CLUB MÉDITERRANÉE

Interim Report 2010

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Management Report

Introduction

The interim consolidated financial statements at April 30, 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union at that date. The new standards and applicable interpretations effective November 1, 2009, have not had a material impact on the financial statements in first-half 2010.

In second-half 2009, the Group discontinued the operation of Club Med World.

In accordance with IFRS 5, the net income from this activity was reclassified on a separate line of the income statement. Operating Income – Leisure, which combined the activities of the villages and Club Med World, was replaced by Operating Income – Villages, which now includes the cost of credit cards.

The income statement at April 30, 2009 was restated in order to incorporate these two elements.

The figures presented in this interim management report include performance indicators calculated in constant currency, as opposed to the published data.

Significant Events

Operating margins improved despite a 5.5% drop in revenue and the €5.6 million impact on revenue of the ash cloud:

- Individual 4 and 5 Trident customers remained steady
- Increased margins: the EBITDA margin increased by 1.1 points to 9.1% of the winter revenue of the villages. The EBITDAR margin increased by 2 points and represents 20.8% of the revenue compared to 19.0% in winter 2009.
- Operating Income – Villages, which includes all revenue and expenses directly associated with the operation of the villages, totalled €28 million compared to €24 million in first-half 2009.
- Net income totalled €3 million compared to €(22) million in winter 2009.

Continuation of the upscale strategy

- The project to open two new villages under management contracts was completed: Sinai Bay in Egypt and Yabuli in China.
- Website sales increased to 16% of the revenue compared to 14% in winter 2009.
- Continuation of the development strategy in China through an enlargement of the distribution network and the study of new village opening plans.

Financing

- In December 2009, the Group signed a new medium term (3 years) €120 million line of credit. This line of credit replaced the preceding syndicated line of credit in the same amount which matured in June 2010.
- In April 2010, the Group also proceeded with a restructuring of the loan secured by a mortgage on the Club Med 2 cruise ship (see note 16.2 of the notes to the interim consolidated financial statements).

Consolidated Financial Results

Winter 2010 key figures

Financial highlights [1] (in €m)	Winter 08	Winter 09	Winter 10	Chg. W10 vs W09
Consolidated revenue				
Reported IFRS 5	749	719 [2]	679 [2]	-5.5%
Villages excluding currency effects	751	724	673	-7.1%
EBITDA Villages [3]	55	58	61	
As a % of revenue	*7.4%*	*8.0%*	*9.1%*	
Operating Income - Villages	**21**	**24**	**28**	+16.0%
Operating Income - Management of Assets	(9)	(20)	(3)	
Other Operating Income and Expense	(7)	(12)	(7)	
Operating income	5	(8)	18	
Net Income/(loss) before non-recurring items	(4)	2	8	
Net income/loss	**(9)**	**(22)**	**3**	
Investments	(60)	(34)	(22) [4]	
Disposals	15	12	2	
Free Cash Flow	(8)	(18)	21	
Net debt	(350)	(317)	(218)	

(1) In accordance with IFRS 5, figures are adjusted to exclude Club Med World
(2) Includes €6 m of revenue relating to management of assets (sale of Villas) in 2010 and €4 m in 2009
(3) EBITDA Villages: Operating Income Villages before interest, taxes, depreciation and amortization
(4) Net of insurance compensations of €5 m

Group revenue for first-half 2010 (November 1, 2009 to April 30, 2010) amounted to €679 million compared to €719 million in 2009, or a decline of 5.5% compared to winter 2009.

The revenue of villages excluding currency effects recorded €673 million compared to €724 million in winter 2009, down 7.1%, due to a decline of volumes for €39 million and a decline of the average price of transport for €12 million essentially related to the drop of fuel price.

EBITDAR, EBITDA and Operating Income – Villages increased despite a drop in revenue and the €3.7 million impact of the ash cloud at this level.

Operating Income – Villages was up 16%, rising from €24 million in winter 2009 to €28 million in winter 2010.

Operating Income - Management of Assets totalled €(3) million. Operating Income - Management of Assets includes the results of real estate management and in particular over this six-month period the costs of villages closed for renovation, the results of the real-estate promotion campaign, as well as the costs associated with development projects.

Other Operating Income and Expense, which totalled €(7) million, includes €(4) million in restructuring costs and incorporates €(2) million in costs associated with the impact of the ash cloud.

The total impact of the ash cloud over the period is €(5.6) million of which €(3.7) million not entered in Operating Income-Village corresponding to cancellations of stays over the winter, as well as €(1.9) million of additional costs of transfer and accommodation of clients detained in villages accounted for in "Other Operating Income and Expense".

Due to the rise in Operating Income – Villages and the limited amount of non-recurring items recorded under Operating Income – Management of Assets and Other Operating Income and Expense, operating income rose from €(8) million in winter 2009 to €18 million in winter 2010.

Net Income was €3 million in winter 2010 compared to €(22) million in winter 2009.

Free cash flow, or cash flow after taxes and financing costs, is a measure of cash flow generated by the Group's financial assets. It corresponds to net cash from operating activities less capital expenditures plus proceeds from asset disposals. Free cash flow is a positive €21 million in winter 2010, excluding the impact of the proceeds from disposals. It is recalled that Free cash flow in winter 2009 amounted to €(18) million.

Operating profitability

(in € m)	**Winter 07**	**Winter 08**	**Winter 09**	**Winter 10**
EBITDAR Villages	**108**	**130**	**136**	**140**
as a % of revenues	*15.7%*	*17.4%*	*19.0%*	*20.8%*
EBITDA Villages (1)	**42**	**55**	**58**	**61**
as a % of revenue	*6.1%*	*7.4%*	*8.0%*	*9.1%*
Operating Income Villages	**14**	**21**	**24**	**28**
as a % of revenues	*2.0%*	*2.9%*	*3.4%*	*4.1%*

(1) EBITDA Villages: Operating Income Villages before interest, taxes, depreciation and amortization

Operating Income - Villages before real estate costs, measured as EBITDAR, rose by nearly 3% to €140 million compared to €136 million during the preceding winter. As a percentage of the revenue, this operating margin improved by 5.1 points compared to 2007, rising from 15.7% to nearly 21% in winter 2010.

Village EBITDA increased by 1.1 percentage points compared to 2009, to amount to 9.1% of the revenue in winter 2010. Over 4 years, the EBITDA to revenue margin has risen 3 points, from 6.1% to 9.1%.

Business review

	Winter 08	Winter 09	Winter 10	Chg. W10 vs W09
Club Med Customers (in '000s)	626	587	**560**	- 4.5%
O/w 4/5 Tridents customers	*54.3%*	*61.7%*	***62.8%***	*+ 1.1 pt*
Hotel days sold (in '000s)	3 945	3 688	**3 521**	- 4.5%
Capacity in hotel days (in '000s)	5 521	5 143	**5 219**	+1.5%
O/w 4/5 Tridents capacity	*53.5%*	*61.7%*	***62.2%***	*+0.5pt*
Occupancy rate	71.5%	71.7%	**67.5%**	- 4.3 pt
RevPAB (1) per hotel days	106.5 €	109.3 €	**103.1 €**	- 5.7%
Revenue/hotel days	141.9 €	146.6 €	**146.4 €**	-0.1%
Revenue (in €m)	751	724	**673**	-7.1%
% Direct revenues (2)	*54.9%*	*55.6%*	***56.3%***	*+ 0.7pt*

Figures are presented excluding currency effects

(1) RevPAB: Total like-for-like Villages revenue, net of tax and transportation costs, per available bed

(2) Direct individual sales (Internet, Club Med Voyages, Call center) / individual sales worldwide

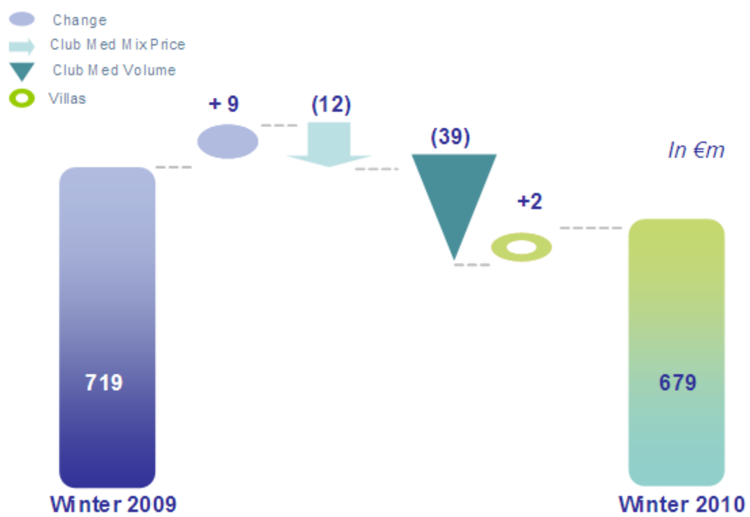
A 4.5% decline in volume, or a loss of 27,000 customers, was recorded for winter 2010. However, Club Méditerranée continues and confirms its upmarket strategy through the 1 point increase of its 4 and 5 Trident customer base.

A distinction should also be made between "individual" client trends (down 2%) and group trends (down 17%). Indeed, “Club Med Business” activity suffered a drop in demand from businesses affected by the financial crisis.

Revenue per available bed (RevPAB) is the key business indicator. It measures how well customers are embracing the strategy, taking into account the effect of price and occupancy rates. It corresponds to the revenue from vacation sales (excluding transportation) divided by total capacity. It declined by 5.7% over the period, as a result of a 4.3 point drop in occupancy rate, despite a stable average price. It amounts to €103.1 compared to €109.3 in winter 2009.

The share of revenue generated through the direct distribution channels rose nearly 1 point over winter 2009.

Consolidated revenue



Revenue totalled €679 million. It incorporates the revenue associated with the sale of the villas for an amount of close to €6 million.

The change in revenue over winter 2010 resulted mainly from the €39 million decline in volume and the €12 million decline in the price mix associated with the average cost of transportation.

Statement of income

(en €m)	Winter 08	Winter 09	Winter 10
Group Revenue (1)	**749**	**719**(2)	**679**(2)
Operating Income - Villages (3)	**21**	**24**	**28**
Operating Income - Management of Assets	(9)	(20)	(3)
Other operating income & expense	(7)	(12)	(7)
Operating income/(loss)	5	(8)	18
Finance cost, net	(14)	(12)	(11)
Share of profit of associates	0	1	2
Income taxe/benefit	(2)	(2)	(6)
Income/(loss) from discontinued operations	2	(1)	
Net income/(loss)	**(9)**	**(22)**	**3**
Attributable net income/(loss)	(10)	(24)	2

(1) In accordance with IFRS 5, Club Med World's results are recognized under Income/(loss) from discontinued operations

(2) Includes €6 m of revenue relating to management of assets (sale of Villas) in 2010 and €4 m in 2009

(3) Includes credit card costs of €(5.1)m in W 08, €(4.8)m in W 09 and €(5.0)m in W 10

Operating Income – Villages

in €m (1)	Winter 08	Winter 09	Winter 10
Revenue	751	724	673
Other revenue	3	2	6
Total revenue	**754**	**726**	**679**
Margin on variable costs	462	448	438
% revenue (2)	61.5%	61.9%	64.4%
Fixed sales & marketing costs	(102)	(95)	(89)
Fixed operating costs	(235)	(224)	(215)
Real estate costs	(90)	(93)	(95)
Overhead costs	(13)	(11)	(11)
Operating income -Villages	22	25	28

(1) figures are excluding currency effects

(2) adjusted for insurance settlements

	Winter 09	*Winter 08*
2009 & 2008 Op.income - Villages reported	24	21
Translation adjustments	1	1
2009 & 2008 Op.income - Villages	25	22
Volume effect	(18)	(40)
Change in price mix	8	16
Margin on variable costs	**(10)**	**(24)**
Fixed sales & marketing costs	6	13
Fixed operating costs	9	20
Real estate costs	(2)	(5)
Overhead costs	0	2
2010 Op. income - Villages	28	28
	Winter 10	*Winter 10*

Operating Income – Villages in constant currency increased by 16%, or €28 million in winter 2010 compared to €25 million in 2009.

The margin on variable costs rose to 64% of the resulting revenue due to:

- Effective management of all variable costs
- A favourable length of stay/transportation ratio
- Improvement in the transportation margin

The effects of the productivity plan (€18 million over winter 2010) are in particular visible on the fixed costs which decreased by €15 million compared to winter 2009:

- Commercial and marketing costs decreased by €6 million (or 6%). Total distribution costs, including both fixed and variable sales and marketing costs, represented 18.7% of revenue, compared to 18.8% in winter 09 and 19.5% in winter 08.
- Operating costs decreased by €9 million. In terms of capacity, this represents a drop of 4% resulting from productivity plans on organization and energy savings.
- Real estate costs only increased by 1.4%, in connection with the upscaling of the Djerba (Tunisia) and Tignes (French Alps) villages.

The financial impact of the ash cloud totalled €5.6 million taking into account nearly €2 million in expenses in Other Operating Income. Club Méditerranée recorded limited financial impact.

Operating Income – Villages by region and business

(in €m)	Winter 08	Winter 09	Winter 10
Europe	(1)	2	1 [(1)]
Americas	14	12	15
Asia	8	10	12
Total Villages	**21**	**24**	**28**
% of revenue	*2.9%*	*3.4%*	*4.1%*

The improvement of Operating Income – Villages mainly comes from America and Asia.

With €15 million in Operating Income - Villages, the results for America demonstrate that fundamental strategies were solid for this period of the year, while results for the low season still weigh heavily on the year's results.

Europe recorded an Operating Income - Villages of €1 million for winter 2010. The region suffered a €3.7 million loss in revenue due to the effects of the ash cloud.

Net income/(loss) before and after non-recurring items

(in €M)	**Winter 08**	**Winter 09**	**Winter 10**
Net Income/(loss) before non-recurring items	**(4)**	**2**	**8**
Income/(loss) from discontinued activities	2	(1)	0
Capital gains on sale of assets	2	(1)	0
Impairment/ write-off	(3)	(11)	(1)
Restructuring costs	(6)	(11)	(4)
Net Income / (loss)	**(9)**	**(22)**	**3**

Net income/(loss) for winter 2010 before non-recurring items was €8 million, compared to €2 million in winter 2009.

The €3 million net profit for winter 2010 incorporates €5 million in negative non-recurring items, notably €4 million in restructuring costs and €2 million in expenses associated with the ash cloud. It does not include the loss in revenue of €3.7 million due to the effects of the cloud.

Net Finance costs

(in € m)	Winter 08	Winter 09	Winter 10
OCEANES 2008 & 2010/ORANE	(11)	(5)	(5)
Other interest expenses	(5)	(7)	(5)
Interest Income excl. exchange gains and losses	(16)	(12)	(10)
Exchange gains and losses	1	0	(1)
Other Items	1	0	0
Finance cost, net	(14)	(12)	(11)
Average debt	(412)	(353)	(281)
Calculated cost of debt	7.7%	6.8%	7.3%
Cash cost of debt (excl. IFRS impact)	5.7%	5.7%	5.9%

Net finance costs increased, rising to €(11) million in winter 2010 compared to €(12) million winter 2009. Excluding the impact of exchange rates, it increased by €2 million.

This increase was mainly due to the €72 million drop in net average net debt and to the drop in interest rates.

The slight increase in cost of debt, despite a drop in interest rates, is due to the cost of setting up the new syndicated line of credit last December.

Cash Flow Statement

(in €m)	Winter 08 (1)	Winter 09 (2)	Winter 10
Net Income	(9)	(22)	3
Amortization	34	35	33
Others	2	7	7
Cash Flow	27	20	43
Change in working capital	10	(16)	(2)
Net cash from operating activities	37	4	41
Capital expenditure	(60)	(34)	(22) (4)
Disposals	15	12	2
Free Cash Flow	(8)	(18)	21
Change in cash and other	(6)	(4)	
Change in net debt (3)	(14)	(22)	21
Opening net debt	(336)	(295)	(239)
Closing net debt	(350)	(317)	(218)

(1) including Club Med World, Club Med Gym and Jet Tours
(2) including Club Med World
(3) increase in debt
(4) net of compensations of insurance of €5m

The rise in operating income and in finance cost, net entailed a sharp increase in cash flow to €43 million.

Considering the €22 million in net investments, the free cash flow is clearly improving, at €21 million in winter 2010 compared to €(18) million in winter 2009, despite the traditionally adverse seasonal effects of winter and the lack of asset disposals.

The forecasted net investments for 2010 are €40 million, including China and Valmorel. The forecasted capital expenditures for 2011 and 2012 are €50 million.

The relationship between net cash from operating activities and cash flows from the operating activities in the consolidated cash flow statement (p 22), is as follows:

(in €m)	04.30.09	04.30.10
Net cash from operating activities (cash flow statement)	4	41
Interest paid	17	8
Other	(7)	(4)
Cash flow from operating activities	14	45

Condensed Balance Sheet

Assets *(in €m)*	09.04	09.04 post emissions (1)	09.10	10.04
PPE	918	918	874	919
Intangible assets	83	83	83	84
Non current financial assets	95	95	90	93
Total non-currents assets	*1 096*	*1 096*	*1 047*	*1 096*
Government grants	(40)	(40)	(40)	(39)
Total	1 056	1 056	1 007	1 057

(1) Capital increase and ORANE in June 2009

Liabilities *(in €m)*	09.04	09.04 post emissions (1)	09.10	10.04
Equity incl. minority interests	442	533	492	549
Provisions	47	47	52	48
Deferred tax liabilities-net	29	29	25	31
Working capital	221	221	199	211
Net debt	317	226	239	218
Total	1 056	1 056	1 007	1 057
Gearing	71.7%	42.4%	48.6%	39.8%

Property, plant & equipment increased in April 2010 and returned to nearly €1.1 billion, their April 2009 level.

Currency impact on property, plant & equipment, which was highly negative in summer 2009, had a positive impact of €59 million during winter 2010.

The €23 million in capital expenditures partly offset the €33 million in depreciation and amortization expenses.

Property, plant & equipment net of debt in relation to the number of shares are close to €25 per share.

Shareholders' equity, including currency impact, was €549 million, or more than €19 million per share.

Working capital, a Club Méditerranée resource, was €211 million, or 15.8% of the revenue compared to 15.5% in April 2009.

Net debt was €218 million, and the debt ratio was less than 40%.

Financial ratios

	08.10	09.04	09.04 post emissions(3)	09.10	10.04	Covenant reminder
Liquidity	288 (1)	116	214	192	219	
Net debt	(295)	(317)	(226)	(239)	(218)	
Net Debt / EBITDA (as defined below) (2)	2.72	2.86	2.03	2.20	1.94	< 3.5
EBITDAR (as defined below) (2) / (Interest + rents)	1.51	1.52	1.52	1.53	1.56	> 1.25
Gearing	0.60	0.72	0.42	0.49	0.4	< 1

(1) €288 million at October 31, 2008 but €136 million after redemption of the OCEANE bond on November 4, 2008
(2) EBITDA/EBITDAR definied in the bank convenants = Ebitda/Ebitdar restated for credit card costs
(3) Capital increase and ORANE in June 2009

At April 30, 2010, the Group's total available cash was €219 million. A detailed analysis of liquidity appears in note 17.3.1 of the notes to the condensed interim consolidated financial statements.

The overall ratios have improved, including the net debt to EBITDA ratio which was 1.94 at April 30, 2010, compared to 2.20 at October 31, 2009.

Liquidity and sources of funding required to meet the Group’s commitments

The Group has the sufficient liquidity (cash and available bank lines) to meet its operating cycle and its investment plan for the 12 months ahead, based on an asset disposal plan totalling €50 million.

Subject to economic deterioration or should economic conditions lead to a substantially downward revision of operating estimates, or in the event that the asset disposal plan is not achieved, the Group could need to raise additional cash but within the limit set by the general undertakings of the credit lines' agreements. The Group is thus pursuing its policy of diversifying its funding and shoring up its cash position.

Related Party Transactions

There are no transactions between related parties other than those described in note 24 to the summary interim consolidated financial statements.

Subsequent Events

There were no significant events after the close of the period.

Recent developments and outlook for 2010 for the Club Méditerranée Group

Recent developments

On May 21, 2010 the Group signed a new 3-year partnership agreement with Transavia, a subsidiary of Air France, for the transportation of Club Méditerranée customers on medium-haul flights operated by Transavia France.

Under this agreement, Transavia France has now become Club Med's leading supplier for leisure-charter flights, representing 35% of French chartered flights.

On May 26, 2010 Club Méditerranée and Thomas Cook SAS announced the strengthening of their partnership and the signing of a new 3-year strategic agreement. The agreement provides for a marketing plan to boost the Club Med offer ring from summer 2010 and to secure the distribution of Club Med products within the Thomas Cook network, the Group's leading distributor since 1966.

GLG Partners

Following the declaration received on 5/20/2010, GLG announced that it had crossed the 10% capital threshold. With 2,937,338 shares, GLG holds 10.3% of the share capital. It also declared holding 405,032 shares in ORANE.

Developments in share capital and voting rights

As a result of the capital increase and the ORANE issuance, at April 30, 2010 the Group's share capital comprised 28,562,831 shares and 29,593,869 voting rights. This new share capital includes 2,733,848 ORANEs redeemed since the settlement and delivery, which took place on June 8, 2009.

At that date, there were 3,228,584 ORANEs remaining, convertible to shares at any time at the holder's request, until June 8, 2012, date on which they will automatically be redeemed in shares.

In connection with this transaction, the Edizone company subscribed to 708,000 ORANEs, which, once redeemed in shares, would represent 2.2% of the share capital.

Date	Number of shares	Number of voting rights
04/30/2010	28,562,831	29,593,869

Outlook

Capacity – Summer 2010

(in '000 of hotel days)	**Summer 08**	**Summer 09**	**Summer 2010**	***Summer 10 vs Summer 09***
2 T	3%	3%	3%	-
3 T	55%	49%	48%	*-1pt*
4 and 5 T	42%	48%	49%	*+1pt*
TOTAL	**100%**	**100%**	**100%**	
Europe	4 745	4 347	4 368	*+0.5%*
Americas	1 356	1 161	1 265	*+8.9%*
Asia	890	871	874	*+0.4%*
TOTAL Worldwide	**6 990**	**6 379**	**6 507**	***+2.0%***

Forecast capacity for summer 2010 was slightly up 2.0% compared to summer 2009.

This growth takes into account the reopening of villages partially closed for renovation in summer 2009. The Calypso part of Djerba la Douce as well as La Caravelle in Guadeloupe and the Mexican villages were partially closed in 2009.

Summer bookings as of June 5, 2010

(In revenue in constant currency)	**Cumulative at 5 june 2010**	**8 last weeks**
Europe	- 4,4%	+ 11.2%
Americas	+13.8%	+ 40.4%
Asia	+18.1%	+ 42.0%
Total Club Med	**- 0,9%**	**+18.1%**
Capacity Summer 2010	**+2.0%**	

Total bookings to date were down 0.9% compared to summer 2009.

By region, bookings were up 18.1% in Asia and up 13.8% in America. In Europe, there was a 4.4% decline of orders received over the period.

The duration of bookings increased by 0.9% compared to 2009.

Over the last weeks, all business units benefit from the reservation rose, particularly America**,** supported by a very pronounced underlying trend, and Asia. Europe also made progress in the last weeks.

Seasonal aspect of the business

The Group's business is somewhat seasonal in nature, with seasonal and closed villages generating higher costs in the winter season (first half) than in summer.

Strategy

1. Continuing development of property assets and clientele

Clientele development: Despite the crisis which led to a limited drop in the total number of customers, winter 2010 was marked by an increasing number of families and steady numbers of 4 & 5 Trident customers, demonstrating the strength and resilience of the "all inclusive" upmarket offering.

Property assets development: Club Med continued the development of its property assets during winter by renovating the Cap Skirring village centre, opening the 5 Trident Spaces in Val d'Isère and Cancun as well as continuing to build the ongoing 5 Trident Space in Kani. These Spaces enrich the range of 5 Trident villages (Club Med 2, Marrakech Le Riad, La Plantation d'Albion at Mauritius Island).

2. Resuming the pace of village openings as part of an “Asset Light” strategy

Club Med continues to move upmarket and develops new villages as part of an ” Asset Light” strategy using its advantages: its customer base, the specificity of its offer (all-inclusive, upmarket) and the strength of its brand.

The new projects are undertaken in collaboration with partners and mainly, through management contracts.

Only the resort of Valmorel in Savoie (4-Trident village with 5-Trident Space) where Club Méditerranée has a participation of up to €10 million in the real estate holding company will be subject to a lease agreement. A construction program of Apartments-Chalets is also part of this project.

The next openings will be Yabuli (management) in China in November 2010 and Sinai Bay (management) in Egypt in December 2010 and, Valmorel (leasing) in France in December 2011, Salalah Beach (management) in Oman and Buzios (management) in Brazil.

Most of these projects will be run under management contracts.

3. Investment Plan and Disposal

The investment plans in 2011 and 2012 are confirmed to be €50 million per year. The 2012 plan includes the renovation of two resorts. This plan does not include the real estate investments financed by third parties, in particular the projects of Cefalu, Oman and Valmorel. These resorts represent an additional capacity of approximately 420,000 hotel days. As of end of April, the net tangible and intangible investments of the Group amounted to approximately €18 million for an annual objective of around €40 million.

The Group confirms its intention of disposals for around €50 million for 2010.

4. Strengthening direct distribution

Winter 2010 was marked by a continuing improvement of direct sales which accounted for 56.3% of individual sales. This trend is especially due to the success of the new website made available online in 2009, which accounted for 16% of sales.

The objective for 2012 is to reach 60% in direct sales, including 20% on the Internet.

Implementing the China strategy: becoming the leader in upscale all-inclusive vacations

In November 2010, Club Med will open its first village in China, at Yabuli, a renowned ski resort in northeast China. A Club Med boutique will open this year in Shanghai with a partner agency, followed by another boutique in Beijing. Approximately ten "Club Med corners" will be established in travel agencies in Beijing and Shanghai. A Club Med website in Chinese with a booking engine will also be launched this year.

All the projects will be developed under management contracts with partnerships.

Club Méditerranée's objective is to have 5 resorts and 200,000 customers in China by 2015. This would make China its second market.

Risk Factors

Risks and uncertainties

Club Méditerranée's corporate risk management policy is designed to effectively protect the interests of shareholders, customers and the environment. It is based on a map of critical operational risks established in 2005, which serves to prioritize risks based on their frequency and their financial and business impact for the Group. Following a review of its risks, Club Méditerranée believes that there are no significant risks other than those presented on pages 31 to 35 of the 2009 annual report and the financial risks in Note 20 of the Appendix to the Group consolidated financial statements appearing on pages 122 to 125 of the 2009 annual report.

The risk factors described below update and complete these various risks significantly.

Risk bound to climatic conditions

Among the risks associated with the Group's activities, detailed on page 31 of the 2009 *Document de Référence* are the risks related to weather. This risk was illustrated recently with the appearance of the volcanic ash cloud. Being specified that operating losses from natural disasters are covered by the Group's insurance policies when there are property damages.

Risk related to seasonal variation

The Group achieves an important part of its sales during the school winter holidays and the summer.
Any event arising during these periods results in an amplified negative impact on the Group.

Condensed Interim Consolidated Financial Statements

Consolidated Statement of Income

(in € millions)

	Notes	April 30, 2009	April 30, 2010
Revenue - Group (*)	**5**	**719**	**679**
Revenue - Villages		**715**	**673**
Other income		4	8
Total income from ordinary activities		**719**	**681**
Purchases		(277)	(247)
External services		(145)	(142)
Employee benefits expense		(144)	(137)
Taxes other than on income		(17)	(15)
EBITDAR Villages		**136**	**140**
Rent		(78)	(79)
Depreciation and amortization expense		(34)	(33)
Operating income - Villages		**24**	**28**
Operating income - Management of assets	**19**	**(20)**	**(3)**
Other operating income and expense	**20**	**(12)**	**(7)**
Operating income		**(8)**	**18**
Interest and related income (expense) on net debt		(12)	(9)
Other financial income and expense		0	(2)
Net Finance costs	**21**	**(12)**	**(11)**
Income (loss) before tax		**(20)**	**7**
Income tax	15	(2)	(6)
Share of income of associates		1	2
Net income from continuing operations		**(21)**	**3**
Results from discontinued operations	6.2	(1)	0
Net income (loss)		**(22)**	**3**
- Attributable to equity holders of the parent		(24)	2
- Minority interests		2	1

(in €)

Basic earnings/(loss) per share	22	(1.15)	0.10
Diluted earnings/(loss) per share	22	(1.15)	0.10
Net earnings/(loss) from continuing operations	22	(1.11)	0.10
Diluted earnings/(loss) per share from continuing operations	22	(1.11)	0.10

(*) of which €4 million in revenue Management of assets in 2009 and €6 million in 2010

Consolidated Statement of Comprehensive Income

(in € millions)

	April 30, 2009	April 30, 2010
Net income/ (loss)	**(22)**	**3**
Translation adjustments	(29)	55
Other components of comprehensive income after tax and before comprehensive income from associates	**(29)**	**55**
Translation adjustments from associates	(1)	
Other components of comprehensive income	**(30)**	**55**
Comprehensive income	**(52)**	**58**
- Attributable to equity holders of the parent	(51)	51
- Minority interests	(1)	7

Other components of comprehensive income having no tax effect

Consolidated Statement of Financial Position

ASSETS

(in € millions)

	Notes	October 31, 2009	April 30, 2010
Goodwill	**7**	31	32
Intangible assets	**7**	52	52
Property, plant and equipment	**8**	835	880
Non-current financial assets		90	93
Total fixed assets		**1,008**	**1,057**
Deferred tax assets	**15**	24	23
Non-current assets		**1,032**	**1,080**
Inventories		30	32
Trade receivables		37	47
Other receivables	**10**	98	114
Cash and cash equivalents	**11**	171	114
Current assets		**336**	**307**
Assets held for sale		39	39
Total assets		**1,407**	**1,426**

EQUITY AND LIABILITIES

(in € millions)

	Notes	October 31, 2009	April 30, 2010
Share Capital		113	114
Additional paid-in capital		596	597
Retained earnings/(deficit)		(223)	(233)
Net income/(loss) for the year		(58)	2
Shareholders' equity – Parent Company	**12**	**428**	**480**
Minority interests		**64**	**69**
Equity		**492**	**549**
Pensions and other long-term benefits		23	23
Borrowings and other interest-bearing liabilities	**16**	260	148
Other liabilities	**18**	52	51
Deferred tax liabilities	**15**	49	54
Non-current liabilities		**384**	**276**
Current provisions	**14**	29	25
Borrowings and other interest-bearing liabilities	**16**	150	184
Trade payables		114	135
Other liabilities	**18**	134	146
Customer prepayments		104	111
Current liabilities		**531**	**601**
Total equity and liabilities		**1,407**	**1,426**

Consolidated Statement of Cash Flows

(in € millions)

	Notes	April 30, 2009	April 30, 2010
Cash flows from operating activities			
Net income (loss)		(22)	3
Adjustments for income and expenses which are non cash, taxes and finance costs :			
Depreciation, amortization and provisions		41	33
Share of income of associates		(1)	(2)
Disposal (gains) and losses, net		2	0
Finance costs,net		12	11
Income tax		2	6
Other		(1)	(1)
Change in working capital (1)	**23**	(17)	1
Cash generated from operations, before tax and interest		**16**	**51**
Income taxes paid		(2)	(6)
Cash flows from operating activities		**14**	**45**
Cash flows from investing activities			
Acquisition of non-current assets (2)	**23**	(34)	(22)
Proceeds from disposals of non-current assets	**23**	12	2
Cash flows from investing activities		**(22)**	**(20)**
Free cash flow		**(8)**	**25**
Net cash flows from financing activities			
Proceeds from long-term borrowings		122	37
Repayments of long-term borrowings		(132)	(124)
Interest expenses paid (3)		(39)	(8)
Increase/(decrease) in short-term bank loans		(1)	8
Dividends paid and other		(2)	(1)
Net cash flows from financing activities		**(52)**	**(88)**
Impact of exchange rate variations on cash and cash equivalents and other		(1)	6
Net increase/(decrease) in cash and cash equivalents		**(61)**	**(57)**
Cash and cash equivalents at beginning of period	**11**	152	171
Cash and cash equivalents at end of period	**11**	91	114

(1) Including charges to (releases from) short-term provisions considered as accrued expenses

(2) Net of government grants and insurance proceeds (€5 million in 2010)

(3) Including €22 million redemption premium in 2009

Change in consolidated net debt

(in € millions)

	Notes	April 30, 2009	April 30, 2010
Net debt at beginning of period	**16.1**	(295)	(239)
Decrease (Increase) in net debt		(22)	21
Net debt at end of period	**16.1**	**(317)**	**(218)**

Consolidated Statement of Changes in Equity (note 12)

(in € millions)

	Number of Shares	Share Capital	Additional paid-in capital	Treasury shares	Retained earnings/(deficit) and net income/(loss)	Shareholders' equity – Parent company	Minority interests	**Total equity**
At 10/31/08	**19,377,905**	**77**	**563**	**(10)**	**(195)**	**435**	**59**	**494**
Other components of comprehensive income					(27)	(27)	(3)	(30)
Net income/(loss) for the year					(24)	(24)	2	(22)
Comprehensive income					**(51)**	**(51)**	**(1)**	**(52)**
Share-based payments					1	1		1
Dividends					0	0	(1)	(1)
At 04/30/09	**19,377,905**	**77**	**563**	**(10)**	**(245)**	**385**	**57**	**442**
At 10/31/09	**28,281,408**	**113**	**596**	**(10)**	**(271)**	**428**	**64**	**492**
Other components of comprehensive income					49	49	6	55
Net income/(loss) for the year					2	2	1	3
Comprehensive income					**51**	**51**	**7**	**58**
Share-based payments					1	1		1
compound financial instruments (Orane + Océane)					(2)	(2)		(2)
Capital increase	281,423	1	1		0	2	0	2
Dividends					0	0	(2)	(2)
At 04/30/2010	**28,562,831**	**114**	**597**	**(10)**	**(221)**	**480**	**69**	**549**

Notes to the Condensed Interim Consolidated Financial Statements at April 30, 2010

Note 1. General Information

Club Méditerranée SA is a *société anonyme* (corporation) governed by under French law. Its registered office is at 11 rue de Cambrai, 75957 Paris Cedex 19, France. Club Méditerranée's shares are listed on the Euronext Paris Primary Market and are included in the SBF 120 index.

Club Méditerranée's consolidated financial statements include the financial statements of Club Méditerranée SA and its subsidiaries (the "**Group**"), as well as its interests in associated companies. The Company's fiscal year covers the twelve-month period ending October 31.

The Group is a leading global provider of upmarket, all-inclusive vacation packages. A description of its operations is provided in note 5.

The condensed interim consolidated financial statements for the 6 months ended April 30, 2010 were approved by the Board of Directors on June 10, 2010. All amounts are expressed in millions of euros, unless otherwise specified.

Note 2. Summary of Significant Accounting Policies

▪2.1. Summary of Significant accounting policies for the condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements at April 30, 2010 were prepared in accordance with IAS 34 – Interim Financial Reporting. They should be read together with the consolidated financial statements at October 31, 2009.

The international accounting standards applied to prepare the interim financial statements at April 30, 2010 correspond to the mandatory standards applicable within the European Union on this date. The Group decided not to adopt early application of any standards, revised standards or interpretations.

The accounting standards applied to the condensed interim consolidated financial statements at April 30, 2010 are consistent with those retained at October 31, 2009 as described in note 2 of the consolidated financial statements at October 31, 2009. The standards and interpretations effective November 1, 2009 are described in note 2.1 of the consolidated financial statements at October 31, 2009. Their impact on the interim financial statements is as follows:

The revised IAS 1: Presentation of Financial Statements. The application of this standard has led the Group to present a statement named "Statement of Comprehensive Income." This statement displays the net income (loss) for the period together with income and expenses recognized in equity.

IFRS 8 : Operating Segments. This standard supersedes IAS 14 Segment Reporting, and its application has not led to any significant modification of the segment information disclosed in the notes.

The Finance Law of 2010 reformed the professional tax, replacing it with the *Contribution Economique Territoriale* (C.E.T.) or Territorial Economic Contribution. The C.E.T. is composed of two parts:

- The *Contribution Foncière des Entreprises* (C.F.E) or Business Land Tax is based on the rental value of assets subject to land tax, similar to the professional tax recognized as operating expenses.
- The *Cotisation sur la Valeur Ajoutée des Entreprises* (C.V.A.E.) or Business Value Added Contribution is levied on the value added by companies.

In March 2006, IFRIC indicated that income tax implies tax based on a net amount rather than a gross amount but the net amount is not necessarily the net income before tax and, on May 2009, specified that a tax based on revenue would not be considered as an income tax. The basis for calculating the CVAE is a net amount that has certain features which cause it to be considered as an income tax according to IAS 12. Moreover, the method for calculating it is similar to taxes applied in certain jurisdictions where the Group operates, which are treated as corporation income tax. This is the case for the IRAP in Italy and the "Gewerbesteuer" in Germany.

Club Méditerranée decided to apply a consistent principle within the Group and to recognize the CVAE as an income tax and to recognise in the net income a charge of €2million related to, the impact of the CVAE on the deferred tax liabilities.

The other standards and interpretations applicable on November 1, 2009 have had no significant impact on the interim financial statements.

▪2.2. Measurement Methods Applied for the Preparation of the Consolidated Financial Statements

The preparation of financial statements in accordance with IFRS requires management to make certain estimates and assumptions. These assumptions are determined on a going concern basis according to the information available at the time. At each period-end, assumptions and estimates may be revised to take into account any changes in circumstances or any new information that has come to light. Actual results may differ from these estimates. The current economic climate complicates business forecasting and medium-term planning.

Sensitivity is particularly high:

- in impairment tests of non-current assets;
- in assessing provisions for contingencies and litigation;
- in determining deferred taxes, particularly in assessing the recoverability of deferred tax assets;
- in estimating the fair value of the financial assets and liabilities disclosed in note 16.4.

Note 3. Seasonal Nature of the Business

The Group's business is somewhat seasonal in nature, with seasonal and closed villages generating higher costs in the winter season (first six months) than in the summer.

Note 4. Changes in Scope of Consolidation

There were no significant changes in the scope of consolidation in the first six months of the fiscal year 2010.

Note 5. Operating Segments

In accordance with IFRS 8 – "Operating Segments," the information presented below for each operating segment includes the main indicators provided to the chief operating decision maker (the Chairman – Chief Executive Officer) to make decisions about resources to be allocated to the segment and assess its performance.

The Group is organized into three geographical segments:

- The Europe-Africa segment, comprising the countries of Europe, the Middle East and Africa;

- The Americas segment, aggregating the North America (including the West Indies) and South America operating segments;

- The Asia segment, comprising the countries of Asia and Oceania.

Each operating segment sells vacations and related services as well as operates villages. Each operating segment is comprised of countries that may be the country of sales (outbound), the country operating the village (inbound) or both.

Club Méditerranée's specificity is to generate inter-zone flows, particularly, from Europe to Asia and the Americas. Nevertheless, most customers take holidays in Villages located within their own zone.

The Group also runs a real estate development business through the construction and sale of villas.

The Group analyzes its commercial performance in outbound zones corresponding to the location of clients. Commercial performance is therefore provided in the internal reporting as outbound data.

The Group analyzes its operational performance in inbound zones corresponding to the location of assets. Operating Income - Villages is the main operating performance monitoring indicator.

The performance of the items reported under Operating Income – Management of Assets and Other Operating Income and Expenses is analyzed by nature within the Group.

Financing and cash performance (including analysis of financial income and expenses) and taxation on revenue are monitored at Group level without being allocated to operating segments.

(in € millions)

April 30, 2010	EAF	ASIA	America	Total
Revenue Villages (location of clients)	**479**	**85**	**109**	**673**
OPERATING INCOME VILLAGES	**1**	**12**	**15**	**28**
Operating income-management of assets				(3)
Other operating income and expenses				(7)
Operating income				**18**

(in € millions)

April 30, 2009	EAF	ASIA	America	Total
Revenue Villages (location of clients)	**523**	**85**	**107**	**715**
OPERATING INCOME VILLAGES	**2**	**10**	**12**	**24**
Operating income-management of assets				(20)
Other operating income and expenses				(12)
Operating income				**(8)**

Revenue-Villages in France totalled €298 million at April 30, 2010 compared to €338 million at April 30, 2009.

Real estate development revenue recognized using the percentage of completion method totalled €6 million in the six months of fiscal year 2010 compared to €4 million in the first 6 months of fiscal year 2009.

Property, plant & equipment and intangible assets are provided by geographic region in the internal reporting:

(in € millions)

April 30, 2010	EAF	ASIA	America	Total
Intangible assets	63	14	7	84
Tangible assets	360	117	403	880

(in € millions)

October 31, 2009	EAF	ASIA	America	Total
Intangible assets	64	13	6	83
Tangible assets	357	104	374	835

Other Segment Information:

(in € millions)

April 30, 2010	EAF	ASIA	America	Total
Acquisition of non-current assets (1)	21	2	4	27
Amortization, depreciation and impairment of assets [(2)]	(18)	(5)	(10)	(33)
Non cash items other than amortization, depreciation and impairment (3)	5		2	7

[(1)] *excluding government grants and proceeds from insurance*

[(2)] *including CMW and depreciation in operating income - management of assets*

[(3)] *Current and non-current provisions, stock-options and government grants*

(in € millions)

April 30, 2009	EAF	ASIA	America	Total
Acquisition of non-current assets (1)	24	5	7	36
Amortization, depreciation and impairment of assets [(2)]	(20)	(12)	(11)	(43)
Non cash items other than amortiztion, depreciation and impairment (3)			2	2

[(1)] *excluding government grants and proceeds from insurance*

[(2)] *including CMW and depreciation in operating income - management of assets*

[(3)] *Current and non-current provisions, stock-options and government grants*

Note 6. Comparability of Financial Statements

In the second six months of fiscal year 2009, the Group discontinued the operation of its leisure and entertainment complex, Club Med World, and the net income from this discontinued operation has been reported in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations."

Moreover, pursuant to focusing on its Villages operations, Operating Income – Leisure has been replaced with Operating Income - Villages. This income now includes the cost of credit cards which was previously recorded as Other Operating Income and Expenses.

These reclassifications are detailed in notes 2.1.2 to the consolidated financial statements at October 31, 2009.

The income statement at April 30, 2009 has subsequently been restated to present comparable data.

▪ 6.1. Operating Income - villages

Operating Income – Leisure is reconciled with Operating Income – Villages as follows:

(in € millions)

	April 30, 2009
Operating Income - Leisure	28
Restatement of discontinued operations [1]	1
Operating income – Leisure IFRS 5	29
Credit card costs	(5)
Operating Income - Villages	24

▪ 6.2 Discontinued Operations

In accordance with IFRS 5, the net income from Club Med World is recorded on a separate line of the income statement. The financial statements at April 30, 2009 have been restated from the Club Med World income items, the information for which is provided below:

(in € millions)

	April 30, 2009
Revenue - Villages	**5**
Purchases	(2)
External services	(1)
Employee benefits expense	(2)
EBITDAR Villages	**0**
Rent	(1)
Operating income - Villages	**(1)**
Operating income (loss)	**(1)**
Net income from discontinued operations	**(1)**

Note 7. Goodwill and Intangible Assets

(in € millions)

	Goodwill	Intangible assets	Total
Net at October 31, 2009	**31**	**52**	**83**
Acquisitions		3	3
Amortization		(4)	(4)
Reclassifications and translation adjustments	1	1	2
Net at April 30, 2010	**32**	**52**	**84**

Most of capital investments for the first six months of fiscal year 2010 have been carried out on the information systems.

Note 8. Property, Plant and Equipment

▪ 8.1. Analysis

(in € millions)

	Land	Buildings and fixtures	Equipment	Other tangible Fixed assets	Fixed assets in progress	Total
Cost at October 31, 2009	**198**	**911**	**181**	**125**	**12**	**1,427**
Accumulated depreciation	0	(402)	(109)	(81)	0	(592)
Net at October 31, 2009	**198**	**509**	**72**	**44**	**12**	**835**
Acquisitions	0	10	4	1	5	20
Disposals	0	(1)	0	(1)	0	(2)
Depreciation	0	(18)	(8)	(4)	0	(30)
Impairment	0	1	0	0	0	1
Translation adjustments	14	37	3	2	0	56
Reclassification	0	2	0	0	(2)	0
Cost at April 30, 2010	**212**	**977**	**188**	**120**	**15**	**1,512**
Accumulated depreciation	0	(437)	(117)	(78)	0	(632)
Net at April 30, 2010	**212**	**540**	**71**	**42**	**15**	**880**

Major capital investments for the first six months of fiscal year 2010 concerned the Villages of Cap Skirring (€6 million), Val d'Isère (€2 million), Gregolimano (€1 million) and Kani (€1 million).

Translation adjustments resulting in an increase in asset carrying values resulted from the appreciation of all currencies against the euro, and in particular the Mexican and Dominican pesos, the Brazilian real and the Indonesian rupee.

▪ 8.2. Additional Information

Assets held under finance leases amounted to €4 million at April 30, 2010, as at October 31, 2009.

Finance lease obligations at April 30, 2010 stood at €3 million, unchanged from October 31, 2009.

At April 30, 2010, property, plant and equipment worth €239 million had been given as collateral for debts versus €112 million at October 31, 2009. The increase in assets given as collateral is primarily due to the new line of credit entered into (see note 16.3).

Note 9. Construction Contracts

At April 30, 2010, revenue from real estate development operations recognized using the percentage completion method totalled €6 million. This business recorded a net profit of €1 million in Operating Income – Management of Assets.

Costs incurred and attributable to construction contracts are recorded in real estate development inventories. For sold contracts, costs are recognized in profit and loss in proportion to the stage of completion of the construction. Real estate development inventories totalled €15 million compared to €14 million at October 31, 2009.

Note 10. Other Receivables

(in € millions)

	October 31, 2009			**April 30, 2010**		
	Cost	Provisions	Net	**Cost**	**Provisions**	**Net**
Tax receivables	36		36	35		35
Accrued income	4		4	6		6
Prepayments to suppliers	7		7	13		13
Receivables on sales of non-current assets	3		3	0		0
Employee advances and prepaid payroll taxes	1		1	1		1
Other receivables	17	(13)	4	19	(13)	6
Prepaid expenses	43		43	53		53
Total	**111**	**(13)**	**98**	**127**	**(13)**	**114**

Note 11. Cash and Cash Equivalents

(in € millions)

	October 31, 2009	**April 30, 2010**
Marketable securities	108	50
Derivative instruments	1	1
Cash and cash equivalents	62	63
Total	**171**	**114**

Marketable securities consist of money market instruments and short-term deposits with an original maturity of less than three months.

Note 12. Share Capital and Reserves

During the first six months of fiscal year 2010, 289,783 ORANE bonds were redeemed in shares, of which 281,423 were new shares. Since being issued in June 2009, 2,733,848 ORANE bonds have been redeemed as shares. Following these redemptions, the share capital as of April 30, 2010 stood at €114 million, comprising 28,562,831 shares with a par value of €4, and the issue premium at €597 million.

Including the movements in the liquidity contract during the six months of fiscal year 2010, a total of 240,816 shares were held in treasury at April 30, 2010, compared to 255,394 at October 31, 2009.

Equity increased by €57 million, primarily due to translation adjustments amounting to €55 million and the net income of the period. The translation adjustments result from an appreciation of all currencies against the euro and, particularly, the following currencies: the US dollar, the Mexican peso, the Brazilian real and the Dominican peso.

The impact of cash flow hedging on equity is insignificant.

Information relating to stock option plans is provided in note 13.

Note 13. Share-Based Payments

▪ 13.1. Description of the Plan Granted During the semester

On February 25, 2010, the Board of Directors used the authorization given at the Annual Shareholders' Meeting of February 20, 2009 to grant members of senior management and certain employees 239,350 options to purchase new shares at an exercise price of €11.71. These options will be exercisable from February 25, 2013 until February 24, 2018. This O plan does not include a provision for a cash settlement. There is no Stock Option for executive directors under the O plan.

No options to purchase new shares were exercised during the first semester of 2010. The acquisition period for bonus shares under plan L ended on March 7, 2010 and 23,608 bonus shares were attributable on that date.

▪ 13.2. Valuation of the O Plan

The main data and assumptions used to determine the fair value of options granted under the O plan were as follows:

	Plan O
Club Méditerranée SA share price at grant date (in €)	11.35
Strike price (in €) (1)	11.71
Expected volatility (%)	32.20
Estimated life of the options (in years)	5
Risk-free interest rate (%)	2.29
Fair value per option	**3.54**

(1) Strike price at grant date of plan

Note 14. Current Provisions

The analysis of the changes in provisions is as follows:

(in € millions)

	October 31, 2009	Provided during the year	Utilizations	Reversals (surplus provisions)	Reclassifications & exchange	April 30, 2010
Provisions for liability claims and damages	4	1	(1)	0	0	4
Restructuring and site closures	8	0	(4)	(1)	0	3
Provisions for litigation	15	3	(1)	(2)	0	15
Tax provisions	1	0	0	0	1	2
Other provisions	1	0	0	0	0	1
Total	**29**	**4**	**(6)**	**(3)**	**1**	**25**

Provisions for litigation cover commercial claims, employee claims, and disputes with government agencies. During the first six months of fiscal year 2010, there was no new litigation or other proceedings that could have or recently have had a significant impact on the Group's financial position or profitability.

The restructuring and site closures essentially include the costs of closing the Club Med World Paris site and of the European Call Center (CMCAE) restructuring plan.

The Société Martiniquaise des Villages de Vacances (SMVV) received grants from the European Regional Development Fund (ERDF) for the renovation of the Boucaniers village in 2003-2004. This project has been audited by the European Court of Auditors, which considers that the project was not eligible for an ERDF grant. If the European Commission upholds the decision of the European Court of Auditors, it could order the French government to return the ERDF grant in the amount of €12.5 million. If this happens, the French government could ultimately take action against SMVV to be reimbursed for this sum.

Subsequent to the sale of Jet Tours in 2008, the buyer objected to the sale price, which it considered too high. As a result, in January 2010, the buyer initiated proceedings against Club Méditerranée and its subsidiary Hôteltour, seeking compensation for the alleged damages. The Company holds that the buyer's action is unfounded.

Note 15. Income Taxes

▪ 15.1. Income Tax Analysis

Current and deferred taxes can be analyzed as follows:

(in € millions)

	April 30, 2009	April 30, 2010
Current taxes [(1)]	**(2)**	**(3)**
Effect of changes in tax rate [(2)]		(1)
CVAE effect [(1)]		(2)
Deferred taxes	**0**	**(3)**
Total	**(2)**	**(6)**

[(1)] The professional tax reform in France led to a supplemental income tax expense of €1 million and a deferred income tax expense of €2 million in the first six months of fiscal year 2010.
[(2)] In Mexico, the income tax rate increased from 28% to 30%.

▪ 15.2. Deferred Tax Assets and Liabilities

(in € millions)

	October 31, 2009	April 30, 2010
Property and equipment	3	2
Losses carried forward	29	29
Total assets	**32**	**31**
Property and equipment	(56)	(62)
Interest bearing liabilities	(1)	0
Total liabilities	**(57)**	**(62)**
Net deferred tax liability	**(25)**	**(31)**

€3 million of the increase in net deferred taxes is due to translation adjustments.

There were no significant changes to the recoverability of deferred tax assets assumptions and forecast periods for utilizing losses carried forward in comparison to those used in October 2009.

Note 16. Borrowings and Interest-Bearing Liabilities

▪ 16.1. Net debt

During the first six months of fiscal year 2010, the Group continued its policy of debt reduction and strengthening of its financial structure.

(in € millions)

Balance sheet items	April 30, 2009	October 31, 2009	April 30, 2010
Cash and cash equivalents	**91**	**171**	**114**
Non current borrowings and other interest-bearing liabilities	377	260	148
Current borrowings and other interest-bearing liabilities	31	150	184
Total borrowings and other interest-bearing liabilities	**408**	**410**	**332**
Net debt	**317**	**239**	**218**

▪16.2. Borrowings and Interest-Bearing Liabilities by Category

(in € millions)	October 31, 2009	April 30, 2010
OCEANE convertible bonds	145	0
ORANE bond issue	4	4
Non current bank borrowings	108	108
Draw downs on lines of credit		33
Financial lease obligations	3	3
Total non current borrowings and other interest-bearing liabilities	**260**	**148**
OCEANE convertible bonds	7	151
Current bank borrowings	16	17
Draw downs on lines of credit	121	
Current bank loans and overdrafts	5	15
Fair value derivative instruments	1	1
Financial lease obligations		0
Total current borrowings and other interest-bearing liabilities	**150**	**184**
Total	**410**	**332**

In December 2009, the Group entered into a new medium term (3 years) line of credit for €120 million, which replaced a credit line for the same amount expiring in June 2010.

The OCEANE 2010 convertible bonds, which mature on November 1, 2010, were reclassified as current liabilities during the first six months of the year.

In April 2010, the loan secured by a mortgage on the Club Med 2 cruise ship was increased by a €4 million of additional financing. This raised the total amount of financing secured by a mortgage on the Club Med 2 cruise ship from €22 million to €26 million and the interest rate on the remaining duration of the loan has been fixed.

▪16.3. Characteristics of Debt at April 30, 2010

	Amount At April 30, 2010 (3)	Nominal rate	Effective rate	Maturity
ORANE (1)	4	NA	9.00%	Jun-12
OCEANE 2010 fixed rate	151	4.38%	7.39%	Nov-10
Total bonds	**155**			
Draw downs on syndicated line of credit	33	Euribor + (2)		Dec-12
Mortgage loan secured by Club Med 2 assets	26	4.73%		Apr-18
Mortgage loan secured by the Cancún Yucatán	51	6.58%	6.90%	May-17
La Pointe aux Canonniers loan	22	6.15%	6.24%	Jan-18
Other	45			
Total borrowings and other interest-bearing liabilities	**332**			

(1) the debt corresponds to the present value of the coupons to be paid on the ORANE bonds

(2) the margin on LCS depends on the ratio of net debt / EBITDA (between 3.15% et 4.5%)

(3) Net of cost

The Group's borrowings include an ORANE bond issue redeemable in existing or new shares, with a 5% coupon payable annually, and an OCEANE convertible bond issue, redeemable in existing or new shares on November 1, 2010 with a 4.375% coupon.

The characteristics of these two bonds are disclosed in note 19 to the consolidated financial statements in the *Document de reference 2009*.

The amount of debt secured by mortgages or pledges totalled €132 million at April 30, 2010 compared to €97 million at October 31, 2009. The new line of credit entered into in December 2009 is secured by a pledge on shares of companies that own three Villages in the Group.

▪ 16.4. Fair Value of Debt

The following table shows the book value and fair value of financial instruments at April 30, 2010:

(in € millions)

	Net book value	Fair value
Foreign exchange derivatives	1	1
Cash and cash equivalents	113	113
Assets	**114**	**114**
Convertible bonds (1)	155	155
Other fixed rate long-term borrowings and interest-bearing liabilities	106	116
Other variable rate long-term borrowings and interest-bearing liabilities	55	55
Short-term bank loans and overdrafts	15	15
Foreign exchange derivatives	1	1
Liabilities	332	342

(1) the share of ORANE debt consists only of the present value of coupons.
There has been no material change in the fair value of the share of debt since its issuance.

The price of the OCEANE 2010 bond at April 30, 2010 was €49.41, compared with a conversion price of €48.50. A change of plus or minus 1% in interest rates or in the credit spread has an impact of plus or minus €10 million on the fair value of debt.

Note 17. Financial Risk Management

In the normal course of business, the Group is exposed to various risks, including market risks, credit risks and liquidity risks. The Group's risks as well as its management policy are described in note 20 of the *2009 Document de Référence*.

▪ 17.1. Currency Risk

▪ 17.1.1.Foreign Exchange Derivates Outstanding at April 30 – Analysis by Type and by Currency

(in € millions)

	October 31, 2009		April 30, 2010				
	Total	Fair value	USD	TRY	Other	Total	Fair value
Foreign currency purchases/lending							
Forward currency contracts	25	(1)	3	6		9	1
Currency options:							
- Purchase of calls:							
- Sale of puts:							
TOTAL	25	(1)	3	6		9	1
TOTAL FAIR VALUE				1			1

Foreign currency sales/borrowing

(in € millions)

	October 31, 2009		April 30, 2010							
	Total	Fair value	ZAR	CAD	GBP	KRW	JPY	Other	Total	Fair value
Foreign currency purchases/lending										
Forward currency contracts	23		3	3	6	3	2	2	19	(1)
Currency options:										
- Purchase of calls:	6	1								
- Sale of puts:	1									
TOTAL	30	1	3	3	6	3	2	2	19	(1)
TOTAL FAIR VALUE										(1)

The Group's policy consists of protecting itself against the effects of exchange rate changes on net income as compared with forecasts.

At April 30, 2010, the efficiency of the hedges not having been demonstrated, the Group did not apply hedge accounting to account for the hedging instruments. This decision in no way impacts the Group's sound management policy, which consists of hedging all of its commercial exposure.

The Group uses derivative instruments, mainly currency swaps and options, forward contracts and non delivery forward contracts (NDF). All hedging instruments outstanding at the closing date expire within twelve months.

▪ 17.1.2. Foreign Exchange Derivates Outstanding at April 30 – Analysis by Accounting Category

▪

(in € millions)

	Fair value			
	October 31, 2009		April 30, 2010	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Cash flow hedges	1	1		
Non-qualified hedge instruments			1	1
TOTAL	1	1	1	1

▪17.2. Interest Rate Risk

(in € millions)

	October 31, 2009		April 30, 2010	
Fixed rate	239	*58%*	261	*79%*
Variable rate	171	*42%*	71	*21%*
Total	**410**		**332**	

Following the redemption of part of the draw downs on the syndicated line of credit and the conversion of the Club Med 2 debt into a fixed rate, the ratio of fixed to floating gross debt at April 30, 2010 is 79% fixed to 21% floating.

It should also be noted that 93% of the Group's debt is euro-denominated, and more than 90% is held by the parent company, Club Méditerranée SA.

(in € millions)

	Total	Less than one year	Between one and five years	More than five years
Cash and cash equivalents	(114)	(114)		
Floating rate debt*	70	41	29	
Net floating rate debt	**(44)**	**(73)**	**29**	**0**
Fixed rate debt	261	162	39	60
Derivative instruments	1	1		
Total net debt	**218**	**90**	**68**	**60**

*Including short-term bank loans and overdrafts

▪17.3. Liquidity Risk

▪17.3.1. Liquidity Risk

The table below presents the Group's liquidity position:

(in € millions)

	October 31, 2009	April 30, 2010
Cash and cash equivalents	**171**	**114**
- o/w CMSA	111	45
- o/w subsidiaries and branches	60	69
Lines of credit not drawn down:	**21**	**105**
- o/w syndicated line of credit		85
- o/w unconfirmed lines	21	20
Total gross liquidity	**192**	**219**
Current liabilities and short-term debt	150	184
Net liquidity after deduction of current liabilities and short-term debt	**42**	**35**

At April 30, 2010, the €184 million in current liabilities and short-term debt include OCEANE 2010 bonds, which expire on November 1, 2010.

As mentioned above, in December 2009 the Group entered into a new medium term (3 years) line of credit for €120 million. At April 30, 2010, €35 million had been drawn down from this line, which is included in the gross debt.

It should also be noted that the Group may, from time to time, be subject to certain legal or financial restrictions limiting or restricting financial flows to the parent company. The amount of cash that may be subject to restrictions is estimated at April 30, 2010 at €15 million.

▪ 17.3.2. Debt Covenants at April 30, 2010

Some of the Group's debt facilities include early redemption clauses that are triggered if debt covenants are breached or assets are sold.

The most restrictive debt covenants relate to the €120 million syndicated line of credit.

- Off-balance sheet commitments: less than €200 million
- Leverage (Net Debt/Equity): less than 1
- Leverage ratio (Net Debt/EBITDA(1)): less than the following:

	April 30	October 31
2010	3.5	3.5
2011	3.5	3.0
2012	3.0	3.0

- Fixed charge cover ratio (EBITDAR(2)/ (Rent + Net Interest)): greater than the following:

	April 30	October 31
2010	1.25	1.35
2011	1.35	1.40
2012	1.40	1.40

(1) Operating Income - Villages, before amortization expenses and provisions net of reversals and credit card costs.
(2) EBITDA before deduction of rents

At April 30, 2010, the covenants had been met:

- Off-balance sheet commitments: less than €200 million	€103 million
- Leverage: less than 1	0.40
- Leverage ratio: less than 3.5	1.94
- Fixed charge cover: greater than 1.25	1.56

These ratios are constantly improving.

The syndicated line of credit could be partially reimbursed in the event of a market transaction exceeding €100 million or if the amount of divested assets exceeds €84m.

Finally, the Group is subject to regulations relating to its capital expenditures.

Note 18. Other Liabilities

(in € millions)

	October 31, 2009	April 30, 2010
Government grants	40	39
Accrued rentals	8	10
Other liabilities	4	2
Total other non-current liabilities	**52**	**51**
Accrued expenses	5	6
Accrued personnel costs	50	40
Accrued taxes	26	27
Payables due to suppliers of noncurrent assets	6	6
Deferred income	38	56
Other liabilities	9	11
Total other current liabilities	**134**	**146**

Note 19. Operating Income – Management of Assets

(in € millions)

	April 30, 2009	April 30, 2010
Gains on disposals of shares	(1)	0
Village and site closures	(8)	(2)
Impairment and write-off and insurance proceeds	(8)	1
Real estate development	0	1
Other costs	(3)	(3)
Total Operating income – Management of assets	**(20)**	**(3)**

In 2009, costs resulting from the decision to close the Bora Bora village totalled €10 million (including €8 million in impairment charges).

Village and sites closures also include asset write-off costs associated with villages closed for renovation.

Note 20. Other Operating Income and Expense

(in € millions)

	April 30, 2009	April 30, 2010
Restructuring	(11)	(3)
Natural disasters	0	(2)
Cost of claims and litigation	(1)	(2)
Other Operating Income and expenses	**(12)**	**(7)**

"Natural disasters" corresponds to the additional costs associated with the Icelandic volcano for an amount of €(2) million.

Note 21. Net Finance Costs

(in € millions)

	April 30, 2009	April 30, 2010
Interest income	2	2
Interest OCEANE convertible bonds	(5)	(5)
Other interest expense	(9)	(7)
Interest expense, net	**(12)**	**(10)**
Exchange gains and losses, net	0	(1)
Net Finance Costs	**(12)**	**(11)**

Net finance costs for the first six months of fiscal year 2010 benefited both from the reduction in average net debt and the drop in interest rates.

Note 22. Earnings per Share

▪ 22.1. Calculation of Weighted Average Number of Shares

In accordance with IAS 33, the capital increase with preemptive rights completed on June 8, 2009 resulted in the retrospective adjustment of the number of shares used in calculating basic earnings and the diluted earnings per share at April 30, 2009. The adjustment factor was determined by comparing the share price before the exercise of preemptive rights related to the capital increase and ORANE bond issue (€12.4) to the price after the exercise of preemptive rights related to the capital increase (€11.28).

▪ 22.1.1. Basic Earnings Per Share

(in thousands of shares)

	April 30, 2009	April 30, 2010
Number of shares on November 1	19,378	31,800
Number of treasury shares on November 1	(275)	(255)
Weighted average number of treasury shares purchased/sold during the period	(13)	(3)
Weighted average number of shares at April 30	**19,090**	**31,542**
Adjustment factor	**1.099**	
Weighted average number of shares at April 30 after adjustment	**20,980**	**31,542**

In accordance with IAS 33, ORANE bonds were taken into account in calculating basic earnings per share.

▪ 22.1.2. Diluted Earnings Per Share

(in thousands of shares)

	April 30, 2009	April 30, 2010
Weighted average number of shares	19,090	31,542
Dilutive potential ordinary shares (stock grants)		2
Average number of shares - diluted	**19,090**	**31,544**
Adjustment factor	**1.099**	
Weighted average number of shares at April 30 after adjustment	**20,980**	**31,544**

At April 30, 2010, 1,441,514 potential ordinary shares (stock options and share grants) were excluded from the above calculation because they were anti-dilutive (1,534,227 shares at April 30, 2009).

For the same reason, the 3,359 thousand potential ordinary shares corresponding to the conversion of OCEANE bonds, after applying the adjustment factor related to the capital increase, were also excluded.

▪22.2. Earnings/(loss) per Share

(in €)

	April 30, 2009	April 30, 2010
Basic earnings/(loss) per share	(1.15)	0.10
Diluted earnings/(loss) per share	(1.15)	0.10

▪22.3. Earnings/(Loss) per Share from Continuing Operations

(in €)

	April 30, 2009	April 30, 2010
Basic earnings/(loss) per share from continuing operations	(1.11)	0.10
Diluted earnings/(loss) per share from continuing operations	(1.11)	0.10

Note 23. Notes to the Consolidated Cash Flow Statement

In accordance with IFRS 5, cash flows from discountinued operations are reported in the consolidated cash flow statement. Net impacts on cash flows from operations, investing activities and financing activities were not significant.

▪ 23.1. Acquisitions of Non-Current Assents

(in € millions)

	April 30, 2009	April 30, 2010
Acquisitions of intangible assets	(3)	(3)
Acquisitions of property, plant and equipment	(25)	(20)
Government grants	2	
Insurance proceeds		5
Acquisition of non-current financial assets	(8)	(4)
Investments	**(34)**	**(22)**

Investments in the first six months of fiscal year 2010 mainly concern the Cap Skirring (€6 million), Val d'Isère (€2 million), Gregolimano (€1 million) and Kani (€1 million) Villages as well as loans and deposits amounting to €2 million.

The amount of insurance proceeds for damages collected during the first six months of fiscal year 2010 concerns the Cap Skirring and Gregolimano Villages.

Investments in the first six months of fiscal year 2009 mainly concerned the renovations at the Bali (€4 million), Punta Cana (€4 million) and Tignes Val Claret (€3 million) Villages as well as loans and deposits amounting to €5 million.

▪ 23.2 Proceeds from Disposals of Non-Current Assets

(in € millions)

	April 30, 2009	April 30, 2010
Repayments of loans and deposits	1	2
Change in receivables on fixed assets	11	
Proceeds from disposals of noncurrent assets	**12**	**2**

In the first six months of fiscal year 2009, the Group collected proceeds from the sale of SIM shares in 2008.

▪ 23.3 Changes in Working Capital

(in € millions)

	April 30, 2009	April 30, 2010
Inventories	(3)	(1)
Customers	(15)	(9)
Customer prepayments	(16)	1
Trade payables	12	14
Other receivables	(6)	(17)
Other liabilities	11	18
Current provisions		(5)
Total	**(17)**	**1**

Note 24. Related Party Transactions

Transactions with related parties were not subject to material change during the first six months of fiscal year 2010.

Executive directors did not receive any stock options during the first six months of fiscal year 2010 under the plan described in note 13.

Transactions with associates:

(in € millions)

	October 31, 2009	April 30, 2010
Non-current financial assets	17	17
Other receivables	1	1
Trade payables		4
Other liabilities	1	1

Note 25. Commitments and Contingencies

There has been no material change in off-balance sheet commitments compared with October 31, 2009, nor in commitments under non-cancellable operating leases, which stood at nearly €1.3 billion.

Information about loan-related pledges and mortgages is provided in note 16.3.

Note 26. Subsequent Events

No material event has occurred since the balance sheet date.

Statutory Auditors' Report on the Interim Financial Information

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the shareholders' Meeting and in accordance with the requirements of article L.451-1-2 III of the Monetary and Financial Code, ("Code Monétaire et Financier") we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Club Méditerranée, for the period from November 1st, 2009 to April 30th, 2010, and
- the verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to note 6 to the condensed half-year consolidated financial statements, which sets out the comparability of financial statements

2. Specific verification

We have also verified the information provided in the interim management report commenting the condensed half-year consolidated financial statements subject to our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, on June 10th, 2010

The Statutory auditors

French original signed by:

Deloitte & Associés		Ernst & Young Audit
Jean-François Viat	Dominique Jumaucourt	Jean-Pierre Letartre

Interim Report (online at www.clubmed-corporate.com)

- **Statutory Auditors**

- Ernst & Young Audit SAS, Faubourg de l'Arche 92037 Paris La Défense Cedex, France, represented by Mr. Jean Pierre Letartre.

Ernst & Young Audit was first appointed at the Annual General Meeting of April 30, 1981. Its appointment was renewed at the Annual General Meeting of March 8, 2008 for a period of six years expiring at the Annual General Meeting to be called to approve the fiscal 2012 financial statements.

- Deloitte & Associés, 185, avenue Charles de Gaulle 92524 Neuilly-sur-Seine Cedex, France, represented by Mr. Dominique Jumaucourt and Mr. Jean-François Viat.

Deloitte & Associés was first appointed at the Annual General Meeting of March 17, 2003. Its appointment was renewed at the Annual General Meeting of March 8, 2008 for a period of six years expiring at the Annual General Meeting to be called to approve the fiscal 2012 financial statements.

- **Alternate Auditors**

- Auditex, Faubourg de l'Arche 92037 Paris-La Défense Cedex, France

The firm was first appointed at the Annual General Meeting of March 11, 2009, to replace François Carrega for the remainder of his term expiring at the Annual General Meeting to be called to approve the fiscal 2012 financial statements.

- Beas, 7-9 Villa Houssay 92 200 Neuilly-sur-Seine Cedex, France

The firm was first appointed at the Annual General Meeting of March 17, 2003. Its appointment was renewed at the Annual General Meeting of March 8, 2008 for a period of six years expiring at the Annual General Meeting to be called to approve the fiscal 2012 financial statements.

- **Person responsible for the information**

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  Chairman-Chief Executive Officer
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- **Person responsible for the document**

"I hereby declare that, to the best of my knowledge, the financial statements presented in this interim financial report were prepared in accordance with applicable accounting standards and give a true and fair view of the consolidated assets and liabilities, financial position and income of Club Méditerranée and the consolidated companies, and that the interim management report on page 3 presents a true and fair view of the significant events that occurred during the first six months of the fiscal year, their impact on the financial statements, of the main transactions between related parties and the principal risks and uncertainties for the remaining six months in the fiscal year."

The Chairman and Chief Executive Officer
Henri Giscard d'Estaing