06/00	59.99	2,000	120	-	-	-2,000	-120	-	-	-	-
11/04/03	44.00	25,000	1,100	-	-	-20,000	-880	-	-	5,000	220
03/11/03	63.83	7,150	456	-	-	-	-	-	-	7,150	456
07/09/04	66.09	143,088	9,456	-	-	-	-	-6,150	-406	136,938	9,050
26/09/05	59.89	1,000	60	-	-	-	-	-	-	1,000	60
09/01/07	0.00	-	-	11,035	-	-	-	-	-	11,035	-
TOTAL		**187,630**	**11,571**	**11,035**	**0**	**-29,075**	**-1,271**	**-6,150**	**-406**	**163,440**	**9,894**
including number of exercisable options		*11,392*								*7,317*	

(*) Valid on the date indicated.

During the period ending September 30, 2007, the weighted average number of ordinary and dilutive shares stood at 8,817,571.

ACQUISITIONS OF OWN SHARES

During 2006/2007, the Pierre & Vacances Group bought 6,625 of its own shares for a total of €646 thousand 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 30, 2007, the group held 83,144 of its own shares for a total value of €5,932 thousand.

DIVIDENDS

Dividends paid

During 2006/2007, Pierre & Vacances paid €21,765 thousand in dividends to its shareholders representing €2.50 per share.

Proposed dividends

At the Combined General Meeting of February 14, 2008, a dividend of €2.70 per share will be proposed, that is a total of €23,789 thousand representing 36% 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)	2006/2007	2005/2006	2004/2005
Minority interests at October 1	**2**	**282**	**549**
Change in scope of consolidation	-	-	-3
Dividends paid/Appropriation of income	-68	-461	-603
Income for the year	33	181	339
MINORITY INTERESTS AT SEPTEMBER 30	**-33**	**2**	**282**

Note 20 - Provisions for contingencies and charges

(in thousands of euros)	30/09/2006	Change in scope	Charges	Writebacks used	Writebacks not used	Reclass.	30/09/2007
Refurbishment	35,769	-	5,822	-2,303	-1,006	-	38,282
Pension commitments	10,899	72	2,071	-1,313	-	-	11,729
Disputes	2,741	35	817	-879	-879	-149	1,686
Other provisions	4,167	1,109	1,344	-1,621	-554	149	4,594
TOTAL	**53,576**	**1,216**	**10,054**	**-6,116**	**-2,439**	**0**	**56,291**
Non-current portion	*35,278*						*42,299*
Current portion	*18,298*						*13,992*

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Refurbishment	32,395	26,446	30,148
Pension commitments	9,522	8,832	7,852
Other provisions	382	-	-
NON-CURRENT PROVISIONS	**42,299**	**35,278**	**38,000**
Refurbishment	5,887	9,323	4,012
Pension commitments	2,207	2,067	1,624
Disputes	1,686	2,741	2,949
Other provisions	4,212	4,167	4,180
CURRENT PROVISIONS	**13,992**	**18,298**	**12,765**
TOTAL	**56,291**	**53,576**	**50,765**

The net increase of €2,715 thousand in the level of provisions for contingencies and charges can be mainly explained by:

- a net charge of €2,513 thousand in the provision for refurbishment, divided between a net charge of €3,066 thousand from the Center Parcs Europe/Sunparks division and a net writeback of €553 thousand from the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division;
- a net increase of provisions for pension commitments of €830 thousand mainly on the Center Parc Europe/Sunparks division;
- a net reduction in provisions for disputes and various contingencies and charges of €628 thousand following the resolutions that occurred during the period (settlement of certain disputes and completion of restructuring plans).

On September 30, 2007, the total provision for refurbishment stood at €38,282 thousand (made up of €28,086 thousand for the Center Parcs Europe/Sunparks division and €10,196 thousand for the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division).

PROVISION 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:

	30/09/2007		30/09/2006		30/09/2005	
	France	Netherlands	France	Netherlands	France	Netherlands
Discount rate	5.25%	5.25%	4.85%	4.85%	3.90%	3.90%
Expected rate of return on assets	NA	5.10%	NA	4.50%	NA	4.00%
Rate of salary increase	2.00%	3.00%	2.00%	3.00%	2.00%	3.00%
Inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

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

	30/09/2007			30/09/2006			30/09/2005		
(in thousands of euros)	Pension schemes	Other benefits	Total	Pension schemes	Other benefits	Total	Pension schemes	Other benefits	Total
Discounted value of the financed obligation	47,099	3,114	50,213	44,849	2,811	47,660	47,352	2,701	50,053
Fair value of the scheme assets	44,466	-	44,466	42,436	-	42,436	38,259	-	38,259
Net value of the obligation	**2,633**	**3,114**	**5,747**	**2,413**	**2,811**	**5,224**	**9,093**	**2,701**	**11,794**
Actuarial profits (losses) not reported	5,982	-	5,982	5,675	-	5,675	-2,318	-	-2,318
NET BALANCE SHEET LIABILITY	**8,615**	**3,114**	**11,729**	**8,088**	**2,811**	**10,899**	**6,775**	**2,701**	**9,476**

The change in pension commitments is as follows:

(in thousands of euros)	2006/2007			2005/2006			2004/2005		
	Pension schemes	Other benefits	Total	Pension schemes	Other benefits	Total	Pension schemes	Other benefits	Total
Actuarial debt at October 1	**8,088**	**2,811**	**10,899**	**6,775**	**2,701**	**9,476**	**6,120**	**2,401**	**8,521**
Cost of services rendered	1,455	302	1,757	1,875	315	2,190	1,068	299	1,367
Net interest charges	2,082	133	2,215	1,785	107	1,892	1,701	112	1,813
Return on scheme assets	-1,940	-	-1,940	-1,599	-	-1,599	-1,540	-	-1,540
Contributions and benefits paid	-1,062	-256	-1,318	-1,997	-210	-2,207	-574	-204	-778
Actuarial differences reported	-20	63	43	42	-38	4	-	93	93
Cost of past services	-	-	-	1,207	-64	1,143	-	-	-
Change in scope	12	61	73	-	-	-	-	-	-
ACTUARIAL DEBT AT SEPTEMBER 30	**8,615**	**3,114**	**11,729**	**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)	2006/2007	2005/2006	2004/2005
Fair value of investments at October 1	**42,436**	**38,259**	**33,673**
Expected return on scheme assets	1,940	1,599	1,540
Employer contributions received	815	1,594	1,385
Contributions received from scheme members	785	706	615
Benefits paid and expenses for the period	-1,176	-954	-881
Estimated value of investments at September 30	**44,800**	**41,204**	**36,332**
Fair value of investments at September 30	**44,466**	**42,436**	**38,259**
Actuarial difference	- 334	1,232	1,927
EFFECTIVE RETURN ON SCHEME ASSETS DURING THE PERIOD	**1,606**	**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)	30/09/2007	30/09/2006	30/09/2005
Cash	-109	12	639
Shares	8,535	7,838	8,572
Fixed rate investments	36,040	35,486	32,243
Debts	-	-900	-3,195
FAIR VALUE	**44,466**	**42,436**	**38,259**

PROVISION FOR DISPUTES

Outstanding disputes at September 30, 2007 for which the group will probably or certainly have to pay out to a third party without at least equivalent compensation amounted to €1,686 thousand.

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 the year 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 1, 2005	**1,495**	**601**	**853**	**2,949**
New disputes	318	100	398	816
Writebacks of expenditure for the period	-128	-	-347	-475
Writebacks not used	-93	-70	-237	-400
Reclassification	-149	-	-	-149
Balance of provisions on September 30, 2006	**1,443**	**631**	**667**	**2,741**
New disputes	197	4	651	852
Writebacks of expenditure for the period	-407	-30	-442	-879
Writebacks not used	-807	-	-72	-879
Reclassification	-173	-	24	-149
BALANCE OF PROVISIONS ON SEPTEMBER 30, 2007	**253**	**605**	**828**	**1,686**

PROVISIONS FOR RESTRUCTURING

The balance at September 30, 2007 in «Other provisions» (€4,954 thousand) consists mainly of provisions for restructuring (€1,845 thousand). The change in provisions for restructuring is broken down as follows:

(in thousands of euros)	2006/2007	2005/2006
Balance of provisions at Octob^{er} 1	**3,091**	**2,622**
New restructuring operations	684	3,071
Writebacks for expenditure for the period	-1,376	-1,719
Writebacks not used	-554	-883
BALANCE OF PROVISIONS AT SEPTEMBER 30	**1,845**	**3,091**

The changes in restructuring provisions are divided mainly between:

- €1,012 thousand of net writeback on the property development division for the rationalisation of the property marketing sales network;
- €918 thousand of writeback reported by the Center Parcs Europe sub-group for the end of rationalising the support functions which began in 2004/2005;
- €633 thousand in provisions reported by the Italian subsidiary following the reorganisation of the tourism business that is ongoing.

For the year ending September 30, 2006, provisions for contingencies and charges had changed as in the table below:

(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
Pension commitments	9,476	3,630	-2,207	-	-	10,899
Provisions for 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*

Note 21 - Bank borrowings

BREAKDOWN BY TYPE AND BUSINESS SECTOR

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Long-term borrowings			
Bank borrowings	68,547	83,682	128,768
Tourism	*64,750*	*74,000*	*115,597*
Property development	*3,797*	*9,682*	*13,171*
Bridging loans	11,531	2,970	53,204
Property development	*11,531*	*2,970*	*53,204*
Lease finance contracts	121,600	26,745	1,406
Tourism	*121,600*	*347*	*357*
Property development	-	*26,398*	*1,049*
Other bank borrowings	1,511	318	457
Tourism	*354*	*261*	*400*
Property development	*1,157*	*57*	*57*
LONG-TERM SUB-TOTAL	**203,189**	**113,715**	**183,835**
of which Tourism	*186,704*	*74,608*	*116,354*
of which Property development	*16,485*	*39,107*	*67,481*
Short-term borrowings			
Bank borrowings	21,069	40,651	41,315
Tourism	*17,998*	*37,122*	*38,235*
Property development	*3,071*	*3,529*	*3,080*
Bridging loans	8,483	20,897	*0*
Property development	*8,483*	*20,897*	-
Lease finance contracts	968	1,427	286
Tourism	*754*	*181*	*89*
Property development	*214*	*1,246*	*197*
Other bank borrowings	1,112	152	0
Tourism	*1,099*	*152*	-
Property development	*13*	-	-
Overdrafts	2,470	899	853
Tourism	*1,855*	*630*	*443*
Property development	*615*	*269*	*410*
SHORT-TERM SUB-TOTAL	**34,102**	**64,026**	**42,454**
of which Tourism	*21,706*	*38,085*	*38,767*
of which Property development	*12,396*	*25,941*	*3,687*
TOTAL	**237,291**	**177,741**	**226,289**
of which Tourism	*208,410*	*112,693*	*155,121*
of which Property development	*28,881*	*65,048*	*71,168*

Bank borrowings and bridging loans at September 30, 2007 are essentially as follows:

Tourism business:

- the principal still owed (€83,250 thousand) on the «Corporate» loan relating to the borrowings taken out for the external growth transactions, that was refinanced by the group on March 26, 2007. The loan outstanding at September 30, 2007 is broken down as follows:
  - €64,260 thousand to purchase the additional 50% of the Center Parcs Europe sub-group,
  - €18,990 thousand to buy Gran Dorado, the first 50% of the capital of Center Parcs Europe and Maeva.

As part of this refinancing, the maturity date of this debt has been extended by 2.5 years with a final maturity set for March 26, 2012. The provisional plan for amortising this debt over the five years is by the straight-line method and corresponds to an annual repayment of principal of €18,500 thousand.

Property development business:

- the bridging loans totalling €20,014 thousand put in place for property development:
  - €11,787 thousand to finance the property development programmes of the Les Senioriales sub-group:
    - €3,134 thousand for the Les Senioriales - Camargue programme,
    - €2,614 thousand for the Les Senioriales - Côte d'Azur programme,
    - €2,300 thousand for the Les Senioriales - Landes programme,
    - €2,284 thousand for the Les Senioriales - Atlantique programme,
    - €765 thousand for the Les Senioriales - Villereal programme,
    - €690 thousand for the Les Senioriales - Villegly programme,
  - €8,227 thousand to finance the building of the Manilva property development programme in Spain. The net value of the inventory held stands at €16,322 thousand;
- the outstanding principal of the loan to finance the "Nouvelle Propriété" debt acquired mainly as part of the purchase of Résidences MGM (€5,316 thousand after taking account of the €1,453 thousand repayment for the period).

During 2006/2007, the group repaid:

- the balance of the loan (€5,171 thousand) taken out by Pierre & Vacances Italia to finance the Cefalù operation, following the sale of this residence;
- the remaining capital owing of the financing put in place for property development programmes:
  - a hotel at Les Arcs (€12,824 thousand),
  - the residence Aquila at Val d'Isère (€8,077 thousand),
  - Bonavista of Bonmont (€674 thousand).

Furthermore, in the context of refinancing its borrowings, the Pierre & Vacances Group retained the benefit of a confirmed line of credit (but not used to date) of €90 million for which the maturity date has been extended to March 26, 2012.

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

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Domaine du Lac d'Ailette village	118,729[a]	26,398	-
Résidence Bénodet	214[b]	1,246	1,246
Center Parcs Europe	341[c]	528	446
Sunparks	544[d]	-	-
PVMTE	2,740[e]	-	-
TOTAL	**122,568**	**28,172**	**1,692**

(a) The underlying net asset (€154,730 thousand at September 30, 2007) is recorded in tangible fixed assets.
Following delivery of the village during the year to the operating company, the fixed asset has been reclassified from Property Development to Tourism.
(b) The underlying net asset (€423 thousand), initially recorded intangible fixed assets has been reclassified on September 30, 2007 as inventory following the lease agreement purchase option being exercised early.
(c) The underlying net asset (€461 thousand) on September 30, 2007) is recorded in tangible fixed assets.
(d) The underlying net asset (€497 thousand on September 30, 2007) is recorded in tangible fixed assets.
(e) The underlying net asset (€2,663 thousand on September 30, 2007) is recorded in tangible fixed assets.

Other bank borrowings consist essentially of the early exercise of the purchase option that Pierre & Vacances has with the new Chief Executive of the Les Senioriales sub-group in the amount of €1,100 thousand (see Note 2 «Scope of consolidation»).

BREAKDOWN BY MATURITY

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

Maturities *(in thousands of euros)*	30/09/2007	30/09/2006	30/09/2005
Year N + 1	34,113	64,026	42,454
Year N + 2	32,188	39,539	87,158
Year N + 3	20,585	41,703	40,469
Year N + 4	19,986	2,353	40,387
Year N + 5	10,889	1,918	3,366
Year > N + 5	119,530[*]	28,202	12,455
TOTAL	**237,291**	**177,741**	**226,289**

(*) Including €119,140 thousand for the lease finance agreements.

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 30, 2007 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 €119,614 thousand. The majority of these loans carry interest at 6.02%.

Date taken out	Maturity date	Principal outstanding at 30/09/2007 *(in millions of euros)*	Interest rate
Lease finance agreements			
18/07/2005	18/07/2010	0.3	4.55%
01/09/2005	31/08/2008	0.1	6.00%
21/09/2005	31/12/2038	118.7	6.02%(*)
15/03/2006	15/02/2011	0.1	7.00%
01/09/2006	01/08/2011	0.2	7.24%
15/11/2005	15/10/2011	0.2	6.27%
TOTAL		**119.6**	

(*) The lease finance agreement for the Center Parcs Europe Domaine du Lac d'Ailette village programme is at a variable rate until January 10, 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 €110,977 thousand 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 30/09/2007 *(in millions of euros)*	Interest rate	Instrument	Notional at 30/09/2007 *(in millions of euros)*	Maturity date	Rate details
Bank borrowings							
17/09/2003	30/09/2011	5.3	6-month Euribor + margin	None			
26/03/2007	26/03/2012	18.6	1 to 6-month Euribor + margin	Swap	16.0	26/09/2008	Lender rate: 6-month Euribor Borrower rate: fixed: 3.3050%
26/03/2007	26/03/2012	64.1	1 to 6-month Euribor + margin	Swap	6.2	26/09/2008	Lender rate: 6-month Euribor Borrower rate: fixed: 2.2440%
				Swap	51.8	26/09/2009	Lender rate: 6-month Euribor Borrower rate: fixed: 3.8675%
SUB-TOTAL		**88.0**			**74.0**		
Bridging loans							
18/09/2006	31/03/2009	8.2	1-month Euribor + margin	None			
16/10/2006	31/12/2007	0.8	3-month Euribor + margin	None			
24/07/2006	31/12/2007	2.3	T4M + margin	None			
11/09/2006	31/03/2008	2.3	T4M + margin	None			
11/12/2006	31/03/2008	3.1	T4M + margin	None			
20/02/2007	15/02/2009	0.7	3-month Euribor + margin	None			
19/03/2007	31/03/2009	2.4	T4M + margin	None			
24/09/2007	31/07/2009	0.2	T4M + margin	None			
SUB-TOTAL		**20.0**			**0.0**		
Lease finance agreements							
16/07/1999	30/09/2007	0.2	3-month Euribor + margin	None			
01/07/2007	01/07/2013	2.8	12-month Euribor + margin	None			
SUB-TOTAL		**3.0**			**0.0**		
TOTAL		**111.0**			**74.0**		

Guarantees

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Guarantees	276,362	322,350	175,072
Mortgages	5,120	674	6,904
TOTAL	**281,482**	**323,024**	**181,976**

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

- first-call guarantees given by Pierre & Vacances SA to banks in connection with financing the «Corporate» loans taken out by the group. Following the refinancing of the balance of the loan finalised on March 26, 2007, the first-call guarantees were lifted and replaced by new, identical first-call guarantees whose maturity has been extended by 2.5 years. These guarantees correspond to 1.1 times the amount of capital still owing on the Center Parcs Europe loan on September 30, 2007, or €70,686 thousand.

As at September 30, 2007, there were no more pledges of company shares as surety for these first-call guarantees;

- a first-call guarantee of €192,000 thousand 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;
- the guarantee given by Pierre & Vacances SA to the value of €8,227 thousand for the bridging loan put in place to finance the building of the Manilva residence in Spain;
- sureties given as part of the bridging loans for the Les Senioriales property development programmes, divided between guarantees of €5,449 thousand and mortgages of €5,120 thousand.

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

Maturities *(in thousands of euros)*	30/09/2007	30/09/2006	30/09/2005
Year N + 1	25,758	55,509	34,785
Year N + 2	30,132	37,041	67,508
Year N + 3	18,802	39,492	34,256
Year N + 4	19,017	4,455	34,307
Year N + 5	11,403	4,724	1,361
Year > N + 5	176,370	181,803	9,759
TOTAL	**281,482**	**323,024**	**181,976**

Note 22 - Hedging instruments

The hedging instruments contracted by the Pierre & Vacances Group at September 30, 2007 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 with leading banks.

At September 30, 2007, 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 30/09/2007 *(in thousands of euros)*	Market value of hedging contracts *(in thousands of euros)*	Start date	Maturity date
6-month Euribor	3.3050%	5,319	51	Sept 26, 2003	Sept 26, 2008
6-month Euribor	3.3050%	5,319	51	Sept 26, 2003	Sept 26, 2008
6-month Euribor	3.3050%	5,319	51	Sept 26, 2003	Sept 26, 2008
6-month Euribor	2.2440%	6,244	166	Sept 26, 2005	Sept 26, 2008
6-month Euribor	3.8675%	51,800	421	Sept 26, 2007	Sept 26, 2009
TOTAL		**74,000**	**740**		

The market value of the hedging instruments is €+740 thousand at September 30, 2007, compared with €+352 thousand at September 30, 2006.

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 comply with the countervailing risk management policy. This centralisation means that financial resources are optimised and the main group entities' cash flow trends are closely monitored.

These operations are carried out with banks authorised by Senior Management in line with the countervailing risk management policy. 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 30, 2007, the Pierre & Vacances Group's cash flow stood at €159,694 thousand. This is gross cash flow (€162,164 thousand) less bank overdrafts (€2,470 thousand).

The group also took out a confirmed line of credit for €90 million but that has not currently been used.

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Cash equivalents	117,766	72,192	30,632
Cash	44,398	46,100	55,578
Gross cash flow	**162,164**	**118,292**	**86,210**
Overdrafts	-2,470	-899	-853
Net cash flow	**159,694**	**117,393**	**85,357**
Gross debt	234,821	176,842	225,436
Asset/liability hedging instruments	-740	-352	615
NET DEBT	**74,387**	**59,097**	**140,694**

None of the Pierre & Vacances Group's bank loans are based on its debt rating. The contract set up during the refinancing of March 2007 contains 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.

These loans are all accompanied by the usual legal clauses: «negative pledge», «pari passu», «cross default».

Following renegotiation of the "Corporate" loan in March 2007, only one ratio is now monitored compared with three previously:

- 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).

For the financial statements to September 30, 2007, the "adjusted net debt/EBITDAR" ratio should be 5.50 or less. 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 30, 2007, the maturities of assets and debts before and after taking account of off-balance sheet transactions break down as follows:

(in thousands of euros)	30/09/2007	Maturities < 1 year	1 to 5 years	> 5 years
Fixed-rate borrowings	119,614	340	545	118,729
Variable-rate borrowings	110,977	28,581	81,985	411
Accrued interest not due	1,608	1,608	-	-
Financial liabilities	**232,199**	**30,529**	**82,530**	**119,140**
Fixed-rate loans	3,979	559	3,413	7
Variable-rate loans	6,782	1,374	5,408	-
Variable-rate short term investments	117,766	117,766	-	-
Financial assets	**128,527**	**119,699**	**8,821**	**7**
NET POSITION BEFORE MANAGEMENT	**103,672**	**-89,170**	**73,709**	**119,133**
Hedging (interest rate swaps)	74,000	37,000	37,000	-
NET POSITION AFTER MANAGEMENT	**29,672**	**-126,170**	**36,709**	**119,133**

The net position after management on September 30, 2007 is €30 million.

The variable rate net position after management on September 30, 2007 is as follows:

(in thousands of euros)	30/09/2007	Maturities < 1 year	1 to 5 years	> 5 years
Borrowings	110,977	28,581	81,985	411
Loans	6,782	1,374	5,408	-
Cash equivalents	117,766	117,766	-	-
NET POSITION BEFORE MANAGEMENT	**-13,571**	**-90,559**	**76,577**	**411**
Hedging	74,000	37,000	37,000	-
NET POSITION AFTER MANAGEMENT	**-87,571**	**-127,559**	**39,577**	**411**

A 1% increase in short-term debt would have a €1.3 million effect on financial income for 2007/2008, compared with €4.2 million of financial income for 2006/2007.

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)	30/09/2007	30/09/2006	30/09/2005
Tourism	195,810	150,764	152,756
Property development	131,678	111,640	76,374
Services	6,047	7,577	6,301
TOTAL	**333,535**	**269,981**	**235,431**

On September 30, 2007, the trade payables and related accounts show an increase of €63,554 thousand. This change comes mainly from the tourism business (€+45,046 thousand) and the property development business (€+20,038 thousand).

The tourism business's trade payables show an increase of €45,046 thousand, mainly due to the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division (€25,804 thousand) and the Center Parcs Europe/Sunparks division (€19,659 thousand of which €8,738 thousand is the result of Sunparks entering the scope of consolidation).

The increase of €20,038 thousand relating to the property development business arises mainly from the Domaine du Lac d'Ailette village that has just been delivered.

Note 25 - Other current liabilities

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Downpayments from clients	81,434	58,075	56,709
VAT and other taxes payable	60,284	40,423	57,836
Wages and social security commitments	86,914	75,110	63,962
Payables on acquisition of assets	843	3,143	940
Hedging instruments	1,042	-	615
Other payables	72,195	41,990	49,537
OTHER OPERATING LIABILITIES	**302,712**	**218,741**	**229,599**
Property sales and support funds	126,655	176,501	257,679
Other deferred income	11,604	18,929	19,758
DEFERRED INCOME	**138,259**	**195,430**	**277,437**
TOTAL	**440,971**	**414,171**	**507,036**

The main changes in «other operating liabilities» relate to:

- the increase in «Downpayments received from clients on orders» of €23,359 thousand which comes from advance payments made by the customers of the tourism businesses when reserving their holidays, particularly in the Center Parcs Europe/Sunparks division (€12,207 thousand) and payments made on promises to buy in the Manilva Property Development Programme in Spain (€10,961 thousand);
- the increase in «VAT and other taxes payable» (€19,861 thousand) arising mainly from buying Les Senioriales (€8,822 thousand) and Sunparks (€1,560 thousand) and from the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division (€5,090 thousand);
- the increase in social security payments totalling €11,804 thousand mainly from the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division (€7,004 thousand) and Center Parcs Europe/Sunparks (€5,046 thousand);
- the discounting of the option to buy non-consolidated shares in affiliates, recorded as hedging instruments and valued at €1,042 thousand. Specifically, as part of the sale of the land and buildings of the Sunparks villages, the group retains ownership of 10% of the companies carrying the land and buildings of the Oostduinkerke and De Haan villages; there is a protocol, giving the new owner the option to buy these shares, that can be exercised in three years;
- the increase in «Other payables» (€30,205 thousand) relating essentially to the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes division (€5,623 thousand) and Center Parcs Europe/Sunparks (€12,751 thousand).

The reduction in deferred income on property sales (€57,171 thousand) is due mainly to deliveries made during 2006/2007 on inventories for which the deed of sale in the presence of a notary had been signed by September 30, 2006.

Breakdown of the main profit and loss account items

Note 26 - Purchases and external services

(in thousands of euros)	2006/2007	2005/2006	2004/2005
Tourism cost of goods sold	-80,962	-81,047	-83,295
Property development cost of inventories sold	-297,004	-295,822	-145,845
Owner leases and other co-ownership expenses	-314,238	-284,593	-267,382
Subcontracted services (laundry, catering, cleaning)	-31,495	-24,921	-24,095
Advertising and fees	-153,827	-120,206	-117,641
Other	-169,417	-139,529	-151,959
TOTAL	**-1,046,943**	**-946,118**	**-790,217**

The group's expense for 2006/2007 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 €255.9 million (€162.4 million for those marketed under the Pierre & Vacances/Maeva/Résidences MGM/Hôtels Latitudes brands; €93.5 million for the Center Parcs Europe villages).

Note 27 - Personnel expenses

(in thousands of euros)	2006/2007	2005/2006	2004/2005
Salaries and remunerations	-250,110	-233,040	-232,821
Social security expenses	-77,087	-69,957	-68,315
Cost of defined-contribution and defined-benefit schemes	-483	- 1,130	-682
Option plan expenses	-2,122	-1,142	-956
TOTAL	**-329,802**	**-305,269**	**-302,774**

The increase in «Personnel expenses» for the year arises partly from changes in scope from the Les Senioriales sub-group (€1,738 thousand) and the Sunparks sub-group (€6,186 thousand).

OPTION PLAN EXPENSES

In application of the transitional requirements for IFRS 2, only stock option plans granted after November 7, 2002 whose rights had not been acquired by January 1, 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(*)	Original number of options	Vesting period	Expenses relating to option plans *(in thousands of euros)* 2006/2007	2005/2006	2004/2005
11/04/2003	OSA	25,000	4 years	-65	-123	-123
03/11/2003	OSA	7,150	4 years	-46	-46	-46
07/09/2004	OSA	162,300	4 years	-787	-787	-787
26/09/2005	OAA	28,000	4 years	-158	-158	-
26/09/2005	OSA	1,000	4 years	-6	-6	-
21/07/2006	OAA	16,500	4 years	-113	-22	-
09/01/2007	OAA	46,875	4 years	-184	-	-
09/01/2007	OAA	16,010	2 years	-458	-	-
09/01/2007	OAA	11,035	2 years	-305	-	-
TOTAL				**-2,122**	**-1,142**	**-956**

(*) 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 vesting period 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	Plan 09/01/2007	Plan 09/01/2007	Plan 09/01/2007
Share value on grant date	€51.40	€71.10	€69.30	€65.40	€87.25	€93.40	€93.40	€93.40
Strike price	€44.00	€63.83	€66.09	€59.89	€80.12	€87.40	€0.00	€0.00
Volatility	39.57%	39.57%	39.57%	39.03%	37.67%	25.22%	25.22%	25.22%
Option period	10 years	10 years	10 years	10 years	10 years	10 years	4 years	4 years
Time to maturity used	5 years	5 years	5 years	5 years	5 years	5 years	2 years	2 years
Risk-free rate	3.56%	3.88%	3.58%	2.71%	3.73%	4.06%	4.04%	4.04%
Dividend yield rate	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.22%	2.22%
Probability of beneficiaries leaving	0%	0%	20%	0%	10%	10%	10%	0% to 20%(*)
Option value on grant date	€19.66	€26.06	€24.24	€22.57	€30.59	€24.04	€89.39	€89.39

(*) The plan involving a large proportion of the employees of the Pierre & Vacances Group, a turnover rate per entity, professional grade and by age has been applied.

Note 28 - Amortisation and provisions

(in thousands of euros)	2006/2007	2005/2006	2004/2005
Amortisation	-29,053	-26,752	-25,572
Provisions	-11,169	-15,602	-11,730
TOTAL	**-40,222**	**-42,354**	**-37,302**

Net provisions of €11,169 thousand for 2006/2007 include provisions of €13,054 thousand and writebacks of unused provisions of €1,885 thousand.

Note 29 - Other current items

(in thousands of euros)	2006/2007	2005/2006	2004/2005
Taxes	-17,961	-18,912	-15,715
Other operating expenses	-24,655	-18,165	-18,816
Other operating earnings	14,504	14,081	9,179
TOTAL	**-28,112**	**-22,996**	**-25,352**

The increase in «Other operating expenses and earnings» is partly due to buying the Les Senioriales sub-group (€526 thousand) and the Sunparks sub-group (€1,001 thousand).

Note 30 - Other operational expenses and earnings

(in thousands of euros)	2006/2007	2005/2006	2004/2005
Income from disposals	2,801	24,667	881
Restructuring costs	-3,713	-10,388	-5,423
Provisions for restructuring	-684	-3,071	-1,631
Depreciation of non-current assets	-980	-	-
TOTAL	**-2,576**	**11,208**	**-6,173**

«Other operational expenses and earnings» for 2006/2007 mainly include:

- the surplus of €1,356 thousand from the sale of interests in Domaine Skiable de Valmorel (see Note 2 "Scope of consolidation", Disposal section);
- the profit of €968 thousand following the sale of the business and non-current assets associated with operating the Pierre & Vacances Cefalù residence in Sicily;
- the restructuring costs net of a writeback for provision of €4,397 thousand of which €2,153 thousand relate to the ongoing reorganisation of the Italian subsidiary's tourism business;
- the total depreciation of €980 thousand for the whole of the business held by the Italian subsidiary following the reorganisation of its business.

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

- the profit of €23,169 thousand from exercising the earn-out clause in the acquisition on July 19, 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 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 reported by Center Parcs Europe for the rationalisation of the support functions;
- a profit of €881 thousand from the disposal and write-off of assets that is made up of a gross loss of €925 thousand offset by a writeback of a provision for contingencies and charges of €1,806 thousand.

Note 31 - Financial income

(in thousands of euros)	2006/2007	2005/2006	2004/2005
Gross cost of borrowings	-7,798	-8,632	-12,497
Earnings from cash and cash equivalents	3,150	2,765	708
Net cost of borrowings	**-4,648**	**-5,867**	**-11,789**
Income on loans	642	1,558	2,187
Other financial income	103	8	136
Other financial expenses	-282	-1,325	-523
Other financial income and expenses	**463**	**241**	**1,800**
TOTAL	**-4,185**	**-5,626**	**-9,989**
Total financial expenses	*-8,080*	*-9,957*	*-13,020*
Total financial income	*3,895*	*4,331*	*3,031*

Financial income for 2006/2007 mainly includes the cost of bank loans taken out by the group to finance its purchase of Center Parcs Europe and Gran Dorado for €5,179 thousand.

Note 32 - Corporate income tax and deferred taxes

BREAKDOWN OF THE TAX CHARGE

(in thousands of euros)	2006/2007
Consolidated income before tax	**98,428**
Untaxed income	
Use of losses carried forward previously not activated	-1,431
Unactivated tax losses for the period	2,337
Intra-group transactions having a tax impact	-35,460
Other	5,624
Income taxable at corporate tax rate applicable in France	**69,498**
Tax rate in France	*34.43%*
Theoretical tax charge at corporate tax rate applicable in France	**23,928**
Impact of changes in tax rate on deferred taxes(*)	1,165
Differences on tax rates abroad	-1,897
GROUP TAX CHARGE	**23,196**
of which corporate income tax	4,827
of which deferred taxes	18,369

(*) Corresponds to the changes in tax rates in the Netherlands (from 29.10% to 25.50%) and Germany (from 40% to 35%).

Furthermore, Pierre & Vacances SA underwent a tax inspection for 2003/2004, 2004/2005 and 2005/2006. Based on a detailed analysis of the reassessment notification received at the end of December 2007, the Pierre & Vacances Group's legal and tax advisers do not anticipate any financial risk relating to this notification.

ANALYSIS OF DEFERRED TAX ASSETS AND LIABILITIES 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)	30/09/05	Change in scope	Change by income	Changes recorded as share-holders' equity	30/09/06	Change in scope	Change by income	Changes recorded as share-holders' equity	30/09/07
France	22,895	-33	-4,049	-	18,813	-12	-6,205	-	12,596
Netherlands	17,282	-	-9,297	-	7,985	-	-8,125	-	-140
Belgium	6,812	-	-1,818	-	4,994	-	-1,752	-	3,242
Germany	1,609	-	298	-	1,907	-	1	-	1,908
Spain	128	-	-133	-	-5	-	-	-	-5
Italy	-	-	-	-	-	-	-	-	-
DEFERRED TAXES ON TIMING DIFFERENCES	**48,726**	**-33**	**-14,999**	**0**	**33,694**	**-12**	**-16,081**	**0**	**17,601**
France	4,301	463	-5,461	-	-697	-1,568	-10,515	-	-12,780
Netherlands	-20,829	-	230	-301	-20,900	-	1,901	-87	-19,086
Belgium	-16	-	228	-	212	1,843	-8	-	2,047
Germany	-1,495	-	232	-	-1,263	-	-165	-	-1,428
Spain	81	-	-48	-	33	-	-266	-	-233
Italy	128	-	290	-	418	-	-304	-	114
DEFERRED TAXES ON CONSOLIDATION ADJUSTMENTS	**-17,830**	**463**	**-4,529**	**-301**	**-22,197**	**275**	**-9,357**	**-87**	**-31,366**
France	28,899	-	-12,874	-	16,025	-	7,379	-	23,404
Netherlands	11,435	-	6,428	-	17,863	-	1,042	-	18,905
Belgium	-	-	-	-	-	5,075	-1,327	-	3,748
Germany	2,824	-	-367	-	2,457	-	-25	-	2,432
Spain	189	-	56	-	245	-	-	-	245
Italy	-	-	-	-	-	-	-	-	-
DEFERRED TAXES ON LOSSES CARRIED FORWARD	**43,347**	**0**	**-6,757**	**0**	**36,590**	**5,075**	**7,069**	**0**	**48,734**
TOTAL	**74,243**	**430**	**-26,285**	**-301**	**48,087**	**5,338**	**-18,369**	**-87**	**34,969**
of which deferred tax assets	74,243	430	-26,285	-301	48,087	5,338	-18,369	-87	34,969
of which deferred tax liabilities	-	-	-	-	-	-	-	-	-

At September 30, 2007, deferred tax on losses carried forward was €21,347 thousand for the Center Parcs Europe sub-group.

Note 33 - Earnings per share

AVERAGE NUMBER OF SHARES

	2006/2007	2005/2006	2004/2005
Number of shares issued at October 1	8,781,836	8,769,098	8,653,160
Number of shares issued during the period	29,075	12,738	115,938
NUMBER OF SHARES ISSUED AT SEPTEMBER 30	**8,810,911**	**8,781,836**	**8,769,098**
Weighted average number of shares	8,715,386	8,727,201	8,690,416
Weighted average number of shares after dilution	8,817,571	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)*	2006/2007	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	2,317	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	5,000	25,000	25,000
On 03/11/03 and still valid	OSA	63.83	7,150	7,150	7,150
On 07/09/04 and still valid	OSA	66.09	136,938	143,088	154,600
On 26/09/05 and still valid	OSA	59.89	1,000	1,000	1,000
On 26/09/05 and still valid	OAA	59.89	26,000	26,000	28,000
On 21/07/06 and still valid	OAA	80.12	12,500	15,500	-
On 09/01/07 and still valid	OAA	87.40	46,875	-	-
On 09/01/07 and still valid	OAA	0.00	16,010	-	-
On 09/01/07 and still valid	OAA	0.00	11,035	-	-
TOTAL			**264,825**	**229,130**	**240,974**

EARNINGS PER SHARE

	2006/2007	2005/2006	2004/2005
Net attributable income *(in thousands of euros)*	75,199	73,676	42,160
Weighted net attributable income per share *(in euros)*	8.63	8.44	4.85
Weighted net attributable income after dilution *(in euros)*	8.53	8.40	4.82

Note 34 - Headcount

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

	2006/2007	2005/2006	2004/2005
Executive staff	758	708	672
Supervisory staff and employees	8,015	7,697	7,965
TOTAL	**8,773**	**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)	30/09/2007	30/09/2006	30/09/2005
Guarantees	14,540	16,055	45,396
Rental commitments	2,224,660	2,128,120	2,180,923
Commitments given	**2,239,200**	**2,144,175**	**2,226,319**
Guarantees	26,391	21,089	20,940
Guarantees on completion	66,886	75,682	161,080
Commitments received	**93,277**	**96,771**	**182,020**

COMMITMENTS GIVEN

- At September 30, 2007, 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 €8,844 thousand taking account of the lease assignments granted to the group for the receipt of these receivables,
    - the liability guarantee given as part of the sale of the Cefalù residence (€1,600 thousand),
    - the commitments of the Center Parcs/Sunparks division for €1,230 thousand,
    - 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 (€1,070 thousand),
    - the commitment given by Pierre & Vacances Tourisme Europe SA on behalf of Pierre & Vacances Italie Srl for €1,048 thousand for a VAT loan repayment,
    - commitments given by Pierre & Vacances SA in the amount of €600 thousand for the operation of the residences in Italy. This commitment increases by €290 thousand over the year.

  During 2006/2007, the commitment given by Pierre & Vacances SA to repay the buyers' deposits for the construction of the Bonmont programme (€870 thousand) expired;
- when the land and buildings of the residences, hotels and villages operated by the Pierre & Vacances Group's tourism operating companies are sold, a lease is signed with the new owners. At September 30, 2007, the rent remaining payable by the group over the residual term of these leases amounted to €2,225 million. The present value of these rental commitments, calculated using an 8% discount rate, stood at €1,458 million on September 30, 2007.

The breakdown of rental commitments by brand and maturity date as at September 30, 2007 is as follows:

		Maturities					
(in thousands of euros)	**30/09/2007**	**< 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**> 5 years**
Pierre & Vacances/Maeva/ Résidences MGM/Hôtels Latitudes	1,039,675	186,037	158,817	145,188	126,447	110,518	312,668
Center Parcs Europe	1,081,213	97,406	99,490	101,557	103,668	105,823	573,269
Sunparks	103,772	6,001	6,121	6,243	6,368	6,495	72,544
TOTAL	**2,224,660**	**289,444**	**264,428**	**252,988**	**236,483**	**222,836**	**958,481**

The main features of the land and buildings lease agreements for the residences, hotels and villages for Pierre & Vacances/ Maeva/Résidences MGM/Hôtels Latitudes made with private or institutional investors are usually signed for between 9 and 12 years with the option of renewal on expiry. 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 17 villages operated by Center Parcs Europe are signed for periods of between 11.5 and 15 years, with the option of renewal. The lease payments do not include a variable portion in their determination. They are subject to fixed (2.9%) or variable indexation reflecting 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 indirectly controlled 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, the land and buildings of the Center Parcs village of Eemhof (in the Netherlands) when the lease expires, namely in October 2018.

Following the purchase of the Sunparks sub-group, and according to the group's policy not to retain ownership of the operated assets, the Pierre & Vacances Group, on September 27, 2007, agreed with la Foncière des Murs, a sale and lease-back agreement, on September 30, 2007, involving the villages of Oostduinkerke, De Haan and Vielsalm.

The lease agreements for the land and buildings of these three villages operated by Sunparks are for a renewable period of 15 years. The rents do not include a variable portion in their determination. The rents are subject to indexation reflecting the changes in consumer prices in Belgium (health index).

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 30, 2007, these commitments amounted to €22,272 thousand. The increase in these commitments comes from the €2,135 thousand increase in the guarantees granted to the group as part of its property management activities.

In addition, the Spanish company Port Aventura SA has committed to the Pierre & Vacances Développement España subsidiary to complete work to a value of €3,167 thousand corresponding to the amount that was paid to Port Aventura SA by the Pierre & Vacances Group to develop its businesses in Spain.

Completion guarantees are issued by banks with respect to property development transactions. At September 30, 2007, the changes in the completion guarantees are a result of:

- a total fall of €68,769 thousand arising from the expiry of several guarantees during the year relating mainly to Bois Francs (€15,000 thousand), Ailette Cottages (€8,601 thousand), Le Crotoy (€8,380 thousand), Eguisheim (€8,161 thousand), Montrouge (€5,301 thousand), Branville (€4,010 thousand), La Daille at Val d'Isère (€3,300 thousand), Les Bruyères at Les Ménuires (€3,120 thousand), Les Crêts at Méribel (€2,400 thousand) and Thémis at La Plagne (€2,106 thousand);
- a total increase of €59,972 thousand for the delivery during the year of several new guarantees. The main programmes concerned are Houlgate (€22,245 thousand), Les Sénioriales Camargue (€8,912 thousand), Les Maisons du Green Beach (€8,056 thousand), Les Sénioriales Landes (€6,008 thousand), Coudalère (€5,678 thousand) and Audierne (€5,157 thousand).

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 21 "Bank borrowings" and Note 22 "Hedging instruments". It is not therefore repeated in the table below:

		Maturities		
(in thousands of euros)	**30/09/2007**	**< 1 year**	**1 to 5 years**	**> 5 years**
Guarantees	14,540	5,423	8,434	683
Lease commitments	2,224,660	289,444	976,735	958,481
Commitments given	2,239,200	294,867	985,169	959,164
Guarantees	26,391	-	3,167	23,224
Completion guarantees	66,886	66,886	-	-
COMMITMENTS RECEIVED	**93,277**	**66,886**	**3,167**	**23,224**

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

Attendance fees paid to members of the Board with no contractual link to the group for 2006/2007 were €150 thousand, the same as for 2005/2006.

For the years ending September 30, 2007 and September 30, 2006, 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 indirectly controlled by the Chief Executive Officer, founder and majority shareholder of Pierre et Vacances SA) as an asset management company, invoiced for fees for the services rendered by Gérard Brémond, Eric Debry, 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. Since these four people are on the executive committee, their remuneration is included in the table below.

In 2006/2007, all nine members of the Executive Committee received total gross remuneration (including benefits in kind) of €4,682,547, including €2,962,378 for the fixed portion of remuneration and €806,338 for the variable portion (bonuses payable for 2005/2006 paid in the first half of 2006/2007).

The table below shows the total gross remuneration paid to members of the Executive Committee during 2006/2007, 2005/2006 and 2004/2005 (in euros):

	2006/2007	2005/2006	2004/2005
Fixed remuneration[a]	2,962,378	1,909,599	1,821,394
Variable remuneration[b]	806,338	568,730	921,517
Benefits after leaving office[c]	47,405	44,451	42,282
Remuneration in shares[d]	866,426	408,562	274,261
TOTAL	**4,682,547**	**2,931,342**	**3,059,454**

(a) Including reinstatement of the benefit in kind involving the availability of a company car.
(b) Paid in the year following the year for which it is granted.
(c) This includes conventional pension payments.
(d) This is the annual charge relating to the allocation of options to subscribe for shares.

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

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).

Note 39 - Transactions with related parties

The parties related by the group are:

- the members of senior management and executive bodies: their remunerations and similar benefits are given in Note 37;
- 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 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;
- for 2004/2005 and 2005/2006, the associate company Domaine Skiable de Valmorel which was 25%-owned and whose shares were consolidated by the equity method.

The main transactions with 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 on normal market terms.

The detail of the transactions with related parties are:

(in thousands of euros)	2006/2007	2005/2006	2004/2005
Turnover	3,153	2,336	181
Purchases of external services	-7,207	-4,766	-4,822
Other operating expenses and earnings	938	1,268	1,004
Financial income	-190	-10	-71

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

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Trade receivables and related accounts	1,958	1,259	337
Other current assets	15,797	5,341	273
Trade payables and related accounts	3,365	3,094	2,301
Other current liabilities	23,870	4,262	3,139

Note 40 - Information relating to joint venture companies

The companies over which the group exercises joint control and are consolidated by the proportional method are as follows at September 30, 2007:

- Citéa SA (50%);
- Montrouge Développement SCI (50%);
- Les Villages Natures de Val d'Europe SARL (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 (proportional to the group's holding):

INFORMATION ON THE BALANCE SHEET

(in thousands of euros)	30/09/2007	30/09/2006	30/09/2005
Non-current assets	667	682	65
Current assets	41,904	23,033	15,218
TOTAL ASSETS	**42,571**	**23,715**	**15,283**
Non-current liabilities	40	-	550
Current liabilities	27,080	13,597	5,394
TOTAL LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**27,120**	**13,597**	**5,944**

INFORMATION ON THE PROFIT AND LOSS ACCOUNT

(in thousands of euros)	2006/2007	2005/2006	2004/2005
Turnover	9,660	2,471	2,385
Current operating income	711	-228	-53
Net income	381	-542	-317

Note 41 - Significant events since the end of 2006/2007

No significant event has occurred since the year-end on September 30, 2007.

Statutory Auditors' report on the consolidated financial statements

Year ending September 30, 2007

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Pierre & Vacances for the year ending September 30, 2007.

The 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.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; these standards require that we plan and perform the audit to obtain a reasonable assurance as to whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in these 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 unit consisting of the people and entities included in the consolidation.

II. JUSTIFICATION OF THE ASSESSMENTS

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

- Notes 1.11, 1.13, 7 and 8 of the notes describing the methods of accounting for and valuing tangible and intangible fixed assets;
- Note 2.1 of the notes explains the main transactions that occurred during the year and particularly the acquisition of the Sunparks group and the Les Senioriales group.

As part of our assessment of the accounting principles followed by your group, we have verified the consistency of the data and assumptions used, and the appropriateness of the accounting methods applied and the information provided in the appended notes.

The assessments form part of our procedure for auditing the consolidated financial statements, taken as a whole, and as such have contributed to the formation of our 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 observation to make on its fairness and conformity with the consolidated financial statement.

Paris and Neuilly-sur-Seine, January 24, 2008

The Statutory Auditors

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

Special report on related-party agreements

Year ending September 30, 2007

To the shareholders,

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

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 R. 225-31 of the French Commercial Code 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.

We would inform you that we have not been notified of any agreement specified under Article L. 225-38 of the French Commercial Code.

AGREEMENTS APPROVED DURING PREVIOUS YEARS THAT HAVE CONTINUED DURING THE YEAR

Furthermore, in application of Article R. 225-30 of the French Commercial Code, we have been informed that the following agreement, approved during previous years, has continued during the last year:

With SITI – Société d'Investissement Touristique et Immobilier

Sale and lease-back with Zeeland Investments Beheer BV

SITI has a freely transferable option to buy 100% of **Recreatiecentrum De Eemhof BV**, or of the buildings of the Eemhof park (carried by CENTER PARCS DE EEMHOF BV, a company of which **Recreatiecentrum De Eemhof BV** is the sole shareholder), that can be exercised within ten years. If the option is exercised, **SITI** shall acquire 100% of **Recreatiecentrum De Eemhof BV**, or the ownership of the buildings of the park, on the 15th anniversary of the sale, or on October 30, 2018, for €70 million.

Furthermore, **PIERRE & VACANCES** stands surety for the period of the lease, with **Zeeland Investments Beheer BV**, for the payment of the rents payable by its operating subsidiary.

Finally, **PIERRE & VACANCES** guarantees all the obligations of the vendor to the terms of the sale agreement, subscribed to by **DN 8 Holding BV** and in particular all the declarations and guarantees made to the benefit of the buyer.

Paris and Neuilly-sur-Seine, January 24, 2008

The Statutory Auditors

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

Corporate governance

Administration - Management

Composition of the Board of Directors

Name	Function	Date first appointed	Date current term of office ends	Main functions in the company	Main function outside the company	Independence criteria(1)	Number of shares held in the company(2)
Gérard BREMOND	Chairman and Chief Executive Officer	22/04/1992	Until the General Meeting called to vote on the financial statements for the year ending 30/09/2009	CEO	/	No	10
Eric DEBRY	Deputy Chief Executive Officer	05/12/2006		DCEO	/	No	10
Michel DUPONT	Director	05/06/2001		/	/	Yes	10
Olivier BREMOND	Director	10/07/1995		/	Company's Manager	No	10
SITI SA, represented by Thierry HELLIN	Director	03/10/2003		Group CE	/	No	4 414 981 10
Marc R. PASTURE	Director	10/09/1998		/	Founder and Director of TV Gusto	Yes	10
Sven BOINET	Director	24/02/2003		/	Chairman of the Board Lucien Barrière	Yes	25
Ralf CORSTEN	Director	11/03/2004		/	Attorney	Yes	10
G.B. DEVELOPPEMENT SA, represented by Patricia DAMERVAL	Director	10/10/2005		Group CE	/	No	10 10

(1) 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.
(2) The minimum number of shares that must be held by Directors of the Company is 10.

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 118 to 120 of this Reference Document).

Offices held in other companies in the last five years

Gérard BREMOND, Chairman of the Board:
Date of birth 22/09/1937

Gérard Brémond is:

- Chairman of the Board of Société d'Investissement Touristique et Immobilier SA – SITI and of G.B. Développement SA
- Director of Vivendi Universal
- Permanent representative of SITI in Peterhof and Lepeudry and Grimard
- General Manager of the SCI SITI R

Gérard Brémond was:

- until September 30, 2003, a representative of SITI SA in SITI Participation and SITI Participation 2
- until May 29, 2006, a Director of Holding Green B.V.
- until June 30, 2006, a permanent representative of GB Développement SA in Ciné B
- until January 27, 2006, a permanent representative of OG Communication in Marathon and Marathon International
- until March 23, 2007, a permanent representative of the SITI SA in CFICA
- until May 30, 2007, a permanent representative of the SITI SA in SERL

Eric DEBRY, Deputy Chief Executive Officer:
Date of birth 10/11/1959

Eric Debry was, until June 30, 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:
Date of birth 05/01/1947

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)
  - C.E.E.E.I.F. (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 BREMOND:
Date of birth 03/10/1962

Olivier Brémond is:

- Director of:
  - Société d'Investissement Touristique et Immobilier SA – SITI
  - Kisan
  - Caoz
  - Kisan Inc. (United States)

Olivier Brémond was:
until January 27, 2006:

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

Marc R. PASTURE:
Date of birth 19/12/1947

Marc Pasture is:
- Member of the Supervisory Board of:
  - Maritim Hotelgesellschaft mbH (Germany)
  - Dolce Media GmbH (Germany)
  - Société de Production Belge (Belgium)
- Director of:
  - TV Gusto Medien GmbH (Germany)
  - Deutsche Auslandsgesellschaft (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) and member of the Board of Directors of RWE
- Until 2007 a member of the Supervisory Board of RWE-Harpen AG (Germany)
- Until 2007 Director of Jöma Beteiligungsgesellschaft mbH (Germany)

Sven BOINET:
Date of birth 11/04/1953

Sven Boinet is:
- Chairman of the Board of Groupe Lucien Barrière
- Director of:
  - Dinard Golf SA
  - Géodis
  - SHCD, SEETE (Groupe Lucien Barrière)

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:
Date of birth 21/02/1942

Ralf Corsten is:
- Chairman of the Supervisory Board of:
  - Steigenberger Hotels AG (Germany)
  - Messe Berlin GmbH (Germany)

Ralf Corsten was, until June 30, 2006:
- Director of TUI China Travel Co (China)

Ralf Corsten was until June 30, 2003:
- Chief Executive Officer of:
  - Nouvelles Frontières SA.
- 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, General Services and Sustainable Development Departments:
Date of birth 11/11/1963

Thierry Hellin is:
- Chief Executive Officer of Peterhof SA
- Director of Lepeudry et Grimard SA and of G.B. Développement SA

Thierry Hellin was:
- from February 23, 2000 to September 30, 2003, director of SITI Participation 2 SA
- from February 24,1998 to September 30, 2003, permanent representative of Peterhof SA in SITI Participation SA
- until September 23, 2004, permanent representative of Pierre & Vacances Maeva Distribution in Pierrebac
- until October 12, 2005, director of SITI SA
- until March 23, 2007, a permanent representative of Peterhof SA on the Board of C.F.I.C.A.
- until May 30, 2007, Chief Executive Officer of SERL SA

Patricia DAMERVAL, Group Deputy Chief Executive responsible for Finance:
Date of birth 28/04/1964

Patricia Damerval is:
- Director of Peterhof SA
- Permanent representative of SITI SA on the Board of G.B. Développement SA

Patricia Damerval was:
- until March 23, 2007, a permanent representative of Clubhotel Multivacances SA on the Board of C.F.I.C.A. SA
- until May 30, 2007, a director of SERL SA

Directors' interests

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

Payments made to officers of the parent company are detailed in the Group Annual Report 2006/2007.

Payments made to members of the Executive Board are indicated in the notes to the financial statements (Note 37).

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

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

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

This information is given on page 154 in the section entitled "Ownership of shares and voting rights", on page 114 "Composition of the Board of Directors" and on pages 147 à 150 "Share options and free allocations of shares".

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

The table summarising the Company's share transactions specified in Article L. 621-18-2 of the Monetary and Financial Code[1], carried out during the past year, appears on page 150.

1 *Transactions made on the Company's shares by the directors, similar persons and those close to 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 Administration and 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 Tourism and Property Development divisions, the Property Development division and to its principal subsidiary, Center Parcs Europe. 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.

We have noted the AMF recommendation of January 22, 2007 concerning the "internal control system: frame of reference". With respect to the Pierre & Vacances group, this recommendation will be applicable to the Chairman's report on the internal control procedures for the year 2007/2008. We are currently studying the opportunity to use the frame of reference and the application guide drafted by the AMF for the 2007/2008 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, 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;
- 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 11, 2004, the term of office of Board members has been reduced from six to three years. Consequently, all the directors were appointed or their terms of office renewed for three years by the Ordinary General Meeting of February 15, 2007, that is until the end of the meeting held to approve the financial statements for the period ending September 30, 2009.

During the year under review, the Board of Directors met seven times, with an overall attendance rate of 95%. 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, in particular by the attendance of operational managers presenting their activities and main results during Board Meetings. 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 11, 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 4, 2007, 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 composition of the Board of Directors;
- the preparation of the Board meetings;
- the meetings of the Board of Directors;
- keeping the directors informed;
- the responsibilities of the Board of Directors.

The summary of the responses to these questionnaires showed that the directors were overall 88% satisfied (compared with 85% 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 self-assessment also revealed areas of progress. The Board of Directors, in its meeting of December 4, 2007, decided on the following items:

- to send the directors the roadshow reports;
- to send the directors regularly the analyst studies and market consensus;
- to set the Board meeting dates if possible each quarter before the financial press releases appear.

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 a quarter 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.

During the past year, the Board of Directors met on seven 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 Sunparks and the sale-and-leaseback with Foncière des Murs, purchase of the property promotion company Les Sénioriales), the project to extend the Center Parcs villages of Bispinger Heide, De Kempervennen and Het Heijderbos, the partnership with Accor on developing urban residences and the allocation of stock options and free shares.

POWERS OF THE GENERAL MANAGEMENT

In application of the "New Economic Regulations" law, the Board of Directors' meeting of March 5, 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 February 15, 2007 for the duration of his directorship, i.e. for a period for three years ending at the close of the General Meeting called to approve the financial statements for the year ending September 30, 2009. Eric Debry was reconfirmed as Deputy Chief Executive Officer by the Board on February 15 2007, his term of office also ending after the general meeting called to approve the financial statements for the year ending September 30, 2009.

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 in particular 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, Eric 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 35 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 Deputy Chief Executive Officer, the CEO of the Tourism division, and his principal deputies along with the Group Assistant Chief Executive Officer responsible for finance. 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).

ADAGIO DEVELOPMENT COMMITTEE

The Development Committee meets once a month to examine all the Adagio development projects. The Adagio team presents the projects that are being studied by this committee which includes representatives of Pierre & Vacances (Chairman and Chief Executive Officer and CEO of Pierre & Vacances Promotion Immobilière) and Accor (CEO of hotel development and Legal Director).

PROPERTY DEVELOPMENT COMMITTEE

The Property Development Committee meets once a month. Committee meetings are attended by the Chairman and Chief Executive Officer, the Deputy 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.).

LES SENIORIALES STRATEGIC COMMITTEE

The Les Senioriales Strategic Committee meets once a month. This committee is attended by the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer, the CEO of Pierre & Vacances Promotion Immobilière, the Director of development and the CEO of Les Senioriales. It discusses the business and the current projects and authorises the purchase of land.

DEVELOPMENT COMMITTEE

Formed during 2005/2006, this committee includes representatives from tourism, property development, development and finance. Its job 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 consisted of two members until end of September 2007. Since then, it has consisted of only the CEO of Center Parcs. It 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 more closely supervising and more regularly advising the Board of Management. The Supervisory Board oversees the Board of Management and the conduct of the company's business. It generally meets four times a year.

CENTER PARCS EUROPE EXECUTIVE COMMITTEE

Eight members sit on this committee which meets every two weeks with the Board of Management. All departments of the company are represented on it, Senior Management, the Sales and Marketing Department, the Operations Department, the Development Department, the Finance Department, 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 at least 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 their report on the company's annual financial statements and the approval of the annual accounts.

Remuneration of senior officers

Senior officers' remuneration, detailed in the Group management report, is made of a fixed remuneration and a variable one as part of the employment contracts with SITI. The variable bonus is set according to the Group's financial performance, as well as the achievement of individual targets. According to the same criteria, they can be granted with stock options and bonus shares.

The Group has no specific complementary pension plans in place for senior officers. As part of the employment contract with SITI they receive a retirement package calculated according to the rules applicable to all employees.

Those rules are applicable to each member of the executive committee.

Recent developments and forthcoming changes to the Group's internal control system

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. Since October 1, 2006, the application has been rolled out 100% to cover all French Tourism's residences. The roll-out covering the head office's central services is in progress. Setting up this system has already brought about a significant reduction in the number of approved suppliers and an improvement in the control of our expenditure.

The Group has decided to purchase new 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 so that it not only helps with the reliability of the financial information derived from it but also with improving the business through a direct link with the marketing intermediaries and better responsiveness in controlling marketing. This software, certain modules of which are already in production, is currently being developed.

Furthermore, the group has integrated in its internal control procedures, the groups acquired in 2006/2007: Les Senioriales (Property development) and Sunparks (Center Parcs Europe). Especially, a monthly Les Senioriales strategic committee authorises strategic decision and discuss the business. Regarding Sunparks,the operations department reports directly to the CEO who is one of the members of Center Parcs Europe executive committee. The administrative centre based in De Haan (Belgium) is under the responsibility of the Center Parcs Europe's Chief Financial Officer.

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, Adagio Development Committee, Property Development Committee, Les Senioriales Strategic 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 operating finance department, consolidation, accounts department that form part of the Deputy Chief Executive's department in charge of Finance and the legal department, the insurance and risk management department, the human resources department that form part of the Deputy Chief Executive's Corporate Secretariat and the Purchasing Department. These corporate departments are centralised at the Group's head office in Paris and report to the Deputy Chief Executive Officer of the Pierre & Vacances Group.

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 residences 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.

The Group Legal Department is centralised and reports to the Group Deputy Chief Executive Officer in charge of the Corporate Secretariat in order to coordinate risk management. It takes early action to protect the Group's legal commitments and oversees the disputes of all the operating subsidiaries except Center Parcs Europe which has its own Legal Department in Rotterdam. A Risk Manager is responsible for handling insurance at the Group level (including Center Parcs Europe) in order to optimise risk management (conservation/externalisation) and oversee the declarations of risks and claims.

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 Group Deputy Chief Executive Officer responsible for finance. 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 Deputy Chief Executive Officer 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 Deputy Chief Executive Officer responsible for finance 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 to the Administration

and Chief Financial Officer of Center Parcs Europe (who reports directly to Center Parcs Europe's General Management) and in functional terms to the Group Deputy Chief Executive Officer in charge of finance. This choice of structure reflects Center Parcs Europe's particular situation - its head office is in Rotterdam and it conducts its business mainly in the Netherlands, Germany, 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 also 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 Administration and Finance Department 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 (financial and management accounts). It formulates financial 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 financial information systems (accounting, purchasing, treasury management, tax return packages, etc.). It is responsible for managing security of access to these systems, safeguarding data integrity (back-up, interfacing, etc.) and advising on large-scale financial projects.

"Operational" Functions

These functions reflect the Group's operating structure. The Operational Finance Department and the Accounting Department are organised around the following operating divisions: Tourism and Property Development and Center Parcs Europe.

Tourism Division

Tourism is organised by brand around five business units (BU): Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes et Pierre & Vacances City (Adagio since October 1, 2007). 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, the Operational Finance Department 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 residence 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 Operational Finance Department staff also provide financial oversight of the tourism activities in Spain and Italy.

The Accounting Department is also organised into two departments: accounting services and owner financial management and sales administration. The accounting services department includes four activities: supplier accounting, customer accounting on sites, bank accounting and financial accounting. The accounting services are organised on two centres. 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 service, divided into three departments, 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. This department also manages the stock of accommodation units to be marketed by French Tourism. Sales administration is responsible for invoicing, collection, payment 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.).

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.

Center Parcs Europe

Center Parcs Europe's finance functions are decentralised in the Netherlands, Belgium, Germany and France and fall under the responsibility of Center Parcs Europe's Chief Financial Officer, who reports functionally to the Group Finance Department. His role is to supervise central accounting, consolidation, tax, 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 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 Chief Financial Officer 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, tax and treasury of CPE and for maintaining the accounting system (ERP – JD Edwards).

Duties of the Group's financial departments

The Operational Finance Department

The Operational Finance Department 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 Operational Finance Department provides tailor-made reporting solutions for each operating division which are analysed during regular financial reviews with operational managers. It is responsible for preparing the budget targets, activity estimates and medium-term operating results. More generally, the Operational Finance Department assists operational managers in all financial matters: simulations, planning (pricing policy, specific actions, etc.). It also 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.

The Accounting Department

The accounting department ensures the Group's accounting rules are correctly applied throughout the Group. Checks on the production of accounting information are made 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 residence/village, 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 and Tourism) in the same way as for management controls;
- for 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 checks 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 Operational Finance Department and Accounting Department 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

Tourism

The running, coordination and validation of the internal control process is part of the Operational Finance Department's responsibilities. As such, it is responsible not only for the financial audits but also the social and regulatory audits concerning the touristic operation of holiday residences. These audits are mainly carried out on the operating sites. It therefore issues procedures aimed at limiting the risks of financial loss on site, communicates them and ensures that they are correctly applied but also, working closely with the Human Resources Department, it ensures that the social obligations and labour laws concerning advertising, keeping of registers, etc. are correctly applied.

The main areas of risk covered by the internal audit are

- ensuring that turnover generated on site is reported correctly, optimizing turnover. It verifies that services provided have been invoiced correctly. Checks are also made on the correct application of pricing terms and justification of any discounts given. Finally, turnover deletions and reimbursements are traced and analysed;
- the security of property and financial assets. Under this heading, internal audit verifies in particular that proper security procedures are deployed on each site to protect cash receipts and deposits. Checks are also made on bank deposits to ensure their accuracy and frequency;
- collection and the level of payments outstanding from customers. To ensure optimum account collection, many points are examined: the establishment and strict application of standardised contracts for groups and seminars, chasing letters are sent out at the required intervals, customer deposits are effectively collected and customers' addresses are recorded correctly;
- the whole purchasing stream is also audited. This begins with the approval of suppliers as part of the Group common purchasing policy and its strict application. The validation of order forms, receipts and payment authorisations also receive particular attention during these audits.

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. Audits are

coordinated by the Operational Finance Department 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 produced in June and updated in December 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 Operational Finance 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 Operational Finance Department 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 revised 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

Year ending September 30, 2007

Report of the Statutory Auditors, drafted in application of Article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Board of Pierre & Vacances, concerning the internal control procedures relative to the preparation and treatment of the accounting and financial information

To the shareholders,

In our capacity as Statutory Auditors of Pierre & Vacances and in compliance with Article L. 225-235 of the French Commercial Code, we hereby present our report on the report drawn up by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code in respect of the year ending September 30, 2007.

It is the responsibility of the Chairman to report mainly on how the Board prepares and organises its work and on the internal control procedures applied within the company.

We must inform you of our observations on the information given in the Chairman's report concerning the internal control procedures relative to the preparation and treatment of the accounting and financial information.

We have carried out our audit in accordance with the professional standards applicable in France. These standards require us to examine the sincerity of the information provided in the Chairman's report on the internal control procedures relative to the preparation and treatment of the accounting and financial information. Our examination notably consists in:

- noting the objectives and general organisation of internal control, and those procedures relative to the preparation and treatment of the accounting and financial information, as presented in the Chairman's report;
- examining how the information given in the 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 the accounting and financial information, as contained in the report of the Chairman of the Board of Directors, drawn up in accordance with the terms of Article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, January 24, 2008

The Statutory Auditors

AACE ÎLE-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 residences mainly by the sea and in the mountains, used to have a marked seasonal character.

Pierre & Vacances / Maeva / Résidences MGM / Hôtels Latitudes division

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. Turnover 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 2006/2007 (which corresponds mainly to the mountain resorts) accounted for only 38% of annual turnover, 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, should help to reduce the seasonality of this division's business:

- the strengthening of sales abroad thanks to a five-language web portal, the dedicated resources to run these sites, the strengthening of the sales offices abroad (Germany, Italy, Belgium, Spain and Scandinavia) and the deployment of the sunshade trademark "P&V, the best of holiday rental";
- 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 (over 70%) with two additional customer targets, long-stay business and short-stay tourism. The partnership agreement signed in 2007 with Accor on this segment should accelerate the growth of this business.

Furthermore, the Group maintains prices suited to the different periods with great differences between the high and low seasons.

Center Parcs Europe

The Center Parcs Europe and Sunparks (a group consisting of four villages in Belgium that was purchased in April 2007) village business 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 (43%) and second (57%) halves of 2006/2007.

All this is helping to reduce tourism turnover sensitivity to seasonal changes. Overall the split of turnover between the first half and the second half of 2006/2007 is 41% and 59% respectively.

Property development

The Group books turnover and margins according to the work completion method, a method that consists in defining the percentage completion as the percentage completion of the works multiplied by the percentage of sales signed with the notary.

Nevertheless, a degree of seasonality remains:

- the first quarter (October 1 –December 31) benefits both from the signings achieved before December 31 for tax reasons and strong growth in the rate of work completion for the delivery of the mountain programmes (mid-December);
- the second quarter (January 1 – March 31) usually shows the lowest level of business for the year;
- the third quarter (April 1 – June 30) benefits from a strong growth in the rate of completion of work for delivery of the seaside programmes (mid-June);
- the fourth quarter (July 1 – September 30) is a period of major signings before the year-end.

Quarterly weightings in Pierre & Vacances property development turnover:

Year	1st quarter	2nd quarter	3rd quarter	4th quarter
2004/2005	30.6%	12.4%	16.8%	40.2%
2005/2006	33.2%	13.8%	23.4%	29.6%
2006/2007	57.3%	13.0%	10.6%	19.1%

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 loans) which help to optimise the profit earned by the buyers of residences;
- 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 Eiffel Tower;
- 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 residences 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 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 30, 2007, only 103 completed apartments have not had their sales finalised.

The table of "Main stocks being marketed at September 30, 2007" that appears in the business report gives the percentage sold. The properties are on average almost 86% 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 2006/2007) 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 bricks and mortar 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 2006/2007, the increase in indexed rents was on average around 5%. 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 = → 2007	+1.5% per year	+3.1% per year

Source: INSEE.

From 1998 to 2007, there has been a faster change in the ICC (+3.1% per year on average) than in the consumer prices index (+1.5%).

In this context, the Group has tried out during the year 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%). Furthermore the group plans an annual indexation of not more than 3% in new contracts.

Furthermore, during the renegotiation of the leases when they are renewed, the ICC indexation is maintained but limited to a maximum of 2 to 3%.

The Center Parcs Europe sub-group's rents are indexed to the consumer prices index of the host country (excluding France), and the most significant leases increase by a minimum of 1.75% per year and a maximum of 3.75% per year. In France, the cottages sold to private buyers (Domaine du Lac d'Ailette village and Bois Francs extensions) are indexed on the construction cost index. For Sunparks, the rents are indexed on the health index published in the Belgian publication Le Moniteur.

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.

GENERAL RISKS

Property development

Risk relating to failure to obtain local government permits

Because of the strict rules described in the 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.

Management and tourism operation

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 residences 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 France 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 completion 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 2006/2007, in the "sustainable development" section.

Disputes in progress

As at December 31, 2007, 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 30, 2007 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 51 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 Deputy Chief Executive Officer in charge of the General Secretariat.

The overall budget for this insurance stood at €7 million for the year 2006/2007; 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 Tourisme France division, and €107 million per claim for the Center Parcs Europe division, it being noted that, for the Center Parcs Europe division, the contractual claim limit for all the parcs has been reassessed at €150 million per claim from October 1, 2007.

Furthermore, a second excess line, to cover the new Center Parcs Domaine du Lac de l'Ailette village, has been taken out to take the contractual claim limit to €250 million per claim, corresponding to the valuation of the Maximum Possible claim for this new site.

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 routine 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 taken out on seven of the largest Center Parcs Europe villages, has been carried over and extended for 2006/2007. The number of Center Parcs villages covered against acts of terrorism is therefore 14 (out of a total of 21 villages) if the three French parcs covered via the GAREAT (French national coverage arrangement for acts of terrorism) are included, and the four Sunparks villages in Belgium that also have terrorism insurance.

The Group's insurance broker is Marsh. AXA is the lead insurer of the pool of insurers covering these risks.

Furthermore, this pool only includes first-rate insurance 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, and the study concluded that such a company should not be set up yet, since the market conditions were not right.

Major policies

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 off-balance sheet commitments are given in Note 35 of the notes to the consolidated financial statements.

Risk of departure of key personnel

The risk that key personnel might leave is a risk faced by any enterprise, because the departure of managers or employees on which essential functions of the enterprise depend or who have strategic and operational skills of entire business sectors can have a negative impact on results.

As is more fully explained in the "Chairman's report on the organisation of the Board and the internal control procedures", the conduct and management of the Pierre & Vacances Group is organised around various decision-making bodies. The collegial character of these bodies, the frequency of their meetings and the high level of authority delegated to them make it possible to ensure that, with the intervention of the internal control departments, the Pierre & Vacances Group is run and managed in a way that maintains the founding and prudential principles already in force, despite the temporary or permanent unavailability of members of the Executive Committee.

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 23, 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 7, 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 1 to September 30 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 28,1998, 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, personally or by proxy upon presentation of proof of identity and of ownership of the shares, in the form and at the location indicated in the notice of meeting, not later than three working days before the date on which the General Meeting is held.

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 23, 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.

DESCRIPTION OF THE SITI GROUP

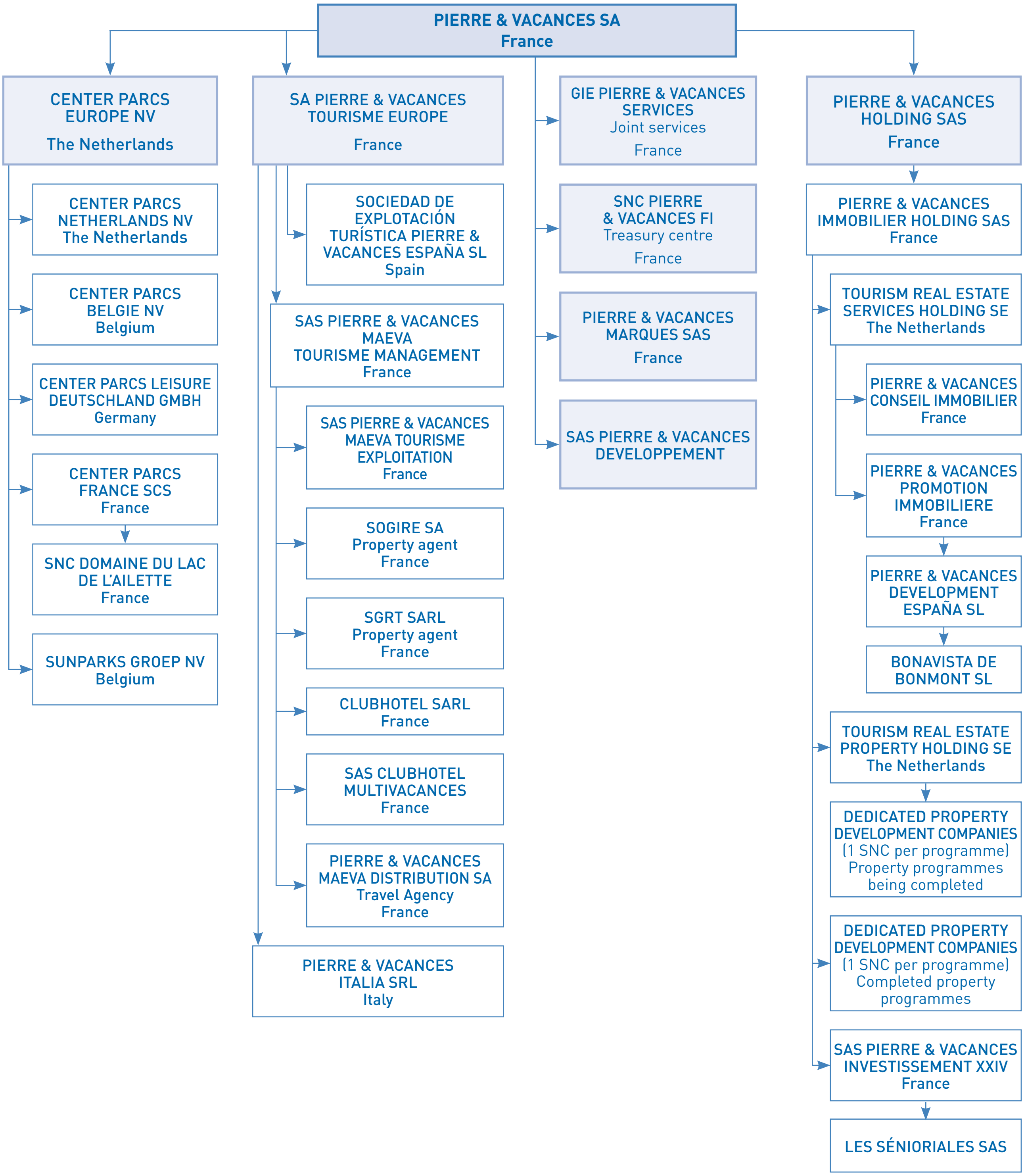
Société d'Investissement Touristique et Immobilier SA – SITI, the lead company of the Pierre & Vacances Group, indirectly controlled by Gérard Brémond via SCI SITI "R", holds 50.11% of Pierre et Vacances. The Pierre & Vacances sub-group is the main asset of SA SITI and is fully consolidated.

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, Duc des Lombards, 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 (SNC Société Hôtelière de la Rivière à la Barque, SNC Bougainville, SNC Société Hôtelière de la Plage du Helleux and SNC Filao). 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 30, 2007



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 (formerly 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 Tourisme Europe, 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 12,878 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;
- Sunparks Groep NV which, through various subsidiaries, markets and manages four villages in Belgium.

Pierre & Vacances Immobilier Holding SAS controls:

- Les Sénioriales SAS which promotes, constructs and markets residences for retired people;
- *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 owners 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-child companies – 2006/2007

	Tourism		Property development	Other	P&V SA	Total
(in millions of euros)	Center Parcs Europe / Sunparks	Pierre&Vacances / Maeva / Résidences MGM / Hôtels Latitudes		(including cross services)	(listed company)	Group
Fixed assets (including goodwill)	455,135	176,915	23,798	13,218	8,304	**677,370**
Gross borrowings	184,810	3,093	12,081	9,327	25,510	**234,821**
Cash on balance sheet	19,112	10,346	19,809	108,686	1,741	**159,694**
Dividends paid to PV SA for the year	-	-	54,171	4,612	-	**-**

Subsidiaries and holdings – 2006/2007

Subsidiaries and holdings	Share capital	Share-holders' 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	49,551	100.00	143,919
Pierre & Vacances Holding SAS	26,701	23,163	100.00	49,544
Pierre & Vacances FI SNC	15	-318	99.00	15
Pierre & Vacances Transaction SARL	38	4	99.96	37
La Financière Pierre & Vacances & Cie SNC	15	0	99.02	15
Cobim SARL	76	352	100.00	0
Financière P&V I SNC	15	0	98.36	15
Financière P&V II SNC	15	0	98.36	15
Part-House Srl	99	261	55.00	1,054
Pierre & Vacances Courtage SARL	8	-236	99.80	8
PVMT Haute Savoie	8		100.00	8
Pierre & Vacances Investissement XXVIII SAS	38	-3	100.00	38
Orion (ex. PVI XXIX)	38	-3	95.28	36
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
Pierre & Vacances Investissement XXXVIII SAS	38	0	100.00	38
Multi-Resorts Holding BV	18	-53	100.00	18
Pierre & Vacances South Europe Holding BV	18	0	100.00	18
Pierre & Vacances Développement (ex. PVD France International)	1,000	-351	100.00	1,000
Pierre & Vacances Tourisme Europe	11,890	21,791	100.00	13,277
Pierre & Vacances Marques SAS	62,061	519	97.78	60,686
Subsidiaries (more than 10% holding):				
GIE Pierre & Vacances Services	150	2	20.00	30
City Appart Hôtels	1,000	0	50.00	500

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	0	907,270	7,500	15,416	0	30/09/2007
49,544	0	0	0	-1,705	53,990	30/09/2007
15	313,490	0	0	-6,475	0	30/09/2007
37	0	0	0	1,107	181	30/09/2007
15	0	0	0	0	0	30/09/2007
0	0	0	22	-96	0	30/09/2007
15	0	0	0	0	0	30/09/2007
15	0	0	0	0	0	30/09/2007
1,054	1,217	0	4,451	-73	0	30/09/2007
0	0	0	59	-340	0	30/09/2007
8	0	0	0		0	30/09/2007
38	0	0	0	1	0	30/09/2007
38	0	0	0	1	0	30/09/2007
38	0	0	0	1	0	30/09/2007
38	0	0	0	1	0	30/09/2007
38	0	0	0	1	0	30/09/2007
38	0	0	0	1	0	30/09/2007
38	0	0	0	-1	0	30/09/2007
18	0	0	0	324	0	30/09/2007
18	0	0	0	0	0	30/09/2007
0	0	0	327	-2,299	0	30/09/2007
13,277	0	0	0	7,467	0	30/09/2007
60,686	0	0	0	5,522	4,612	30/09/2007
30	0	0	0	0	0	30/09/2007
500	0	0	0	0	0	30/09/2007

STAFF ORGANISATION ON SITES

Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes and Pierre & Vacances City

Since 2006/2007, 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. He 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 routine maintenance in their country and for coordinating catering and leisure activities. They ensure the smooth running of the villages working closely with the "general managers" of the villages in their country.

The general managers are responsible for the day-to-day management of their village. 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.

Sunparks

Since the Center Parcs sub-group bought Sunparks in April 2007, the Sunparks Operations Department has reported directly to its General Manager, who is a member of the Center Parcs Executive Committee. This central organisation for the operations is based in De Haan, the Sunparks head office. The Operations Department supervises the teams responsible for the accommodation, catering and maintenance and upkeep of each of the villages. Each village is managed on a day-to-day basis by the village director who is supervised by the General Manager. Furthermore, a central team handles maintenance and upkeep for the four villages. A single administrative centre at the De Haan head office handles the management and accounting for the sites.

Breakdown of average annual group headcount by legal entity* 2006/2007

	PVMTE / PVMTM	PVPI / PVD / PVCI	PVS	CPE	Sunparks	Les Sénioriales	Total
Executives	283	54	151	301	7	19	815
Non-executives	2,816	146	183	4,581	276	32	8,034
TOTAL	**3,099**	**200**	**334**	**4,882**	**283**	**51**	**8,849**

* *PVMTE: Pierre & Vacances Maeva Tourisme Exploitation SAS; PVMTM: Pierre & Vacances Maeva Tourisme Management SAS; PVPI: Pierre & Vacances Promotion Immobilière; PVD: Pierre & Vacances Développement; 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 31/12/2006 is available on request from the Pierre & Vacances Group Human Resources Department. The parent company balance sheet as at 31/12/2007 will be available in June 2008.

Information on the capital

SHARE CAPITAL

As at January 8, 2008, the share capital stands at €88,109,110 divided into 8,810,911 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 8, 2008, with double voting rights being granted on 4,436,144 shares, the total number of voting rights stands at 13,247,055 for 8,810,911 shares.

CAPITAL INCREASES FOLLOWING THE EXERCISE OF OPTIONS TO SUBSCRIBE FOR SHARES DURING THE YEAR

The Board Meeting of January 9, 2007 noted that four beneficiaries of the option plans to subscribe for shares authorised by the Extraordinary General Meeting of September 10, 1998 and March 17, 2000 had exercised, on September 5, 2006, October 31, 2006, November 7, 2006 and December 13, 2006, 4,000 options to subscribe for shares that were allocated by the Board on November 13, 2000, December 18, 1998, June 20, 2000 and March 20, 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.

The Board Meeting of May 29, 2007 noted that beneficiaries of the option plans to subscribe for shares authorised by the Extraordinary General Meeting on March 17, 2000 and March 10, 2003 had exercised, on March 15, 2007, April 2, 2007, April 23, 2007, April 24, 2007 and May 22, 2007, 21,825 options to subscribe for shares allocated to them by the Board on March 20, 2000 and April 11, 2003.

Consequently, the Board noted:

- the issue of 21,825 new shares with a par value of €10 each;
- the resulting capital increase, the company's share capital thus rising from €87,848,360 comprising 8,784,836 shares to €88,066,610 comprising 8,806,661 shares.

The Board Meeting of September 22, 2007 noted that beneficiaries of the option plan to subscribe for shares authorised by the Extraordinary General Meeting of September 10, 1998 and March 17, 2000, had exercised, on June 6, 2007 and June 18, 2007, 4,250 options to subscribe for shares allocated to them by the Board on December 18, 1998 and March 20, 2000.

Consequently, the Board noted:

- the issue of 4,250 new shares with a par value of €10 each;
- the resulting capital increase, the company's share capital thus rising from €88,066,610 comprising 8,806,661 shares to 88,109,110 comprising 8,810,911 shares.

TABLE SUMMARISING CURRENTLY VALID AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS CONCERNING CAPITAL INCREASES

The Extraordinary General Meetings of March 10, 2005, March 2, 2006 and February 15, 2007 granted the board certain authorisations to increase the share capital with the option of delegation to the Chief Executive Officer.

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 10, 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. Under this authorisation, 11,035 Pierre & Vacances SA shares to be issued were allocated by the Board on January 9, 2007. The free allocation of the shares becomes final only after an acquisition period of two years. The shares will therefore be issued on January 9, 2009. Resolution No. 14 that is subject to the approval of the shareholders during the Combined General Meeting of February 14, 2008, will supersede this authorisation for the unused balance.	38 months

Extraordinary General Meeting of March 2, 2006

Resolution No.	Purpose	Duration
14	Authorisation to issue shares in the Company with cancellation of the preferential subscription rights in order to grant options to subscribe for shares to officers of the Company and/or certain members of salaried personnel of the Company or of companies or groups affiliated thereto[*]. Resolution No. 13 that is subject to the approval of shareholders during the Combined General Meeting of February 14, 2008 will supersede this authorisation for the unused balance.	38 months

Extraordinary General Meeting of February 15, 2007

Resolution No.	Purpose	Duration
17	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. 8, that is subject to the approval of the shareholders during the Combined General Meeting of February 14, 2008, will supersede this authorisation.	26 months
18	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 17th resolution. Resolution No. 9, that is subject to the approval of the shareholders during the Combined General Meeting of February 14, 2008, will supersede this authorisation.	26 months
19	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 17th and 18th resolutions. Resolution No. 10, that is subject to the approval of shareholders during the Combined General Meeting of February 14, 2008, will supersede this authorisation.	26 months
20	Authorisation to issue shares in the capital or equities giving access to the capital, in return 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. 11, that is subject to the approval of shareholders during the Combined General Meeting of February 14, 2008, will supersede this authorisation.	26 months
21	Authorisation to make capital increases reserved for members of the Group company savings plan and up to the par value of €850,000. Resolution No. 12, that is subject to the approval of the shareholders during the Combined General Meeting of February 14, 2008, will supersede this authorisation.	18 months

(*) 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. The options granted by the Board under this authorisation are all options to purchase shares.

SHARE OPTIONS AND FREE ALLOCATIONS OF SHARES

Allocation policy

The allocation policy 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;
- exceptional allocations to Group employees (executives and non-executives).

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 plans

	1999 option plan	2000 option plan	2003 option plan		2004 option plan	2005 option plan
Date of General Meeting	10/09/1998	17/03/2000	10/03/2003		11/03/2004	11/03/2004
Date of Board meeting	18/12/1998	20/03/2000	11/04/2003	03/11/2003	07/09/2004	26/09/2005
Total number of shares that may be subscribed for	219,560	87,200	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)	129,610	12,000	25,000	7,150	53,750	/
Number of executives concerned	6	12	2	2	26	/
Number of shares that may be subscribed for by members of the Board (as it currently stands)	20,000	1,000	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(*)	219,560	68,000	25,000	7,150	51,000	1,000
Date from which options may be exercised	19/12/2002	21/03/2004	12/04/2007	04/11/2007	08/09/2008	27/09/2009
Strike price	€15.24	€47	€44	€63.83	€66.09	€59.89
Expiry date	19/12/2008	21/03/2010	12/04/2013	04/11/2013	08/09/2014	27/09/2015
Number of shares subscribed for	206,140	78,417	20,000	/	/	/
Total number of shares cancelled	13,420	6,466	/	/	26,712	/
Total number of options outstanding on January 8, 2008	**0**	**2,317**	**5,000**	**7,150**	**135,588**	**1,000**
Potential dilution arising from exercise of options (in number of shares)	**/**	**2,317**	**5,000**	**7,150**	**135,588**	**1,000**

(*) 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).

On January 8, 2008, there are 151,055 share subscription options outstanding.

If all the options were exercised, 151,055 new shares would be issued, increasing the total number of shares to 8,961,966.

These new shares would represent an increase of €9,806,184.42 in shareholders' equity.

The options in circulation represent 1.68% of the share capital after the increase.

Share purchase option plans

	2005 share purchase option plan	2006 share purchase option plan	2007 share purchase option plan	2008 share purchase option plan
Date of General Meeting	11/03/2004 and March 10, 2005	02/03/2006	02/03/2006	02/03/2006
Date of Board meeting	26/09/2005	21/07/2006	09/01/2007	07/01/2008
Total number of shares that may be purchased	28,000	16,500	46,875	38,375
Number of shares that may be purchased by members of the Executive Committee (as it currently stands)	24,000	8,500	40,375	36,375
Number of executives concerned	6	10	11	8
Total number of shares that may be purchased by members of the Board (as it currently stands)	8,000	/	16,375	16,375
Total number of shares that may be purchased by the ten company employees awarded the largest number of share options(*)	28,000	16,500	45,375	38,375
Date from which options may be exercised	27/09/2009	22/07/2010	10/01/2011	08/01/2012
Purchase price	€59.89	€80.12	€87.40	€86.10
Expiry date	27/09/2015	22/07/2016	10/01/2017	08/01/2018
Number of shares purchased	/	/	/	/
Total number of options cancelled	2,000	4,000	/	/
Total number of options outstanding	26,000	12,500	46,875	38,375
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			

(*) 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).

Allocation and exercise of options during 2006/2007 applying to the officers of the company

Options granted during the year to each officer (named list)

	Number of options allocated	Price	Expiry date
Eric Debry(*)	8,375	€87.40	10/01/2017
Patricia Damerval	4,000	€87.40	10/01/2017
Thierry Hellin	4,000	€87.40	10/01/2017

(*) According to the terms of the act of 30/12/2006 to develop employee profit-sharing and shareholding, the Board decided that Eric Debry should retain nominally 10% of the shares arising from the exercise of the share purchase options that were granted to him and that, until he ceases to be Deputy Chief Executive Officer of Pierre & Vacances SA.

Options exercised during the year by each officer (named list)

	Number of options exercised	Price
Patricia Damerval	2,000	€59.99
Patricia Damerval	10,000	€44.00

Number of options to subscribe for shares and purchase shares allocated to officers of the company

Options to subscribe for shares (OSA) and options to purchase shares (OAA) allocated by the Board on:	Price	Number of shares held on 30/09/2006	Movements for the year			Number of shares held on 30/09/2007
			New allocation	Options exercised	Options cancelled	
June 20, 2000 (OSA)	€59.99	2,000	/	2,000	/	0
April 11, 2003 (OSA)	€44.00	15,000	/	10,000	/	5,000
September 7, 2004 (OSA)	€66.09	8,000	/	/	/	8,000
September 26, 2005 (OAA)	€59.89	8,000	/	/	/	8,000
January 9, 2007 (OAA)	€87.40	0	16,375	/	/	16,375
TOTAL		**33,000**	**16,375**	**12,000**	**/**	**37,375**

Options allocated and exercised during 2006/2007 concerning the ten company employees who are not officers and who were awarded the largest number of share options[1]

Options granted during 2006/2007 (general information)

Number of options granted	Price	Expiry date
29,000	€87.40	10/01/2017

Options exercised during 2006/2007 (general information)

Number of options exercised	Price
2,000	€15.24
5,075	€47.00
10,000	€44.00

(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.

Plans to allocate free shares

General Meeting and Board Meeting	Total number of shares allocated	Start of the acquisition period/Start of the retention period/ Duration of the retention period	Total number of recipients	Conditions and criteria of allocation	Source of the shares to be allocated
March 10, 2005 January 9, 2007	16,010	January 9, 2007 January 10, 2009 2 years	9	Performance conditions	Treasury stock
March 10, 2005 January 9, 2007	11,035	January 9, 2007 January 10,2009 2 years	2,207	Attendance conditions(*)	Shares to be issued
March 10, 2005 January 7, 2008	13,010	January 7, 2008 January 8, 2010 2 years	8	Performance conditions	Treasury stock

(*) Allocation intended for members of salaried personnel (excluding Center Parcs) on permanent contract on January 9, 2007 (excluding trial period).

Allocations of free shares during 2006/2007 concerning officers of the company (named list)

	Number of shares allocated
Eric Debry(*)	2,510
Patricia Damerval	1,500
Thierry Hellin	1,500

(*) According to the terms of the act of 30/12/2006 to develop employee profit-sharing and shareholding, the Board decided that Eric Debry should retain nominally 10% of the shares arising from the exercise of the share purchase options that were granted to him and this will apply until he ceases to be Deputy Chief Executive Officer of Pierre & Vacances SA.

Free shares allocated during 2006/2007 to the first ten company employees who are not officers (general information)

10,500

SUMMARY OF COMPANY SHARE TRANSACTIONS

The summary of trading in the Company's shares, as specified in Article L. 621-18-2 of the Monetary and Financial Code[1], during the last year:

Person concerned	Type of transaction	Number of shares
Martine Balouka	Subscription-disposal	10,000
Patricia Damerval	Subscription-disposal	2,000
Patricia Damerval	Subscription-disposal	10,000
Isabelle de Wavrechin	Subscription	1,000

(1) Trades made in the Company's shares by the directors, similar persons and their families.

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 February 15, 2007, 13,739 shares (of which 8,664 were part of the AFEI liquidity agreement) were bought at an average price of €101.42 during the year ending September 30, 2007.

Furthermore, during the year ending September 30, 2007, 7,114 shares were sold at an average price of €106.78 as part of the AFEI agreement.

Using the authorisations granted by the General Meeting of March 11, 2004, and by the General Meeting of March 10, 2005, the Board, on September 26, 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. To date, 26,000 options are valid with 2,000 options having been cancelled.

Using the authorisations granted by the General Meeting of March 2, 2006, the Board, on July 21, 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. To date, 12,500 options are valid with 4,000 options having been cancelled.

Using the authorisations granted to it by the General Meeting of March 2, 2006, the Board of Directors, on January 9, 2007, instituted a Pierre & Vacances share purchase option plan relating to 46,875 shares, for senior executives with Group responsibility. This plan covers 46,875 of the company's own shares, granted as purchase options to 19 beneficiaries at €87.40 each. The allocation price of the options reflects the average Pierre & Vacances SA share price during the 20 stock market sessions preceding the launch of the plan, less a discount of 5%. To date, 46,875 options are still valid.

On September 30, 2007, the company held 83,144 shares in treasury stock, of which 2,450 were part of the AFEI agreement and 80,694 were due to the buy-back programme.

The 80,694 shares held under the buy-back programme are allocated to the plans above.

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 February 15, 2007 authorising a share buy-back programme expires on August 15, 2008, a new authorisation is being put to the General Meeting of February 14, 2008.

As at January 8, 2008, the Company holds 84,480 shares of which 3,086 are due to the AFEI liquidity agreement.

Change in share capital over the last five years

Date	Transactions	Par value	Transaction amount	Issue premium	Total share capital	Total number of shares outstanding
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

Date	Transactions	Par value	Transaction amount	Issue premium	Total share capital	Total number of shares outstanding
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
05-07	Capital increase following the exercise of options to subscribe for shares on 15/03/07, 02/04/07, 23/04/07, 24/04/07 and 22/05/07	10	21,825	747,525	88,066,610	8,806,661
09-07	Capital increase following the exercise of options to subscribe for shares on 06/06/07 and 18/06/07	10	4,250	109,610	88,109,110	8,810,911

Change in share capital and voting rights during the last three years

Shareholders	Situation at September 30, 2005			Situation at September 30, 2006			Situation at September 30, 2007(*)		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
SITI	4,408,011	50.27	50.22	4,407,991	50.19	67.00	4,411,241	50.06	66.53
Directors	95	-	-	105	-	-	105	-	-
Treasury stock	34,648	0.40	-	76,519	0.87	-	83,144	0.94	0.63
Public	4,326,344	49.34	49.77	4,297,221	48.93	33.00	4,316,421	48.99	32.84
of which employees (Pierre & Vacances FCPE)	*46,691*	*0.53*	*1.06*	*39,041*	*0.44*	*0.59*	*30,616*	*0.35*	*0.46*
TOTAL	**8,769,098**	**100**	**100**	**8,781,836**	**100**	**100**	**8,810,911**	**100**	**100**

(*) Article 223-11 of the General Regulations of the Autorité des Marchés Financiers provides that, to calculate the shareholdings, the total number of voting rights is calculated on the basis of all the equities to which voting rights are attached, including equities whose voting rights have been suspended.

DECLARATION THAT A THRESHOLD HAS BEEN EXCEEDED

On June 18, 2007, the SITI "R" civil partnership, controlled by Gérard Brémond, declared that, on June 13, 2007, it had, individually and indirectly through SITI SA, which it controls, exceeded the 50% threshold of capital and voting rights of Pierre & Vacances SA, and held 4,409,241 shares representing 8,813,031 voting rights, or 50.06% of the share capital and 66.55% of the voting rights of that company.

OWNERSHIP OF SHARES AND VOTING RIGHTS

On January 8, 2008, the estimated shareholder structure of Pierre & Vacances was as follows:

	Number of shares	% of capital	Value of stake on 8 January 2008 *(in thousands of euros)*	Number of voting rights	% of voting rights
SITI[1]	4,414,981	50.11	373,816	8,820,972	66.59
Directors	115	-	10	211	/
Shares in treasury stock	84,480	0.96	7,153	84,480	0.64
- of which shares acquired in the buy-back programme	81,394				
- of which shares acquired in the liquidity agreement	*3,086*				
Public[2]	4,311,335	48.93	365,041	4,341,392	32.77
TOTAL	**8,810,911**	**100**	**746,020**	**13,247,055**	**100**

(1) 81.51% of SITI SA is directly owned by SCI SITI «R», 89.99% of the latter being owned by Gérard Brémond.
(2) Including employees (Pierre & Vacances FCPE: 29,566 shares or 0.33% of the capital).

The company has taken a number of measures to prevent the control exerted by SITI SA from being abusive (see the Chairman's report on the organisation of the Board and internal control procedures in 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:

- SITI SA directly holds more than half of the share capital and more than two thirds of the rights to vote at general meetings;

SCI SITI "R" indirectly holds more than half of the share capital and more than two thirds of the rights to vote at general meetings.[1]

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 0.35% of the capital on September 30, 2007 (representing 30,616 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 this agreement. The special profit-sharing reserve for the Group profit-sharing agreement stands at €18,687 for 2006/2007.

For previous years, the amounts paid for Group profit-sharing were:

For 2005/2006	€555,446
For 2004/2005	€245,759
For 2003/2004	€1,884,249
For 2002/2003	€3,290,608

(1) To calculate the shareholdings, as the total number of voting rights is calculated on the basis of all the equities to which voting rights are attached, including equities whose voting rights have been suspended, SA SITI and SCI SITI "R" are under the two thirds threshold for the voting rights, whereas both companies hold more than two thirds of the voting rights at general meetings.

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[1]	Par value	Net dividend	Tax credit	Gross dividend
2001/2002	8,501,250	€4	€1.00	€0.50	€1.50
2002/2003	8,566,190	€10	/[2]	/	/
2003/2004	8,653,160	€10	€1.80	/	/
2004/2005	8,723,020	€10	€1.50	/	/
2005/2006	8,706,207	€10	€2.50	/	/

(1) Number of shares eligible for dividends for the year.

(2) 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 14, 2008 will be asked to approve a dividend of €2.70 per share, or 36% of the net current attributable income for 2006/2007.

Financial instrument pledges granted involving Pierre & Vacances SA shares

Name of shareholder recorded on the purely nominee account	Beneficiary	Pledge start date	Pledge maturity date	Number of shares pledged
SITI SA	CALYON	July 30, 2007	July 30, 2012	451,808 or 5.12% of the issuer's share capital

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 250, 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 High	Adjusted high/low Low
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
January 07	276,138	25.36	94.90	84.30
February 07	264,638	26.99	107.30	93.60
March 07	152,967	15.65	104.89	93.55
April 07	195,277	20.17	110.00	99.97
May 07	192,275	21.24	118.00	104.76
June 07	275,782	31.09	118.00	107.50
July 07	194,733	22.15	117.90	106.50
August 07	473,796	47.88	110.83	90.20
September 07	151,283	15.85	109.00	97.11
October 07	282,912	27.44	104.84	90.24
November 07	270,859	23.89	94.50	81.88
December 07	256,569	23.34	95.90	86.09

(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 2006/2007 as presented in this document and during the Annual General Meeting of February 14, 2008.

Appropriation of earnings

Net of all charges, taxes and amortisation, the parent company financial statements show a net profit of €81,928,715.23.

It is proposed that this profit be appropriated as follows:

- Income for the year €81,928,715.23
- Plus retained earnings from the previous year €403,027,160.44

Making a total of €484,955,875.67

- to the statutory reserve €29,075.00
- to shareholders in dividends €23,789,459.70
- to retained earnings €461,137,340.97

The dividend for the year is therefore €2.70 per share.

The dividend will be payable on February 25, 2008.

Following this appropriation of earnings, shareholders' equity will break down as follows:

- share capital €88,109,110.00
- additional paid-in capital €8,648,595.43
- merger premiums €2,728.36
- statutory reserve €8,810,911.00
- other reserves €2,308,431.46
- retained earnings €461,137,340.97

Total €569,017,117.22

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 or shares(*)	Par value	Amount distributed	Net divided per share	Distribution eligible for reduction as in Article L. 158-3-2 of CGI(**)
2005/2006	8,706,207	€10	€21,765,517.50	€2.50	€21,765,517.50
2004/2005	8,723,020	€10	€13,084,530.00	€1.50	€13,084,530.00
2003/2004	8,653,160	€10	€15,575,688.00	€1.80	€15,575,688.00

(*) Number of shares eligible for dividend for the year.
(**) CGI : General Tax Code.

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 Tourisme Europe SA

On March 29, 2007, 577,065 Pierre & Vacances Tourisme Europe shares were allocated to Pierre & Vacances SA, because of the early winding-up, without liquidation, of Pierre & Vacances Maeva Tourisme into Pierre & Vacances SA.

Pierre & Vacances Investissement XXXVIII SAS

On July 23, 2007, at the time of the creation of Pierre & Vacances Investissement XXXVIII SAS, Pierre & Vacances SA subscribed for 3,812 shares at a par value of €10, or 100% of the capital.

Newcity Aparthotels SAS

On August 3, 2007, at the time of the creation of Newcity Aparthotels SAS, Pierre & Vacances SA subscribed for 5,000 shares at a par value of €100, or 50% of the capital.

Significant disposals

During the last financial year, the company disposed of the following investments:

Domaine Skiable de Valmorel SAS

On October 3, 2006, Pierre & Vacances SA sold to Société Financière de Val d'Isère (Sofival) 50,000 shares in Domaine Skiable de Valmorel SAS, or 25% of the capital, for €2,772,594.06.

Pierre & Vacances Maeva Tourisme SA

On March 29, 2007, Pierre & Vacances SA, the sole partner, decided on the early winding-up, without liquidation, of Pierre & Vacances Maeva Tourisme SA. This transaction took place on April 30, 2007.

Pierre & Vacances Investissement XXV

On April 27, 2007, Pierre & Vacances SA sold 3,812 shares in Pierre & Vacances Investissement XXV SAS (or 100% of the capital) to Pierre & Vacances Immobilier Holding SAS, for a total of €33,859.89.

Pierre & Vacances Investissement XXVII

On July 11, 2007, Pierre & Vacances SA sold 3,812 shares in Pierre & Vacances Investissement XXVII (or 100% of the capital) to VMF La Moselle GmbH, for a total of €38,120.

Pierre & Vacances Investissement XXIV

On August 31, 2007, Pierre & Vacances SA sold 3,812 shares in Pierre & Vacances Investissement XXIV (or 100% of the capital) to Pierre & Vacances Immobilier Holding SAS (previously Pierre & Vacances Investissement XXV) for a total of €66,256.

Significant investments and disposals since the year-end

Pierre & Vacances Investissement XXX

On November 6, 2007, Pierre & Vacances SA sold 3,812 shares in Pierre & Vacances Investissement XXX SAS (or 100% of the capital) to Pierre & Vacances Investissement XXIV, for a total of €38,120.

Attendance fees

The Meeting is asked to approve €150,000 in attendance fees to be paid to members of the Board of Directors for 2007/2008, 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

None.

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.

Share buy-back programme

Since the authorisation given by the General Meeting of February 15, 2007 is valid until August 15, 2008, 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 February 15, 2007 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 26, 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 February 14, 2008 is available for shareholders to examine at the Company's head office and on the group's financial website (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

As at 8 January, 2008, the Company holds 84,480 of its own shares, or 0.96% of the capital:

- 3,086 shares as part of the AFEI liquidity agreement;
- 26,000 shares were allocated to the share purchase option plan of September 26, 2005;
- 12,500 shares were allocated to the share purchase option plan of July 21, 2006;
- 42,894 shares were allocated to the share purchase option plan of January 9, 2007.

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) to grant free shares and/or purchase options to officers of the company and to employees, or to sell shares to employees in the context of sharing in the benefits of the Company's expansion, employee shareholding plans or company savings plans;
3) issue shares on the exercise of rights attached to short-term investments giving access to the company's capital by redemption, conversion, exchange, presentation of warrants or any other means;
4) 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;
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 8th January, 2008, 881,091 shares at a par value of €10 each. Because of the 84,480 shares already held in treasury stock on 8th January, 2008, the maximum number of shares that may be acquired as part of this buy-back programme is therefore 796,611, reflecting a theoretical maximum investment of €103,559,430 on the basis of the maximum buying price of €130 specified in the 6th resolution put to the vote of the General Meeting on February 14, 2008. 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 February 14, 2008, that is until August 14, 2009.

Transactions made to buy, sell or transfer, as part of the previous buy-back programme

Number of shares forming the issuer's capital at the beginning of the programme	8,784,836
Capital owned directly or indirectly by the company at the beginning of the programme (shares + percentage)	76,519 / 0.87%
Information gathered since the beginning of the programme to 8th January 2008	
Number of shares purchased	17,268
Number of shares sold	9,307
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 8th January, 2008 (shares + percentage)	84,480 / 0.96%
Book value of the portfolio on 8th January, 2008	5,984,769.07
Market value of the portfolio on 8th January, 2008	7,152,921.60

EXTRACT FROM THE BOARD 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 6th 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 7th 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 February 15, 2007.

Authorisation for 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.

The Board of Directors will be authorized to set the issue price in compliance with the applicable legal and regulatory requirements.

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 annual 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 February 15, 2007.

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 February 15, 2007.

Authorisation for the Board of Directors to grant options to subscribe for or purchase shares

Reasons for opening a new plan of options to subscribe for or purchase shares

You are reminded that the Combined General Meeting of March 2, 2006, in its Extraordinary part, authorised the board of Directors to grant, on one or more occasions, to the benefit of the corporate officers and members of staff, options giving entitlement to subscribe for new shares in the Company or to buy existing shares in the Company originating from the purchases made by it, up to a limit of 100,000 options.

The balance of options to be allocated to this plan being 2,250 options, it appears necessary to renew the policy pursued concerning the allocation of shares to employees and to submit to the General Meeting a plan of the same kind as the previous plans.

Method of setting the price

The Meeting is asked to approve a new plan of options to subscribe for or purchase shares covering 100,000 options and to authorise the Board of Directors to set the subscription or purchase price at a price at least equal to 95% of the average of the market prices quoted in the 20 stock market sessions preceding the date of allocation to these beneficiaries by the Board.

This authorisation will mean that you renounce, to the benefit of the beneficiaries of the subscription options, the shareholders' preferential right to subscribe to the shares that are to be issued.

The maximum validity period for the options is set at ten years.

Your Board of Directors will inform the General Meeting every year of the transactions made under this authorisation.

This authorisation shall supersede the previous authorisation given by the Extraordinary General Meeting of March 2, 2006, for the remainder of the unallocated options.

(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.

Authorisation for the Board of Directors to allocate free shares

You are asked to authorise your Board of Directors, under Articles L. 225-197-1 and L. 225-197-2 of the French Commercial Code, to grant free shares that already exist or are to be issued to officers of the company and to certain members of salaried personnel.

The total number of shares that may be granted free by virtue of this authorisation may not exceed 1% of the capital.

By virtue of this authorisation, the Board of Directors shall have all powers to determine the identity of the beneficiaries of these allocations and, where appropriate, to set the criteria for allocation.

This authorisation shall be valid for 38 months.

Your Board of Directors shall inform the General Meeting every year of the transactions made under this authorisation.

This authorisation shall supersede the previous authorisation given by the Extraordinary General Meeting of March 10, 2005.

Authorisation for the Board of Directors to issue share subscription warrants reserved for a category of people

You are asked to authorise your Board of Directors, under Articles L. 225-129-2, L. 225-138 and L. 228-91 of the French Commercial Code, to issue share subscription warrants, with cancellation of the preferential subscription rights for the benefit of officers or non-officers and for the employees of the Company and of companies affiliated thereto within the meaning of Article L. 223-16 of the French Commercial Code.

The total par value of the shares that can be issued by virtue of this authorisation may not exceed €1,500,000.

The subscription price for the shares to which the warrants give entitlement shall be equal to the average of the closing prices for the company's shares in the 20 stock market sessions preceding the day on which the decision to issue the warrants is taken.

By virtue of this authorisation, the Board of Directors shall have all powers to determine the identity of the beneficiaries of these allocations.

This authorisation shall be valid for 18 months.

Changes to be made to the Company by-laws

The Company's by-laws need to be harmonised with the requirements of decree No. 2006-1566 of December 11, 2006 which modifies decree No. 67-236 of March 23, 1967 on trading companies, and with the requirement of act No. 2005-842 of July 25, 2005 for the confidence and modernisation of the economy.

Accordingly, various by-law modifications are proposed concerning the Board Meeting using telecommunication means in addition to videoconference means, the provision of proof of being a shareholder for the purpose of attending a general meeting, the participation of shareholders in meetings by videoconference or telecommunication and teletransmission means including the Internet, and new quorum rules.

Resolutions put to the Combined General Meeting of February 14, 2008

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 30, 2007, 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 past year.

SECOND RESOLUTION

The General Meeting resolves to appropriate the income for the year, reflecting the net profit of €81,928,715.23, plus retained earnings from the previous year to the value of €403,027,160.44, making a total of €484,955,875.67, as follows:

- to the statutory reserve €29,075.00;
- to the shareholders in dividends €23,789,459.70;
- to retained earnings €461,137,340.97.

The dividend to be distributed for the year is therefore €2.70 per share. This dividend will be payable on February 25, 2008.

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(*)	Par value	Amount distributed	Net dividend per share	Distribution eligible for reduction as in Article L. 158-3-2 of CGI(**)
2005/2006	8,706,207	€10	€21,765,517.50	€2.50	€21,765,517.50
2004/2005	8,723,020	€10	€13,084,530.00	€1.50	€13,084,530.00
2003/2004	8,653,160	€10	€15,575,688.00	€1.80	€15,575,688.00

(*) Number of shares eligible for dividend for the year.
(**) CGI : General Tax Code.

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 30, 2007, 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 30, 2007 show a consolidated turnover of €1,550.3 million and a net attributable consolidated profit of €75,199 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, notes that no new agreement has been entered into during the financial year and that an agreement approved in previous years continued to apply.

SIXTH 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 provided 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 €130 per share (excluding purchase expenses).

As an indication, the maximum amount that the Company would be likely to pay if it purchased at the maximum price of €130, would be €103,601,420 based on the share capital at December 31, 2007, taking account of the Company's treasury stock held at that date.

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 decreasing priority order) to:

1) give impetus to the market through a liquidity contract according to the Compliance Charter of the AFEI;
2) grant free shares and/or purchase options to officers of the company or to employees, or to sell shares to employees in the context of sharing in the benefits of the Company's expansion, employee shareholding plans or company savings plans;
3) issue shares on the exercise of rights attached to short-term investments giving access to the company's capital by redemption, conversion, exchange, presentation of warrants or any other means;
4) 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;
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 subdelegate, 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 February 15, 2007.

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)

SEVENTH RESOLUTION

(Granting authority 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 sixth 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.

The present authorisation supersedes the previous authorisation given by the Extraordinary General Meeting of February 15, 2007 which was not used and which is thereby replaced.

EIGHTH 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 February 15, 2007 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 proportionally 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 regulation,
  - 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 February 15, 2007.

NINTH 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 February 15, 2007 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 eighth 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 eighth 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 eighth resolution above.

This authorisation supersedes the previous unused authorisation given by the Extraordinary General Meeting of February 15, 2007.

TENTH 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 February 15, 2007 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 Chairman and 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 eighth and ninth 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 values defined in the fourth paragraph of the eighth and ninth resolutions.

This authorisation is valid for the same duration as that of the eighth and ninth 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 February 15, 2007 which was not used.

ELEVENTH 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 February 15, 2007 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 February 15, 2007 which was not used.

TWELFTH 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 February 15, 2007 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.

According to the requirements of act No. 1770-2006 of December 30, 2006 on developing profit-sharing and employee shareholding, the transactions envisaged as part of this resolution may also take the form of selling shares to members of the Company Savings Plan of the Pierre & Vacances group under the terms set by the law.

The present authorisation supersedes the previous authorisation given by the Extraordinary General Meeting on February 15, 2007 which was not used.

THIRTEENTH RESOLUTION

(Authorisation to grant managers of the company and certain members of staff options to subscribe for or purchase shares)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having heard the report of the Board of Directors and the special report of the Statutory Auditors authorises the Board of Directors to grant, on one or more occasions, to the benefit of the directors of the company and members of staff - or of some of them - options giving entitlement to subscribe for new shares in the company or to purchase existing shares in the company arising from purchases made by it.

By virtue of the present authorisation, the Board of Directors will be able to grant the said options:

- either to the directors of the company;

- or for the benefit of the members of salaried personnel of the companies or economic interest groups of which at least 10% of the capital or the voting rights are held directly or indirectly by the Company;
- or for the benefit of the members of salaried personnel of the companies or economic interest groups holding, directly or indirectly, at least 10% of the capital or voting rights of the Company;
- or for the benefit of members of salaried personnel of the companies or economic interest groups of which at least 50% of the capital or voting rights are held, directly or indirectly, by a company itself holding, directly or indirectly at least 50% of the capital of the Company.

The Board of Directors may make use of this authorisation, on one or more occasions, during a period of 38 months starting from this Meeting.

The total number of options granted by virtue of the present authorisation may not give entitlement to subscribe for or purchase more than 100,000 shares.

The deadline for exercising the options may not exceed ten years from the date of allocation of the options by the Board of Directors. This decision comprises, for the benefit of the beneficiaries of subscription options, express renunciation by the shareholders of their preferential right to subscribe for the shares that will be issued as and when the options are exercised.

The subscription or purchase price for the shares subject to options shall be the price set by the Board of Directors on the day the options are granted, within the limit of a maximum discount of 5% from the average of the prices quoted during the 20 stock market sessions preceding the decision to allocate.

The price may be modified only if the Company carries out a financial transaction during the period of exercise of the options. In this case, the Company shall make an adjustment to the number and price of the options within the terms prescribed by the law.

All powers are given to the Board of Directors acting under the above conditions to grant the abovementioned options to subscribe for or purchase shares, to set the terms and modalities according to the law, to designate the beneficiaries thereof and for this purpose to carry out all the necessary formalities.

All powers are given to the Board of Directors to implement these purchase or subscription options, according to the law and, in general, to decide and carry out all the necessary transactions and formalities.

This authorisation supersedes the preceding authorisation given by the Extraordinary General Meeting of March 2, 2006 for the remainder of the unallocated options.

FOURTEENTH RESOLUTION

(Allocation of free shares)

The Extraordinary General Meeting, after having heard the report of the Board of Directors and the special report of the Statutory Auditors, authorises the Board of Directors to allocate free shares, existing or to be issued, to the officers of the company and certain members of salaried personnel, according to articles L. 225-197-1 and L. 225-197-2 of the French Commercial Code.

The total number of shares that can be allocated free by virtue of this authorisation may not exceed 1% of the total number of shares forming the share capital.

By virtue of the present authorisation, the Board of Directors shall be able to allocate these shares free:

- to the officers of the company;
- or to members of salaried personnel of the companies or economic interest groups of which at least 10% of the capital or the voting rights are held directly or indirectly by the Company;
- or to members of salaried personnel of the companies or economic interest groups holding, directly or indirectly, at least 10% of the capital or voting rights of the Company;
- or to members of salaried personnel of the companies or economic interest groups of which at least 50% of the capital or voting rights is held, directly or indirectly, by a company itself holding, directly or indirectly at least 50% of the capital of the Company.

The Extraordinary General Meeting agrees that:

- the period of acquisition, after which the rights resulting from the free allocations will be converted into shares registered in nominal form in the name of the beneficiaries, shall be at least two years;
- the period for which the beneficiaries shall be obliged to retain the shares shall be set to at least two years from the end of the acquisition period;
- the Board of Directors shall be able to increase the length of the acquisition period and the obligatory retention period.

The allocated free shares may consist of existing shares or new shares. In the latter case, the registered capital shall be increased proportionally by incorporation of reserves, profits or additional paid-in capital.

Since the decision to allocate free shares lies with the Board of Directors, the latter shall determine the identity of the beneficiaries of the share allocations, shall set the terms, and, where appropriate, the criteria for allocation of shares and the conditions of presence on expiry of the acquisition period.

The Board of Directors may make use of this authorisation, on one or more occasions, during a period of thirty-eight months starting from this Meeting.

The Extraordinary General Meeting confers all powers on the Board of Directors, with the authority to subdelegate according to law, in order to apply the present authorisation and in particular to:

- determine whether the free shares are shares to be issued or are existing shares;
- to determine the identity of the beneficiaries of the share allocations;
- to increase, as appropriate, the capital by the incorporation of reserves, profits or additional paid-in capital in order to issue free shares;
- to set the terms and, as appropriate, the criteria for allocation of the shares;
- for free shares granted to the officers of the company, either to decide that the free shares may not be transferred by the recipients before the cessation of their term of office, or to set

the quantity of free shares that they must retain in nominal form until the end of their term of office;

- as appropriate, in order to preserve the rights of the beneficiaries, to adjust the number of free shares in line with any transactions made in the capital of the company;
- and more generally, to conclude all agreements, produce all documents, make capital increases following final allocations, modify as appropriate the by-laws as a consequence, request the admission of the new shares to trading on the Eurolist market of Euronext or any other regulated market, carry out all formalities and make all declarations to all organisations and, more generally, do all that is necessary.

The General Meeting takes formal note that this authorisation forthwith involves renunciation by the shareholders of the portion of the profits, reserves and premiums which, if necessary, might be used for the issue of new shares.

This authorisation supersedes the preceding authorisation given by the Extraordinary General Meeting of March 10, 2005.

FIFTEENTH RESOLUTION

(Authority for the Board of Directors to issue share subscription warrants reserved for a category of people)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having heard the report of the Board of Directors and the special report of the Statutory Auditors, and according to the requirements of Articles L. 225-129-2, L. 225-138 and L. 228-91 of the French Commercial Code:

- delegates to the Board of Directors the necessary power to, on one or more occasions, in the proportions and at the times that it deems fit, in France or abroad, issue share subscription warrants (BSA) with cancellation of preferential subscription rights to a category of people defined below;
- sets at eighteen months the period of validity of this delegation, beginning from the day of this meeting;
- decides that the total par value of the shares able to be issued by virtue of this delegation may not exceed €1,500,000;
- decides that the subscription price for the shares to which the warrants give entitlement shall be equal to the average of the closing prices for the company's shares in the 20 stock market sessions preceding the day on which the decision to issue the warrants is taken;
- decides to remove the preferential subscription rights of the shareholders to the BSAs to be issued, for the benefit of the following category of people: the directors, whether or not officers, and employees of the company and of the companies affiliated to it under the meaning of Article L. 233-16 of the French Commercial Code;
- notes that this delegation involves renunciation by the shareholders of their preferential rights to subscribe for the company's shares that are able to be issued on exercise of the warrants for the benefit of the BSA holders;
- decides that the Board of Directors shall have all the necessary powers, under the terms set by law and specified below, to issue BSAs and in particular:
  - to set the precise list of beneficiaries within the category of people defined above, the number of warrants to be allocated to each of them, the number of shares to which each warrant shall give entitlement, the issue price of the warrants and of the shares to which the warrants give entitlement under the terms provided above, the terms and deadlines for subscription and exercise of the warrants, their modalities of adjustment, and more generally all the conditions and modalities of the issue,
  - to establish an additional report describing the final terms of the transaction,
  - to decide on the capital increase that may arise from the exercise of the BSAs and make the appropriate modification to the by-laws,
  - on its initiative only, to charge the expenses of the capital increases to the premiums relating thereto and deduct from this amount the sums necessary to take the legal reserve to a tenth of the new capital after each increase,
  - to itself grant the Chairman and Chief Executive Officer the necessary powers to carry out the capital increase, and defer the latter within the limits and according to the modalities that the Board of Directors may set in advance,
  - and more generally to do all that is necessary to implement this resolution.

SIXTEENTH RESOLUTION

(Modification of Article 11 of the by-laws "Board of Directors - Chairman - Chief Executive and Deputy Chief Executive Officers", on the means to be used for participating in Board Meetings)

The Extraordinary General Meeting, after having heard the report of the Board of Directors, decides to modify the 9th paragraph of Article 11 of the by-laws by adding the possibility for the directors to participate in Board Meetings by any telecommunication means.

Consequently, the Extraordinary General Meeting decides to draft the 9th paragraph of Article 11 of the by-laws as follows:

«The Board meets at the head office or in any other location of the same town, at the invitation of its Chairman, as frequently as the interests of the company require. The directors may also participate in the deliberations of the Board by videoconference or telecommunication means that allow them to be identified and that ensure their effective participation. They are then considered to be present for the calculation of the quorum and majority. This method may however not be used for the following decisions: the appointment or dismissal of the Chairman, of the Chief Executive Officer, of the Deputy Senior Managers, and the setting of their remuneration, the establishment of the annual financial statements and the management report, the establishment of the consolidated financial statements and of the report on the group's management, if it is not included in the annual report.»

The rest of the article remains unchanged.

SEVENTEENTH RESOLUTION

(Modification of Article 16 of the by-laws: moving into line with Decree N° 2006-1566 of December 11, 2006 modifying Decree N° 67-236 of March 23, 1967 on trading companies)

The Extraordinary General Meeting, after having heard the report of the Board of Directors, decides:

- to modify the 1st paragraph of Article 16.5 to read as follows:

  "Any shareholder is entitled to attend the Meetings personally or by proxy, on providing proof of his identity and of the ownership of the shares, in the form and location indicated in the notice of meeting, no later than three working days before the date on which the General Meeting is held, at zero hours, Paris time."

- and to insert between the 1st paragraph and the 2nd paragraph of the same article, the following new paragraph:

  "On the decision of the Board of Directors, shareholders may attend the Meeting by videoconference or vote by any telecommunication and teletransmission means including the Internet, under the terms provided by the applicable regulations at the time of its use. This decision is communicated in the notice of meeting published in the Bulletin des Annonces Légales Obligatoire (BALO)".

The rest of the article remains unchanged.

EIGHTEENTH RESOLUTION

(Modification of Articles 17 and 18 of the by-laws: coming into line with Act N° 2005-842 of July 25, 2005 for the confidence and modernisation of the economy, on the new quorum rules)

The Extraordinary General Meeting, after having heard the report of the Board of Directors, decides to modify:

- Article 17.1 to read as follows:

  "The Ordinary General Meeting must, in order to deliberate validly, consist of a number of shareholders representing at least a fifth of the shares with voting rights; failing this, the Meeting is reconvened. In this second meeting, the decisions are validly taken irrespective of the number of shares present or represented; they may relate only to the questions on the agenda of the first meeting. The deliberations are subject to the majority of the votes held by the shareholders present or represented." The rest of the article remains unchanged.

- the 1st paragraph of Article 18.1 to read as follows:

  "Extraordinary General Meetings are regularly held and deliberate validly only if the shareholders present or represented have at least, on the first notice of meeting, a quarter and on the second notice of meeting, a fifth, of the shares with voting rights." The rest of the article remains unchanged.

NINETEENTH RESOLUTION

(Powers for the formalities)

The General Meeting grants all powers to the bearer of an original, an extract or a copy of the minutes of this meeting to accomplish all the formalities provided by law.

Persons responsible for auditing the financial statements and the reference document

STATUTORY AUDITORS

Principal Auditors:

ERNST & YOUNG & Autres
Bruno BIZET
41, rue Ybry – 92576 NEUILLY SUR SEINE
First appointed by the General Meeting of May 29, 1990
Reappointed for six years by the General Meeting of March 11, 2004

AACE – ILE DE FRANCE
Michel RIGUELLE
10, rue de Florence – 75008 PARIS
First appointed by the General Meeting of October 3, 1988
Reappointed for six years by the General Meeting of March 11, 2004

Deputy Auditors:

Pascal MACIOCE
41, rue Ybry – 92576 NEUILLY SUR SEINE
First appointed by the General Meeting of March 11, 2004

Jean-Baptiste PONCET
10, rue de Florence – 75008 PARIS
First appointed by the General Meeting of March 11, 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 2006/2007. Regarding 2005/2006, the fees have been booked by anticipation of the services provided subsequently on the year end accounts.

	Ernst & Young & Autres				AACE – Ile-de-France			
	Amount		%		Amount		%	
(in thousands of euros)	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006
Audit								
Statutory Auditors services and certification of parent company and consolidated financial statements	388	1,119	85%	90%	125	374	100%	100%
Additional services	-	-	-		-	-	-	-
SUB-TOTAL	**388**	**1,119**	**85%**	**90%**	**125**	**374**	**100%**	**100%**
Other services								
Tax services	68	125	15%	10%	-	-	-	-
Other	-	-	-	-	-	-	-	-
SUB-TOTAL	**68**	**125**	**15%**	**10%**				
TOTAL	**456**	**1,244**	**100%**	**100%**	**125**	**374**	**100%**	**100%**

The annual and consolidated financial statements of the Center Parcs Europe sub-group for 2005/2006 and 2006/2007 have been audited by the auditors of the Ernst & Young network in the Netherlands, Germany and Belgium and by Ernst & Young & Autres in France.

Furthermore, the fees for the tax services cover the work done in 2005/2006 and 2006/2007 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 BREMOND, 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, January 28, 2008

Gérard Brémond,
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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