Club Méditerranée

2013 Interim Report

ET VOUS, LE BONHEUR, VOUS L'IMAGINEZ COMMENT ? Club Med

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Management Report

1. SIGNIFICANT EVENTS

- Material impacts on operating profitability related to the French school calendar
- Stable operating income and net income
- Positive free cash flow
- Successful opening of the 4-Trident village of Pragelato Vialattea in Italy

2. ANALYSIS OF FINANCIAL STATEMENTS

2.1. Impact of the school calendar on profitability

			Var W13 vs W12	
Business Volume in €m at constant exchange rate	Winter 12	Winter 13	∆	Operating Income Villages impact
Like-for-like Business Volume	793	783		(7.0)
All Saints Day holidays impact estimate Easter holidays impact estimate		(5) 16		
Business Volume without calendar effects	793	794	+0.2%	

Comparison of performance in Winter 2013 with Winter 2012 is complicated by the effects of a shift in the vacation dates for All Saints' Day and Easter in France.

Winter 2013 benefited from the positive impact of the All Saints' Day vacation, with an estimated additional business volume of €5 million resulting from eight additional vacation days falling in November 2012.

On the other hand, this half-year was affected negatively by the shift of the Parisian school vacation dates from April to May, with 12 fewer vacation days over the Winter 2013 season resulting in an estimated loss of €16 million in business volume.

These two calendar effects had a negative net impact of around €7 million on Village operating income, weighing down on performance for H1 2013.

Key figures for H1 2013 (November 1, 2012 to April 30, 2013)

(in €m) reported	H1 11	H1 12	H1 13	Change 13 vs 12
Business Volume Villages [1]	**763**	**798**	**783**	**- 1.9%**
Consolidated revenue				
Group - published [2]	754	783	**763**	- 2.5%
Villages - at constant exchange rate	741	768	**761**	- 1.0%
EBITDA Villages [3]	80	85	**81**	
As a % of revenue	*10.7%*	*10.9%*	***10.7%***	
Operating Income - Villages	**46.6**	**52.8**	**49.4**	**- 6.4%**
Operating Income - Management of Assets	(14)	(14)	**(9)**	
Other Operating Income and Expense	(7)	(7)	**(10)**	
Operating income	26	32	**30**	
Net Income/(loss) before tax and non-recurring items	**28**	**39**	**35**	**- 11.6%**
Net income/loss	**10**	**17**	**18**	**+ 7.1%**
Investments	(30)	(24)	**(36)** [4]	
Disposals	17	23	**0**	
Free Cash Flow	30	47	**11**	
Net debt	(169)	(123)	**(112)**	

(1) Total sales regardless the operating structure (reported)
(2) Includes €7 million, €9 million, and €2 million in property development revenue for respectively 2011, 2012 and 2013
(3) EBITDA Villages : Operating Income Villages before interest, taxes depreciation and amortization
(4) Withdrawn Investments (36) M€ and realized investments (24) M€

2.2. Business Review

BUSINESS VOLUME

Village business volume (total sales regardless of Village operational method) fell 1.9% from €798 million in H1 2012 to €783 million.

VILLAGE BUSINESS INDICATORS

	H1 11	H1 12	H1 13	Change 13 vs 12
Customers (in '000s)	**599**	**623**	**598**	**- 4.1%**
O/w 4/5 Tridents customers	*71.9%*	*74.4%*	***77.3%***	*+2,9 pts*
Hotel days sold (in '000s)	3,677	3,789	**3,630**	- 4.2%
Capacity in hotel days (in '000s)	5,321	5,389	**5,140**	- 4.6%
O/w 4/5 Tridents capacity	*69.4%*	*73.7%*	***76.5%***	*+ 2.8pts*
Occupancy rate	69.9%	71.1%	**71.3%**	*+ 0.2pts*
Revenue[1]/Hotel Days	153.9 €	155.6 €	**161.2 €**	+ 3.6%
RevPAB [2] per Hotel Days	111.9 €	113.6 €	**117.9 €**	+ 3.8%
% Direct Revenues [3]	*57.7%*	*58.3%*	***57.8%***	*- 0.5 pts*

(1) At constant FX rate
(2) Revenue Per Available Bed : Total like-for-like Villages revenue, net of tax and transportation costs, per available bed
(3) Direct individual sales (Internet, Club Med Voyages, Call center, Franchises) / individual sales worldwide

Winter 2013 saw a 4.1% fall in the number of customers, mainly coming from France. This decline was entirely due to fewer customers in 2- and 3-Trident Villages. Translated into hotel days, the decline in business was 4.2%.

The share of customers visiting 4- and 5-Trident Villages continues to grow and now stands at 77.3% of total customers, up nearly three percentage points compared to Winter 2012.

The share of sales made by direct distribution channels (online, Club Med travel agencies, franchises and call centers) fell 0.5 points compared to last Winter and accounts for 57.8% of total sales.

Given the anticipated reduction in business volumes in Europe, particularly in France, **capacity** was adjusted by 4.6% compared to Winter 2012 in two ways: first, via a net Village opening/closure effect that reduced capacity by 0.8%; and second, via optimization of the opening times of seasonal Villages in Europe and Africa, adjusting capacity by 3.8% for Winter 2013.

The average price per hotel day amounted to €161.20, an increase of 3.6% compared to Winter 2012 given the combined effect of the change in the price mix for all our destinations and the increase in the proportion of customers visiting mountain Villages.

Revenue per available bed, or **RevPAB**, grew by 3.8% thanks to an increase in average prices and a stable occupancy rate of 71.3%.

CONSOLIDATED REVENUE

CHANGE IN REVENUE H1 2013 COMPARED TO H1 2012 (REPORTED)

	H1 2012
Group Revenue	**783**
Change	(6)
Volume effect	(34)
Price mix effect	26
Villas & Chalets	(6)
Group Revenue	**763**
	H1 2013

Consolidated revenue amounted to €763 million, a fall of 2.5% on a reported basis.

Village revenue amounted to €761 million, down 1% at constant exchange rates compared to Winter 2012, including a negative volume impact of €34 million and a positive price mix impact of €26 million, reflecting changes in various business indicators.

REVENUE AT CONSTANT EXCHANGE RATES BY REGION AND BUSINESS (OUTBOUND ZONES)

(in €m) *at constant exchange rate*	H1 2011	H1 2012	H1 2013	Change H1 13 vs H1 12
Europe-Africa without France	*196*	*205*	*205*	*+0%*
France	*323*	*337*	*319*	*-5.5%*
Europe-Africa	**520**	**543**	**524**	-3.4%
Americas	**124**	**130**	**137**	+5.6%
Asia	**96**	**96**	**100**	+3.9%
Villages	**741**	**768**	**761**	**-1.0%**
Property development	7	9	2	
Group	**748**	**777**	**763**	**-1.8%**

At constant exchange rates, revenue in the Americas and Asia grew by 5.6% and 3.9% respectively. The Asia region benefited from a 27% increase in the number of Chinese customers during the period, which offset the impact of the closure of the Lindeman Island 3-Trident Village for the Australian market in late January 2012.

Revenue for the Europe-Africa region was down 3.4%, due mainly to the decline of 5.5% in France. France was affected to an extent by the €7 million fall in Club Med Business activity, which had reached record levels the previous Winter, but primarily by the decrease in Individual Customer business, down 3.9%.

ANALYSIS OF OPERATING MARGINS

(in €m) reported	H1 11	H1 12	H1 13	Change H1 13 vs H1 12
EBITDAR Villages [1]	156.4	163.2	**159.6**	- 2.2%
% of revenues	*20.9%*	*21.1%*	***21.0%***	*- 0.1 pts*
EBITDA Villages [2]	**80.0**	**84.6**	**81.4**	- 3.8%
% of revenues	***10.7%***	***10.9%***	***10.7%***	*- 0.2 pts*
Operating Income Villages	46.6	52.8	**49.4**	- 6.4%
% of revenues	*6.2%*	*6.8%*	***6.5%***	*- 0.3 pts*

(1) EBITDAR Villages: Operating Income Villages before depreciation, amortization, rents and change in provisions
(2) EBITDA Villages: Operating Income Villages before depreciation and amortization and change in provisions

Operating profitability was stable in relative value terms in Winter 2013, despite the dip in business in this half-year. **Village EBITDAR**, which is the operational profitability of Villages before depreciation, changes in provisions and property costs, amounted to €159.6 million, or 21% of Village revenue.

Village EBITDA amounted to 10.7% of revenue, down by just 0.2 points on last Winter.

–Village operating income stood at €49.4 million, or 6.5% of revenue.

ANALYSIS OF VILLAGE OPERATING INCOME

(in €m) at constant exchange rate	H1 11	H1 12	H1 13
Revenue	741	769	761
Other revenue	1	1	2
Total revenue	**742**	**770**	**763**
Margin on variable costs	472	486	482
% revenue	63,8%	63,3%	63,4%
Fixed sales & marketing costs	(99)	(97)	(100)
Fixed operating costs	(222)	(232)	(231)
Real estate costs	(90)	(92)	(92)
Overhead costs	(12)	(12)	(10)
Operating Income - Villages	**49**	**53**	**49**

	H1 12	H1 11
H1 12 & H1 11 Op.income - Villages reported	**53**	**47**
Translation adjustments	0	2
H1 12 & H1 11 Op.income - Villages at constant exchange rate	**53**	**49**
Volume effect	(18)	(7)
Change in price mix	14	17
Change in margin on variable costs	**(4)**	**10**
Fixed sales & marketing costs	(3)	(1)
Fixed operating costs	1	(9)
Real estate costs	(0)	(2)
Overhead costs	2	2
H1 13 Op. income - Villages	**49**	**49**

The €4 million decline in margin on variable costs is due to the volume and price mix effects associated with changes in business.

At 63.4% of revenue, the margin on variable costs is stable compared to Winter 2012, reflecting the resilience of the Club Méditerranée business model and its ability to adapt in a challenging environment.

Changes in major costs are broken down as follows:

- Total fixed and variable distribution costs stand at 18.5% of business volume, compared to 17.7% in Winter 2012, with the improvement of 0.7 points due to marketing and sales activities carried out to speed up gains in market share in mature countries and to support progress in high-growth markets.
- Fixed operating costs are down in absolute terms. However, compared to capacity, excluding the capacity of managed Villages, these costs increased by 2.9% per hotel day. This increase is primarily due to the effects of inflation and the upscaling strategy.
- Property costs remained unchanged at €92 million, while support costs fell slightly to €10 million.
- Overall, total fixed costs, i.e. those relating to sales and marketing, operations, property and support are unchanged vs. H1 2012.

VILLAGE OPERATING INCOME BY REGION

(in €m) reported	H1 11	H1 12	H1 13
Europe-Africa	7.5	9	3
Americas	23	25	26
Asia	16.5	19	20
Operating Income Villages	**47**	**53**	**49**
% of revenue	*6.2%*	*6.8%*	*6.5%*

Village operating income in the Europe-Africa region fell €6 million compared to Winter 2012 due to the negative volume impact in France during Winter 2013 of changes to the school calendar.

Village Operating Income increased in the Americas and Asia.

2.3. Consolidated Income Statement

(in €m) reported	H1 11	H1 12	H1 13
Group Revenue [(1)]	**754**	**783**	**763**
Operating Income - Villages	47	53	49
Operating Income - Management of Assets	(14)	(14)	(9)
Other Operating Income & Expense	(7)	(7)	(10)
Operating income / (loss)	26	32	30
Finance cost, net	(12)	(6)	(5)
Share of profit of associates	-	1	1
Income tax / benefit	(4)	(10)	(8)
Net result	**10**	**17**	**18**

(1) Includes €7 million, €9 million and €2 million in property development revenur for respectively 1st semester of 2011, 2012 and 2013

Management of assets operating income of (€9 million) owed mainly to development and construction costs of €3 million and costs in the same amount associated with non-operating Villages. **Other operating income** of (€10 million) mainly includes restructuring costs of €7 million.

Operating income amounted to €30 million for Winter 2013.

NET INCOME BEFORE TAXES AND NON-RECURRING ITEMS

(in €m) reported	H1 11	H1 12	H1 13
Net Income/(loss) before tax and non-recurring items	**28**	**39**	**35**
Capital gains on sale of assets	6.5	16	0
Impairment / Write-off / Exit of Villages / Others	(16)	(23)	(2)
Restructuring costs	(4.5)	(5.5)	(7)
Net Income/(loss) before tax	**14**	**27**	**26**
Tax	(4)	(10)	(8)
Net income / (loss)	**10**	**17**	**18**

Net income before taxes and non-recurring items stands at €35 million. The decline on Winter 2012 reflects the change in Village operating income.

H1 2013 was marked by a significant drop in non-recurring costs.

FINANCIAL INCOME

(in €m) reported	H1 11	H1 12	H1 13
OCEANE 2015 / ORANE	(3)	(3)	(3)
Other Interest expenses	(5.5)	(4)	(2)
Interest expenses	(8.5)	(7)	(5)
Titles disposals & provisions	1.6	0	0
Exhange gains / losses net	(5.1)	1	0
Finance cost - net	**(12)**	**(6)**	**(5)**
Average net debt	(228)	(182)	(161)
Calculates cost of debt	7.6%	7.9%	6.7%
Cash cost of debt exl. IFRS impact	5.8%	5.8%	4.4%

The net finance cost of (€5 million) is a slight improvement on Winter 2012 due to a €1.4 million reduction in interest expense as a result of the €21 million fall in average net debt.

INCOME TAXES

Income taxes of (€8 million) were lower, thanks in particular to the impact of disposals made during H1 2012.

Net income stands at €18 million.

2.4. Consolidated Statement of Financial Position

(in €m) reported

Non-current assets	04/12	10/12	04/13
PPE	828	815	803
Intangible assets	80	80	81
Non-current financial assets	91	90	90
Total non-current assets	*999*	*985*	*974*
Government grants	(32)	(30)	(28)
Total	**967**	**955**	**946**

Equity and liabilities	04/12	10/12	04/13
Equity incl. Minority interests	543	522	533
Provisions	52	48	45
Deferred tax liabilities-net	31	27	26
Working capital	218	240	230
Net debt	123	118	112
Total	**967**	**955**	**946**

Gearing	**22.7%**	**22.6%**	**20.9%**
Working capital / Villages revenue	**15.2%**	**16.6%**	**16.0%**
Capital employed* / Villages revenue	**52%**	**51%**	**50%**

* Capital employed = (fixed assets nets of grants settlements - working capital) at opening and closing / 2

Non-current assets net of government grants were down slightly by €9 million compared to October 2012, primarily due to depreciation and amortization being higher than acquisitions.

Working capital, which represents a net source of funds for the Group, was €230 million.

Equity increased to €533 million, due mainly to the net income of €18 million.

Net financial debt was down at €112 million. The gearing ratio (net debt / equity) improved by almost two percentage points compared to April 2012, standing at 20.9%.

2.5. Capital Resources

STATEMENT OF CASH FLOWS

(in €m) reported	H1 11	H1 12	H1 13
Net Income / (Loss)	**10**	**17**	**18**
Amortization	34	32	32
Others	(4)	1	(2)
Cash Flow	40	50	48
Change in working capital & provisions	3	(2)	(1)
Net cash from operating activities	**43**	**48**	**47**
Capital expenditure	(30)	(24)	(36)
Disposals	17	23	0
Free Cash Flow	**30**	**47**	**11**
Translation impacts on cash and others	(2)	(5)	(5)
Change in net debt	**28**	**42**	**6**
Opening net debt	(197)	(165)	(118)
Closing net debt	(169)	(123)	(112)
Free cash flow without disposals and exit costs	**19**	**35**	**12**

Net cash from operating activities amounted to €47 million and was broadly unchanged compared to Winter 2012.

Free cash flow, i.e. the cash flow available after taxes and financial expense, measures the cash flows generated by operating assets. It is made up of net cash from operating activities and investments net of disposals. For Winter 2013, it stands at €11 million, compared to a free cash flow excluding disposals of €24 million for H1 2012. The difference comes from the increase in investments, which rose from €24 million in Winter 2012 to €36 million in Winter 2013.

Net cash from operating activities in the statement of cash flows is reconciled with the cash flows from operating activities in the consolidated statement of cash flows as follows:

(in M€)	H1 2011	H1 2012	H1 2013
Net cash from operating activities (statement of cash flows)	43	48	47
Interest expense paid	17	6	8
Other	(3)	(3)	(2)
Net cash flows from operating activities	**57**	**51**	**53**

INFORMATION ON THE GROUP'S NET DEBT

Net financial debt at April 30, 2013 breaks down as follows:

	10/11	04/12	10/12	04/13	Reminder Covenants
Liquidity	172	197/147 (1)	158	178	-
Net debt	(165)	(123)	(118)	(112)	-
Net debt / EBITDA (as define below) (2)	1.21	0.87	0.86	0.84	< 2.5
EBITDAR (as define below) (3)/ (Interest + rents (4))	1.8	1.8	1.7	1.7	> 1.40
EBITDAR (as define below) (3)/ Adjusted financial fees (5)	19x	22x	25x	28x	-
Gearing	**32.2%**	**22.7%**	**22.6%**	**20.9%**	**< 100%**

(1) €197 million at 30 April 2012 falling to €147 million after anticipated repayment of a €50 million loan secured by Cancun assets on 31st May 2012
(2) = EBITDA villages restated for credit cards costs
(3) = EBITDAR villages restated for credit cards costs
(4) Villages rents used for the calculation of EBITDAR village
(5) Interest expenses adjusted from IFRS impacts on convertible bons (OCEANE)

A detailed analysis of liquidity and debt appears in Note 16 to the interim consolidated financial statements.

Net debt amounted to €112 million at April 30, 2013, meaning a gearing ratio of 20.9%.

The Group's total available cash was €178 million.

All financial ratios, especially net debt to EBITDA that is structurally less than 1, reflect the continued strengthening of Club Méditerranée's financial position. Debt covenants were complied with as at April 30, 2013.

INFORMATION ON BORROWING CONDITIONS AND FINANCING STRUCTURE

In April 2013, the Group issued a German "Schuldschein"-type private placement for €20 million. This funding, which was issued at 97.715% of par with a variable rate of Euribor +3%, is repayable by bullet payment in April 2018 and covered by covenants identical to those borne by the Group to date.

LIQUIDITY AND FUNDING SOURCES NEEDED TO MEET THE GROUP'S COMMITMENTS

The Group has sufficient liquidity (cash and available bank lines) to fund its operating cycle and its investment plans for the 12 months ahead.

OFF-BALANCE-SHEET COMMITMENTS

The Group's off-balance-sheet commitments are described in Note 24 to the interim consolidated financial statements ("Commitments").

CONTRACTUAL OBLIGATIONS

See Note 15 to the interim consolidated financial statements: "Borrowings and Other Interest-Bearing Liabilities".

3. CLUB MÉDITERRANÉE OUTLOOK FOR SUMMER 2013

3.1. Capacity - Summer 2013

(in '000 of hotel days)	Summer 11	Summer 12	Summer 13	*Change S13 vs S12*
2 & 3	44%	41%	34%	*-7 pts*
4 & 5	56%	59%	66%	*+7 pts*
Europe - Africa	4,235	4,092	3,780	*-7.6%*
Americas	1,325	1,342	1,354	*+0.8%*
Asia	829	779	864	*+10.9%*
TOTAL	**6,389**	**6,213**	**5,997**	***-3.5%***

Capacity for Summer 2013 has been adjusted downward by 3.5% compared to the previous Summer. However, this decline reflects highly contrasting situations according to region.

Capacity has been reduced by nearly 8% in Europe-Africa to reflect the continued downturn in the tourism market, particularly in France. This change includes:

- the permanent closure of the seasonal 3-Trident Villages in Beldi, Turkey and Otranto, Italy as well as the extension of the closure of some North African Villages such as Marrakech La Médina in Morocco and Djerba-la-Fidèle in Tunisia;
- proactive adjustments to the opening times of seasonal Villages;
- the opening of the Belek Village in Turkey on April 20, 2013.

Capacity is stable in the Americas.

In Asia, capacity has increased by 10.9% due to the opening of Guilin in China this Summer.

Finally, the seven-point increase in 4- and 5-Trident capacity for Summer 2013 is linked to the opening of new Villages during this season: Pragelato in Italy, Belek in Turkey and Guilin in China. These new Villages are all upscale and bi-seasonal or permanent.

3.2. Summer 2013 Bookings (Compared to Summer 2012) as at May 18, 2013

(at constant exchange rate)	Cumulative as of 18th May 2013	8 last weeks
Europe - Africa	+ 4.7%	- 4.6%
Americas	+ 8.8%	+ 4.4%
Asia	+ 8.0%	+ 13.9%
Total Club Med	**+ 5.5%**	**+ 0.3%**
Capacity Winter 2013	**- 3.5%**	

Cumulative bookings at May 18, 2013, expressed in business volume at constant exchange rates, were up 5.5% compared to Summer 2012. At the same time last year, nearly two thirds of Summer bookings had been made.

All regions are experiencing growth to date.

In a difficult economic climate, Europe-Africa recorded growth in bookings of 4.7%**,** driven by the partial shift of the Easter vacation to the Summer season for close to €9 million. This positive scheduling factor is responsible for nearly 30% of the growth of our individual customer sales to date. Excluding the impact of the Easter vacation, bookings were boosted by the opening of the new Belek and Pragelato Villages.

Bookings were up 8.8% in the Americas, thanks in particular to strong sales in the United States.

Bookings in Asia increased by 8%, thanks mainly to sales in high-growth countries, particularly Greater China, where bookings are up over 40% following the opening of Guilin.

Bookings are up fractionally (+0.3%) over the last eight weeks, despite the noted decline in Europe as a result of the continued downturn on the French market in the Summer.

3.3. 2015 Strategy: entering a new stage in the internationalization of Club Med in order to capture growth in the upscale all-inclusive vacations market

- Speed up progress in high-growth markets

  With growth remaining steady in major markets with high potential such as China, Brazil and Russia, Club Med has set itself a new goal: to have one third of its customers from high-growth markets by the end of 2015.

  In this respect, China will play a major role by becoming the second-largest Club Med market by the end of 2015, with 200,000 customers, five Villages (including Guilin, the second 4-Trident Village, which will welcome its first guests in Summer 2013, and a proposed third seaside Village by the end of 2013) and the development of a new by Club Med brand suited to the Chinese market. This will consist of upscale high-capacity hotel resorts tailored to the needs of urban Chinese customers who want to spend long weekends in a natural environment while remaining close to major cities. This offer will also be tailored to business customers wanting to organize seminars.

- Continue to win market share in mature markets, including France, by strengthening premium distribution, by changing the pricing policy with a family offer now including no charge for children under six years of age, and by offering new products (new Club Med Discovery, new cruises on the Club Med 2).

- Highlight the uniqueness of the Club Med brand

  In early 2013, Club Med launched its new global campaign to raise its brand awareness, attract new customers and build their loyalty.

  In addition, to speed up its international expansion, Club Med continues to develop new distribution methods and aims to achieve a fourfold increase in the number of Club Med concessions (shops in shops) and franchises by the end of 2015 (from 50 to 200).

- Optimize the business model

  Club Med is going further in its upscaling with the aim of having three quarters of its capacity in 4- and 5-Trident Villages by 2015, with new openings such as Pragelato Vialattea, Italy in December 2012, Belek, Turkey in April 2013 and Guilin, China during Summer 2013. These new Villages, which reflect Club Méditerranée's enhanced ability to grow, will increase the proportion of permanent (or long-season) Villages that have a large capacity.

  The majority of ongoing developments are carried out using the management contract model with a view to speeding up the 'asset-light' strategy, improving return on capital employed and balancing the Village portfolio.

3.4. Subsequent events

The subsequent events are described in Note 25 to the interim condensed consolidated financial statements at April 30, 2013.

3.5. Other Information

UPDATED OWNERSHIP STRUCTURE

	Number of shares		Voting rights	
	31 May 2013	%	31 May 2013	%
Fosun Property Holdings Limited	3 170 579	10,0%	6 044 723 (1)	17,0%
CMVT International (Groupe CDG Maroc)	2 250 231	7,1%	2 250 231	6,3%
Rolaco	1 793 053	5,6%	1 793 053	5,0%
AXA Private Equity Capital	2 982 352	9,4%	2 982 352	8,4%
Benetton	708 000	2,2%	708 000	2,0%
Total Board of Directors	10 904 215	**34,2%**	13 778 359	**38,7%**
Fidelity (FMR LLC)	1 773 980	5,6%	1 773 980	5,0%
Caisse des dépôts et consignations	1 918 492	6,0%	1 918 492	5,4%
Franklin Finance	1 843 200	5,8%	1 843 200	5,2%
Air France	635 342	2,0%	635 342	1,8%
GLG Partners LP (2)	319 619	1,0%	319 619	0,9%
French institutions	3 740 823	11,7%	3 798 887	10,7%
Foreign institutions	7 510 962	23,6%	8 187 064	23,0%
Treasury shares (3)	208 804	0,7%	208 804	0,6%
Employees	25 510	0,1%	51 020	0,1%
Public and others	2 960 281	9,3%	3 076 900	8,6%
TOTAL	31 841 227	**100,0%**	35 591 666	**100,0%**

(1) shares and contracts for differences

(2) shares and contracts for differences (agreement between two parties to exchange the difference between the opening price and closing price of a contract.)

(2) treasury shares which voting rights can not be exercised

EXCEPTIONAL EVENTS, CLAIMS AND LITIGATION

In H1 2013, there were no governmental, legal or arbitration proceedings that have recently had or may have a significant impact on the financial position or profitability of the Company and/or Group, other than those outlined in Note 13.3 to the interim consolidated financial statements.

RELATED-PARTY TRANSACTIONS

There were no transactions between related parties other than those described in Note 23 to the interim consolidated financial statements.

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. This policy is based on a map of key operational risks, established in 2005 and updated in 2011, which prioritizes risks based on their frequency and their economic impact on the Group. Following a review of its risks, Club Méditerranée believes that there are no significant risks other than those presented on pages 38-42 of the 2012 Registration Document and the financial risks described in Note 19 to the consolidated financial statements on pages 164-167 of said document.

Interim Condensed Consolidated Financial Statements at April 30, 2013

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Statutory Auditors' Report on the Interim Financial Statements

Consolidated Income Statement

(in € millions)	Note	H1 2012	H1 2013
Group revenue [1]	**5**	**783**	**763**
Village revenue	**5**	**774**	**761**
Other income		4	3
Total income from ordinary activities		**778**	**764**
Purchases		(295)	(287)
External services		(153)	(154)
Employee benefits expense		(152)	(149)
Taxes other than on income		(15)	(15)
Village EBITDAR	**5**	**163**	**159**
Rent		(78)	(78)
Village EBITDA	**5**	**85**	**81**
Depreciation and amortization expense		(32)	(32)
Village operating income	**5**	**53**	**49**
Management of assets operating income	**18**	**(14)**	**(9)**
Other operating income and expense	**19**	**(7)**	**(10)**
Operating income/(loss)		**32**	**30**
Interest and related income (expense) on net debt	**20**	(7)	(5)
Other financial income and expense		1	
Financial income/(expense)	**20**	**(6)**	**(5)**
Income/(loss) before tax		**26**	**25**
Income tax	**14**	(10)	(8)
Share of income of associates		1	1
Net income/(loss)		**17**	**18**
- attributable to the Parent Company		16	17
- attributable to minority interests		1	1
(in euros)			
Basic earnings/(loss) per share	**21**	0.50	0.54
Diluted earnings/(loss) per share	**21**	0.50	0.54

(1) of which €2m in management of assets revenue in 2013 and €9 million in 2012.

Consolidated Statement of Comprehensive Income

(in € millions)	Note	H1 2012	H1 2013
Net income/(loss)		**17**	**18**
Translation adjustments		14	1
Gains/(losses) on cash flow hedges taken to equity			(1)
Total other comprehensive income after tax and before comprehensive income of associates	**11**	**14**	**0**
Translation adjustments of associates		(1)	(1)
Total other comprehensive income		**13**	**(1)**
TOTAL COMPREHENSIVE INCOME		**30**	**17**
- attributable to the Parent Company		30	16
- attributable to minority interests		0	1

There is no tax effect on other comprehensive income. All comprehensive income may be recycled in the income statement.

Consolidated Statement of Financial Position

ASSETS

(in € millions)	Note	10/31/2012	4/30/2013
Goodwill	**7**	31	31
Intangible assets	**7**	49	50
Property, plant and equipment	**8**	803	791
Non-current financial assets		90	90
Total non-current assets		**973**	**962**
Deferred tax assets	**14**	22	24
Non-current assets		**995**	**986**
Inventories		34	37
Trade receivables		46	52
Other receivables	**9**	117	123
Cash and cash equivalents	**10**	65	57
Current assets		**262**	**269**
Assets held for sale		12	12
Total assets		**1,269**	**1,267**

EQUITY AND LIABILITIES

(in € millions)	Note	10/31/2012	4/30/2013
Share capital		127	127
Additional paid-in capital		611	292
Retained earnings/(deficit)		(279)	39
Net income/(loss) for the period		1	17
Equity attributable to the Group	**11**	**460**	**475**
Minority interests		**62**	**58**
Shareholders' equity	**11**	**522**	**533**
Pensions and other long-term benefits	**13**	24	24
Borrowings and other interest-bearing liabilities	**15**	136	138
Other liabilities	**17**	37	34
Deferred tax liabilities	**14**	49	50
Non-current liabilities		**246**	**246**
Provisions	**13**	24	21
Borrowings and other interest-bearing liabilities	**15**	47	31
Trade payables		117	147
Other liabilities	**17**	147	145
Customer prepayments		166	144
Current liabilities		**501**	**488**
Total equity and liabilities		**1,269**	**1,267**

Consolidated Statement of Cash Flows

(in € millions)	Note	H1 2012	H1 2013
Cash flows from operating activities			
Net income/(loss)		17	18
Adjustments for:			
Depreciation, amortization and provisions	**22.1**	45	33
Share of income of associates (net of dividends)		(1)	(1)
Disposal (gains) and losses, net		(15)	1
Finance cost, net		6	5
Income tax		10	8
Other		(1)	(2)
Change in working capital and short-term provisions[1]	**22.4**	(5)	(2)
Cash generated from operations, before tax and interest		**56**	**60**
Income taxes paid		(5)	(7)
Cash flows from operating activities		**51**	**53**
Cash flows from investing activities			
Acquisition of non-current assets	**22.2**	(24)	(36)
Proceeds from disposals of non-current assets	**22.3**	23	
Cash flows from investing activities		**(1)**	**(36)**
Free cash flow		**50**	**17**
Cash flows from financing activities			
Proceeds from long-term borrowings		1	19
Repayments of long-term borrowings		(22)	(20)
Interest expenses paid		(6)	(8)
Increase (decrease) in short-term bank loans		(13)	(12)
Purchase of minority interests	**11.3**		(3)
Cash flows from financing activities		**(40)**	**(24)**
Currency effect on cash and cash equivalents and other			(1)
Net increase/(decrease) in cash and cash equivalents		**10**	**(8)**
Cash and cash equivalents at beginning of period	**10**	56	65
Cash and cash equivalents at end of period	**10**	66	57

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

Change in Consolidated Net Debt

(in € millions)	Note	H1 2012	H1 2013
Net debt at beginning of period	**15**	(165)	(118)
Decrease in net debt		42	6
Net debt at end of period	**15**	**(123)**	**(112)**

Consolidated Statement of Changes in Equity (Note 11)

(in € millions)

	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Translation reserve	Retained earnings/ (deficit) and net income/(loss)	Equity attributable to the Group	Minority interests	Total equity
At 10/31/11	**30,250,076**	**121**	**604**	**(10)**	**(40)**	**(227)**	**448**	**64**	**512**
Gains/(losses) on cash flow hedges taken to equity									
Translation adjustments					14		14	(1)	13
Other comprehensive income					14		14	(1)	13
Net income/(loss) for the period						16	16	1	17
Comprehensive income					**14**	**16**	**30**		**30**
Share-based payments	4,666					1	1		1
Compound financial instruments (ORANE + OCEANE bonds)	24,548								
At 04/30/12	**30,279,290**	**121**	**604**	**(10)**	**(26)**	**(210)**	**479**	**64**	**543**
At 10/31/12	**31,822,559**	**127**	**611**	**(10)**	**(30)**	**(238)**	**460**	**62**	**522**
Gains/(losses) on cash flow hedges taken to equity						(1)	(1)		(1)
Other comprehensive income						(1)	(1)		(1)
Net income/(loss) for the period						17	17	1	18
Comprehensive income						**16**	**16**	**1**	**17**
Share-based payments	18,035					1	1		1
Appropriation of retained earnings to additional paid-in capital			(319)			319			
Changes in scope of consolidation					1	(3)	(2)	(1)	(3)
Dividends								(4)	(4)
At 04/30/13	**31,840,594**	**127**	**292**	**(10)**	**(29)**	**95**	**475**	**58**	**533**

Notes to the Interim Condensed Consolidated Financial Statements

Note 1. General Information

Club Méditerranée SA is a Société Anonyme (joint stock corporation) governed by the laws of France. Its registered office is at 11, Rue de Cambrai, 75957 Paris Cedex 19, France. Club Méditerranée shares are listed on the primary market of the Paris stock exchange (Euronext Paris) and are included in the SBF 120 index.

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

Club Méditerranée is a leading global provider of upscale, all-inclusive vacation packages. Details of the Group’s activities are provided in Note 5.

The interim condensed consolidated financial statements for the Group at April 30, 2013 were approved by the Board of Directors on May 26, 2013. All amounts are expressed in millions of euros, unless otherwise specified.

Note 2. Accounting Principles

▪ 2.1. Summary of Significant Accounting Policies for the Interim Financial Statements

The interim condensed consolidated financial statements at April 30, 2013 were prepared in accordance with IAS 34 “Interim Financial Reporting” and with the international financial reporting standards (IFRS) adopted by the European Union at that date. They should be read in conjunction with the consolidated financial statements at October 31, 2012.

The accounting principles applied to the interim consolidated financial statements at April 30, 2013 are identical to those used at October 31, 2012, as described in Note 2 to the consolidated financial statements at October 31, 2012. The standards and interpretations whose application is mandatory as of November 1, 2012 are described in Note 2.2 to the consolidated financial statements at October 31, 2012.

The amendment to IAS 1 on the presentation of other items of comprehensive income, effective from November 1, 2012, had no impact on the presentation of the Group’s interim condensed consolidated financial statements.

The Group decided against the early adoption of any standards, revised standards or interpretations.

▪2.2. Basis for Estimations Used in Preparing 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 when:

- conducting impairment tests on non-current assets;
- estimating provisions for claims and litigation;
- determining deferred taxes, particularly in assessing the recoverability of deferred tax assets;
- measuring revenue at the stage of completion of construction contracts;
- estimating the market value of the financial assets and liabilities disclosed in Note 15.4.

Note 3. Seasonal Nature of the Business

The Group's activity is characterized by a degree of seasonality: costs incurred in seasonal and closed Villages are higher in the Winter season (H1) than the Summer season. This seasonality also has an impact on working capital.

Note 4. Changes in Scope of Consolidation

During the period, the Group acquired 21.53% of minority interests in the Taipe Trancoso Empreendimentos SA company for €3.1 million. The impact of this acquisition on the Group's consolidated financial statements is described in Note 11.3.

Note 5. Segment Information

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

The Village business is organized into three regions:

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

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

- the Asia region, comprising the countries of Eastern and Southern Asia and the Pacific (ESAP) and Greater China (China, Taiwan, Hong Kong).

Each operating segment sells vacations and related services as well as operating Villages. Each operating segment consists of countries that may be where the vacations are sold (sales) or where the Villages are operated (operations), or a combination of the two.

Club Méditerranée is characterized by the creation of intersegment flows, particularly from Europe to Asia and the Americas. However, most customers choose destinations in their home region.

The Group also has a real estate development business which builds and sells villas and luxury chalet-apartments.

The Group analyzes its sales performance by outbound zone corresponding to the location of its customers. Revenue is thus monitored in internal reporting as outbound data.

The Group analyses the operations performance of its Villages by inbound zone corresponding to the location of its assets. Village operating income, Village EBITDAR and Village EBITDA are the main indicators for monitoring operations performance.

The items recorded under management of assets operating income and other operating income and expense are analyzed by type at Group level.

Financing and cash performance (including analysis of financial income and expense) and income taxes are monitored at Group level without being re allocated to operating segments.

(in € millions)

04/30/13	EAF	ASIA	Americas	Total
Outbound Village revenue	**524**	**100**	**137**	**761**
Village EBITDAR	86	34	39	159
Village EBITDA	20	25	36	81
Village operating income	**3**	**20**	**26**	**49**
Management of assets operating income				(9)
Other Operating Income and Expense				(10)
Operating income/(loss)				**30**

(in € millions)

04/30/12	EAF	ASIA	Americas	Total
Outbound Village revenue	**544**	**97**	**133**	**774**
Village EBITDAR	92	32	39	163
Village EBITDA	26	24	35	85
Village operating income	**9**	**19**	**25**	**53**
Management of assets operating income				(14)
Other Operating Income and Expense				(7)
Operating income/(loss)				**32**

Village revenue in France amounted to €319 million at April 30, 2013, versus €337 million at April 30, 2012.

Revenue for the real estate development business, recognized according to the stage of completion, amounted to €2 million in H1 2013 versus €9 million in H1 2012 (see Note 6).

Property, plant and equipment and intangible assets are broken down by region in internal reporting:

(in € millions)

04/30/13	EAF	ASIA	Americas	Total
Goodwill and intangible assets	63	12	6	**81**
Property, plant and equipment	324	95	372	**791**

(in € millions)

10/31/12	EAF	ASIA	Americas	Total
Goodwill and intangible assets	62	12	6	**80**
Property, plant and equipment	330	98	375	**803**

The other segment information available by region is as follows:

(in € millions)

04/30/13	EAF	ASIA	Americas	Total
Acquisition of non-current assets [(1)]	26	3	7	36
Amortization, depreciation and impairment of non-current assets [(2)]	(19)	(4)	(10)	(33)
Non-cash items other than amortization, depreciation and impairment [(3)]	2	(1)	2	3

(in € millions)

04/30/12	EAF	ASIA	Americas	Total
Acquisition of non-current assets	14	3	7	24
Amortization, depreciation and impairment of non-current assets [(2)]	(19)	(16)	(10)	(45)
Non-cash items other than amortization, depreciation and impairment [(3)]	(1)	1	1	1

[(1)] includes €12 million of changes in payables to suppliers of non-current assets

[(2)] including depreciation, amortization and impairment in management of assets operating income

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

Note 6. Construction Contracts

At April 30, 2013, revenue from the real estate development business, recognized according to the stage of completion, stood at €2 million versus €9 million at April 30, 2012. Net income for this activity, recorded under management of assets operating income, was at around break-even at April 30, 2013 (€1 million in 2012).

At the end of April 2012 and 2013, revenue from the real estate development business includes the sale of the villas at Albion and luxury chalet-apartments at Valmorel.

Costs incurred and attributable to construction contracts are recorded in real estate development inventories. For sold contracts, costs are recognized in proportion to the stage of completion of the construction. Real estate development inventories stood at €23 million at April 30, 2013 (versus €22 million at October 31, 2012).

Note 7. Goodwill and Intangible Assets

(in € millions)

	Goodwill	Intangible assets	Total
Net at 10/31/12	**31**	**49**	**80**
Acquisitions		4	4
Amortization		(3)	(3)
Net at 04/30/13	**31**	**50**	**81**

The main investments in H1 2013 concerned the sales systems.

Note 8. Property, Plant and Equipment

8.1. Breakdown of Changes

(in € millions)

	Land	Buildings and fixtures	Equipment	Other property, plant and equipment	Assets under construction	Total
Cost at 10/31/12	**209**	**944**	**187**	**118**	**21**	**1,479**
Accumulated depreciation		(464)	(130)	(82)		(676)
Net at 10/31/12	**209**	**480**	**57**	**36**	**21**	**803**
Acquisitions		8	7	2	3	20
Disposals				(1)		(1)
Depreciation		(19)	(7)	(3)		(29)
Impairment			(1)			(1)
Translation adjustments		(1)				(1)
Reclassifications		6	1	5	(12)	
Cost at 04/30/13	**209**	**955**	**192**	**125**	**12**	**1,493**
Accumulated depreciation		(482)	(135)	(85)		(702)
Net at 04/30/13	**209**	**473**	**57**	**40**	**12**	**791**

The main acquisitions in H1 2013 concerned the Villages of Pragelato (€6 million), Rio das Pedras (€3 million) and Phuket (€1 million).

8.2. Additional Information

8.2.1. Impairment Tests

The Group conducted impairment tests on groups of Villages or on Villages that, in isolation, presented indications of impairment. These tests did not result in any impairment.

8.2.2. Additional Information

Net non-current assets and residual debt held under finance leases totaled €4 million and €2 million, respectively, at April 30, 2013 and October 31, 2012.

Assets worth €152 million had been given as collateral for debts at April 30, 2013, compared to €154 million at 31 October 2012. The corresponding debts amounted to €37 million at April 30, 2013, compared to €55 million at October 31, 2012. These debts may fluctuate depending on drawdowns from the line of credit.

At April 30, 2013, borrowing costs related to the financing of capital expenditure during the construction period and entered under capital costs were not significant.

Note 9. Other Receivables

(in € millions)

	10/31/11		4/30/13	
	Cost	Net	Cost	Net
Tax receivables	38	38	35	35
Accrued income	4	4	4	4
Prepayments to suppliers	9	9	12	12
Current account advances to associates[1]	1	1	2	2
Miscellaneous receivables	7	7	12	12
Prepaid expenses	58	58	58	58
Total	**117**	**117**	**123**	**123**

(1) Associates: Companies consolidated using the equity method

Note 10. Cash and Cash Equivalents

(in € millions)

	10/31/12	04/30/13
Cash equivalents	11	14
Derivative instruments	2	1
Cash	52	42
Total	**65**	**57**

Cash equivalents consist of deposits of less than three months and money market funds.

Note 11. Share Capital and Reserves

The change in equity over the period relates to the profit for the period for €18 million, the purchase of minority interests for (€3 million) and the payment of dividends to minority interests for (€4 million).

▪ 11.1. Share Capital and Additional Paid-In Capital

During H1 2013, 18,035 stock options were exercised (see Note 12).
Following these transactions, the share capital at April 30, 2013 stood at €127 million, consisting of 31,840,594 shares with a par value of €4.
Following approval by the Shareholders' Meeting of March 7, 2013 to offset retained earnings of (€319 million) against paid-in capital, this paid-in capital amounted to €292 million at April 30, 2013 compared to €611 million at October 31, 2012.

After changes under the liquidity contract, treasury stock amounted to 223,717 shares at April 30, 2013 versus 230,733 shares at October 31, 2012.

▪11.2. Other Items of Comprehensive Income

Translation reserves are as follows:

(in € millions)

	Translation reserves attributable to shareholders	Translation reserves attributable to shareholders	Translation reserves attributable to shareholders
At 10/31/11	**(40)**	**8**	**(32)**
Translation adjustments	14	(1)	13
At 04/30/12	**(26)**	**7**	**(19)**
At 10/31/12	**(30)**	**6**	**(24)**
Change in scope of consolidation	1	(1)	0
At 04/30/13	**(29)**	**5**	**(24)**

Revaluation reserves relating to financial instruments are as follows:

(in € millions)

	Gains/ (losses) on cash flow hedges taken to equity	Available-for-sale financial assets
At 10/31/11	**1**	**1**
Fair value adjustments	2	
At 04/30/12	**3**	**1**
At 10/31/12	**2**	**0**
Fair value adjustments	(1)	
At 04/30/13	**1**	**0**

▪11.3. Purchase of Minority Interests

During the period, the Group acquired a 21.53% stake in the Taipe Trancoso Empreendimentos SA company. In accordance with IAS 27, the transaction between shareholders of an identical entity, where no change in control occurs, is recorded in equity. The acquisition has no impact on the values of the assets and liabilities of the company in question. The impact on equity corresponds to the share acquisition cost.

(in € millions)

	Group	Minority interests	Total equity
Consolidated reserve incl. translation reserve	1	(1)	**0**
Acquisition cost	(3)		**(3)**
Net impact	**(2)**	**(1)**	**(3)**

The impact of the disbursement of €3 million on the statement of cash flows is recorded in financing transactions.

Note 12. Share-Based Payments

No stock option plans were granted by the Board of Directors during H1 2013.

Over the period, 18,035 options from the N and O plans were exercised. No options were exercised by the corporate officers.
Share-based payments resulted in the recognition of €0.3 million of costs for H1 2013 (€0.4 million for H1 2012).

Note 13. Long-Term Benefits, Provisions, Claims and Litigation

13.1. Pensions and Other Long-Term Benefits

13.1.1. Defined-Benefit Plans

(in € millions)

	10/31/12	04/30/13
Present value of the unfunded obligation	24	24
position	**24**	**24**

(in € millions)

	10/31/12	04/30/13
Defined-benefit obligation at period start	20	24
Service cost	1	1
Interest cost (discounting adjustment)	1	
Actuarial (gains) and losses for the period	3	
Paid transactions/benefits	(1)	(1)
Defined-benefit obligation at period end	**24**	**24**

(in € millions)

	04/30/12	04/30/13
Service cost	(1)	(1)
Settlements	1	
Paid transactions/benefits		1
Cost recognized in employee benefits expense	**0**	**0**
Discounting adjustment	0	0
Financial income/(expense)	**0**	**0**
Total recognized (expense)/income	**0**	**0**

13.1.2. Long-Term Benefits

At its meeting of December 6, 2012, the Board of Directors decided to renew a long-term compensation package for the corporate officers to link them to the company's performance, in terms of achieving strategic objectives, and to share price performance.

The terms and conditions of application are as follows:

- Three criteria linked to strategic objectives for 2014, each of which accounts for one third
  - percentage of 4- and 5-Trident Villages greater than or equal to 70% at October 31, 2014;
  - percentage of customers from high-growth countries greater than or equal to 30% at October 31, 2014;
  - “Net income not including taxes and non-recurring items” greater than or equal to 7% of capital employed at October 31, 2014.

- One criterion linked to the share price
  - performance of the Club Méditerranée share compared to the SBF 120 corresponding to the average (closing) price of the two indicators over the reference period, i.e. from November 1, 2010 to October 31, 2014.

- Payment conditions
  - if the share price achieves less than 80% of the performance set out in the criterion above, no long-term compensation is paid;
  - if the share price achieves a performance of between 80% and 150% of the performance set out in the criterion above, a coefficient multiplier is applied to each strategic criterion achieved; the coefficient between these two points is linear.

The amount of long-term compensation that may be paid to the corporate officers may be between 0.27 and 1.5 times their gross annual basic salary.

In respect of H1 2013, the amount of the provision is not significant.

13.2. Changes in Short-Term Provisions

Changes in provisions break down as follows:

(in € millions)

	10/31/12	Accruals	Drawings	Reversals (surplus provisions)	Reclassifications and translation adjustments	**04/30/13**
Provisions for liability claims and damages	3	1	0	(1)	0	3
Site closures and restructuring	5	0	(2)	0	0	3
Provisions for litigation, incl. tax-related	15	3	(2)	0	(1)	15
Other provisions	1	0	0	0	0	1
Total - current	**24**	**4**	**(4)**	**(1)**	**(1)**	**21**

Provisions for litigation cover various commercial disputes, employee disputes, and disputes with government agencies. Over the period, there was no new litigation or other proceedings which might have, or have recently had, a material impact on the Group’s financial position or profitability.

The “Site closures and restructuring” item primarily covers provisions for the scheduled closure of Villages. There is no other litigation that, in isolation, is significant.
Over the period, a provision of €1 million was reclassified by way of deduction from non-current financial assets.

13.3. Contingent Assets and Liabilities

At April 30, 2013, there was no significant change in the contingent assets and liabilities described in Note 16 to the consolidated financial statements of the 2012 Registration Document.

Note 14. Income taxes

14.1. Income Tax Analysis

Current and deferred taxes can be analyzed as follows:

(in € millions)

	H1 2012	H1 2013
Current taxes	**(9)**	**(9)**
Deferred taxes on temporary differences		
Effect of changes in tax rates		(1)
Reassessment of deferred tax assets	(1)	2
Deferred taxes	**(1)**	**1**
Total	**(10)**	**(8)**

In 2013, the increase in the income tax rate from 20% to 26% in Greece and from 25% to 27% in the Dominican Republic led to an increase of €1 million in deferred tax liabilities.
The revaluation of deferred tax assets primarily concerns losses in the Americas without extending the recoverability schedule of these losses.

14.2. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are broken down as follows by statement of financial position item:

(in € millions)

	10/31/12	04/30/13
Property, plant and equipment	2	2
Other assets	8	8
Losses to be carried forward	21	23
Total assets	**31**	**33**
Property, plant and equipment	(57)	(58)
Company value-added contribution (CVAE)	(1)	(1)
Total liabilities	**(58)**	**(59)**
Net deferred tax liabilities	**(27)**	**(26)**

There was no significant change in net deferred tax liabilities during H1 2013.
Recoverability assumptions and loss-use schedules for tax loss carry forwards are similar to those used in October 2012. The amount of assets recognized via deduction of deferred tax liability bases with the same maturity was €6 million at April 30, 2013 (€7 million at October 31, 2012).

Note 15. Borrowings and Other Interest-Bearing Liabilities

15.1. Net debt

(in € millions)

	10/31/12	04/30/13
Cash and cash equivalents	**65**	**57**
Long-term borrowings and other interest-bearing liabilities	136	138
Short-term borrowings and other interest-bearing liabilities	47	31
Total borrowings and other interest-bearing liabilities	**183**	**169**
Net debt	**118**	**112**

15.2. Borrowings and Other Interest-Bearing Liabilities by Category

Over the period, the Group continued its policy of optimizing its sources of financing.

In April 2013, the Group issued a German "Schuldschein"-type private placement for €20 million. This funding, which was issued at 97.715% of par with a variable rate of Euribor +3%, is repayable by bullet payment in April 2018 and covered by covenants identical to those borne by the Group to date.

(in € millions)

	10/31/12	04/30/13
OCEANE	74	75
Long-term bank borrowings	41	57
Drawdowns on lines of credit	19	4
Financial lease obligations	2	2
Total long-term borrowings and other interest-bearing liabilities	**136**	**138**
OCEANE	5	2
Current portion of long-term bank borrowings	17	16
Short-term bank loans and overdrafts	24	12
Fair value of derivative instruments	1	1
Total short-term borrowings and other interest-bearing liabilities	**47**	**31**

15.3. Characteristics of Main Borrowings at April 30, 2013

(in € millions)

	Amount 04/30/13	Nominal interest rate	Effective interest rate	Expiry date
Fixed-rate OCEANE 2015	77	6.11%	9.01%	Nov-15
Total bonds	**77**			
Drawdowns on syndicated line of credit	4	Euribor + margin (1)		Dec-14
Schuldschein private bond placement	20	Euribor + 3%	4,36% (2)	Apr-18
Mortgage loan secured by Club Med 2 assets	16	4.73%		Apr-18
La Pointe aux Canonniers loan	16	6.15%	6.24%	Jan-18
Other	36			
Total borrowings and other interest-bearing liabilities	**169**			

(1) The margin rate (between 2.0% and 3.25%) on the syndicated line of credit depends on the net debt / EBITDA ratio.

(2) based on rates at April 30, 2013

The characteristics of the various borrowings are described in Note 18 to the consolidated financial statements at October 31, 2012.

At April 30, 2013, €5 million of the €100 million syndicated line of credit had been used.

Debt secured by collateral amounted to €37 million at April 30, 2013 (€55 million at October 31, 2012).

▪15.4. Fair Value

The following table shows the carrying amounts and fair values of financial instruments at April 30, 2013:

	Net book value	Fair value
Foreign-exchange derivatives	1	1
Cash and cash equivalents, marketable securities	56	56
Financial assets	**57**	**57**
Bonds	77	91
Other fixed-rate borrowings and interest-bearing liabilities	38	43
Other variable-rate borrowings and interest-bearing liabilities	41	41
Short-term bank loans and overdrafts	12	12
Foreign-exchange derivatives	1	1
Financial liabilities	**169**	**188**

The OCEANE 2015 market price at April 30, 2013 was €18.67, compared to a conversion price of €16.37.

Note 16. Financial Risk Management

In the normal course of business, the Group is exposed to various financial risks, including market risk (particularly currency risk and interest rate risk), credit risk and liquidity risk. The risks and Group risk management policy are described in Note 19 to the 2012 consolidated financial statements.

▪16.1. Currency Risk

▪ 16.1.1. Currency Derivatives Outstanding April 30, 2013 - Analysis by Category and by Currency

▪Hedging of Transactional Currency Risk

The Group's policy consists of protecting itself against the effects of exchange rate fluctuations on net income compared to the budget for transactional exposure.

Exposure to transactional currency risk on a budgetary basis is disclosed in Note 19 to the 2012 consolidated financial statements. The main hedges in place at April 30, 2013 are as follows:

(in € millions)

	04/30/13							
	CAD	GBP	USD	HKD	MAD	MUR	TND	MXN
Hedging of costs			14		6	7	9	3
Hedging of earnings	(3)	(7)	(7)	(7)				
Fair value of hedges	(0)	(0)					(0)	
Net cash flow hedge (1)	(3)	(7)	7	(7)	6	7	9	3

(1) A positive number means that Club Med has a long forward position in the currency, with the opposite true of a negative number.

▪ Main Net Balance Sheet Exposures Related to Financing in Foreign Currency at April 30, 2013

(in € millions)

	04/30/13							
	BRL	CHF	CNY	GBP	MAD	HKD	USD	SGD
Foreign-currency lending	15		8		-		37	4
Foreign-currency borrowing	(1)	(6)	(10)	(10)	(7)	(10)	(38)	(5)
Hedging		(3)	2	9		10	3	1
Fair value of hedges		-	-	-	-	-	-	-
Net exposure (1)	14	(9)	(0)	(2)	(7)	-	1	-
Sensitivity (2)	2	(1)	(0)	(0)	(1)	-	0	-

(1) A negative number means that Club Med is a net borrower of the currency; a positive number means that Club Med is a net lender.

(2) A negative number means that a 10% fall in the euro against the currency results in a net loss.

Currency risks are hedged using derivative instruments, mainly currency swaps, forward contracts, non-delivery forward contracts (NDF), currency options and non-delivery options. The derivatives outstanding at the end of the period will expire within 12 months.

▪ 16.1.2. Foreign Exchange Derivatives Outstanding at April 30, 2013 – Analysis by Accounting Category

(in € millions)

	Fair value			
	10/31/12		04/30/13	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Fair value hedges(1)	0	0	0	0
Cash flow hedges	2	1	1	1
TOTAL	**2**	**1**	**1**	**1**

(1) Derivatives have short maturities and are renewed regularly. Their market value is not significant.

16.2. Interest rate risk

(in € millions)

	10/31/12		04/30/13	
Before hedging				
Fixed rate	119	*65%*	115	*68%*
Variable rate	64	*35%*	54	*32%*
Total	**183**		**169**	

The mix of gross debt at April 30, 2013 was 68% fixed rate and 32% variable rate.
The €20 million interest rate swap matured in December 2012. Since its disqualification in 2011, it is no longer considered as a hedging instrument for accounting purposes.

Group debt is 92% denominated in euros. Nearly 85% of it is borne by the parent company, Club Méditerranée SA.

(in € millions)

	Total	Less than one year	1 to 5 years	More than 5 years
Cash and cash equivalents	(57)	(57)		
Variable-rate debt*	54	22	32	
Net variable-rate debt	**(3)**	**(35)**	**32**	
Fixed-rate debt	115	9	105	1
Net debt	**112**	**(26)**	**137**	**1**

* including short-term bank loans and overdrafts

16.3. Liquidity Risk

16.3.1. Liquidity Level

The table below presents the Group's liquidity:

(in € millions)

	10/31/12	04/30/13
Cash and cash equivalents:	**65**	**57**
- o/w CMSA	10	5
- o/w subsidiaries and branches	55	52
Lines of credit not drawn down:	**93**	**121**
- o/w syndicated line of credit	80	95
- o/w confirmed and unconfirmed lines	13	26
Total gross liquidity	**158**	**178**
Short-term borrowings and other interest-bearing liabilities	47	31
Net liquidity after deduction of short-term borrowings and other interest-bearing liabilities	**111**	**147**

The Group may, from time to time, be subject to certain legal or financial restrictions limiting of restricting financial flows to the parent company. Cash that may be subject to restriction stands at €8 million at April 30, 2013.

16.3.2. Covenants at April 30, 2013

Some of the Group's debt facilities include early-repayment clauses that are triggered if debt covenants are breached or assets are sold: the syndicated line of credit could be subject to partial repayment if the amount of assets sold were to exceed €84 million.

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

- Off-balance-sheet commitments: less than €200 million
- Gearing (net debt / equity): less than 1
- Leverage (net debt / EBITDA(1)) less than 2.5 in 2013 and 2014 (3 in 2012).
- Fixed charge cover ratio (EBITDAR(2) / (rent(3) + net interest +)) greater than 1.4 in 2012, 2013 and 2014.

At April 30, 2013, the covenants hoad been met:

- Off-balance-sheet commitments less than €200 million	€93 million
- Gearing less than 1	0.21
- Leverage less than 2.5	0.84
- Fixed charge cover greater than 1.40	1.74

These ratios were unchanged or improved compared to 2012.

(1) Village operating income before depreciation and amortization expenses and provisions net of reversals and the cost of credit cards.
(2) EBITDA before deduction of rent.
(3) Village rents used to calculate Village EBITDAR.

Note 17. Other Liabilities

(in € millions)

	10/31/12	04/30/13
Government grants	30	28
Accrued rentals	7	6
Total other non-current liabilities	**37**	**34**
Accrued expenses	9	5
Accrued personnel costs	45	42
Accrued taxes	22	21
Payables due to suppliers of non-current as	17	5
Deferred income	46	58
Other liabilities	8	14
Total other current liabilities	**147**	**145**

The change in suppliers of non-current assets during H1 2013 is due to the schedule for work done at the end of fiscal 2012.
At April 30, 2013, other current liabilities include €4 million of dividends to be paid to minority shareholders.

Note 18. Management of Assets Operating Income

(in € millions)

	H1 2012	H1 2013
Disposals of Villages and other non-current assets	16	
Costs of Village/site closures	(5)	(4)
Village deconsolidation costs / write-offs / impairment	(23)	(2)
Real estate development	1	
Other costs	(3)	(3)
Total management of assets operating income	**(14)**	**(9)**

In 2012, “Disposals of Villages and other non-current assets” included mainly the result of the sale of the Méribel Aspen Park Village in November 2011.

During H1 2013, “Cost of Village/site closures” comprised the cost of Villages closed prior to works, or awaiting plans, as well as the costs of Villages closed due to continuing exceptional geopolitical conditions, in the amount of €2 million in 2013 and €3 million in 2012.

In April 2013, “Village deconsolidation costs / write-offs / impairment” includes mainly asset impairments and write-offs of €2 million. In April 2012, this item consisted primarily of €13 million of asset impairments and €9 million of provisions and costs related to Village deconsolidation.

Note 19. Other Operating Income and Expense

(in € millions)

	H1 2012	H1 2013
Restructuring costs	(6)	(7)
Costs of claims and litigation	(1)	(3)
Total other operating income/(expense)	**(7)**	**(10)**

Note 20. Financial Income and Expense

(in € millions)

	H1 2012	H1 2013
Interest income	2	2
OCEANE/ORANE interest expense	(3)	(3)
Other interest expense	(6)	(4)
Net interest income/(expense)	**(7)**	**(5)**
Exchange gains/(losses) and other	1	0
Financial income/(expense)	**(6)**	**(5)**

The decrease in net interest income/(expense) is due first to the fall in average debt and second to a drop in the Group’s financing costs.

Note 21. Earnings Per Share

▪21.1. Calculation of Weighted Average Number of Shares

▪ 21.1.1. Basic Earnings Per Share

(in thousands of shares)

	H1 2012	H1 2013
Number of shares at November 1	31,815	31,823
Number of treasury shares at November 1	(222)	(231)
Weighted average number of treasury shares purchased/ sold during the period	8	17
Weighted average number of shares issued during the period		3
Weighted average number of shares at April 30	**31,601**	**31,612**
(in € millions)		
Basic earnings/(loss) per share attributable to the Group	16	17

In accordance with IAS 33, ORANE bonds were taken into account when calculating basic earnings per share in 2012.

▪ 21.1.2. Diluted Earnings Per Share

(in thousands of shares)

	H1 2012	H1 2013
Weighted average number of shares	31,601	31,612
Dilutive potential ordinary shares (stock options)	60	48
Diluted w eighted average number of shares	**31,661**	**31,660**

At April 30, 2013, 917,260 potential ordinary shares (stock options and stock grants) were excluded from the calculation because they were anti-dilutive, compared with 1,453,186 at April 30, 2012.

For the same reason, at both April 30, 2013 and 2012, the 4,888,401 potential ordinary shares corresponding to the conversion of OCEANE 2015 bonds were also excluded.

▪21.2. Earnings Per Share

(in euros)

	H1 2012	H1 2013
Basic earnings/(loss) per share	0.50	0.54
Diluted earnings/(loss) per share	0.50	0.54

Note 22. Notes to the Consolidated Statement of Cash Flows

▪22.1. Depreciation, Amortization and Provisions

(in € millions)

	H1 2012	H1 2013
Amortization of and provisions for intangible assets	3	3
Depreciation of and provisions for property, plant and equipment (1)	42	30
Depreciation, amortization and provisions	**45**	**33**

(1) including depreciation and provisions under management of assets operating income of €1 million in 2013 and €14 million in 2012

In H1 2012, an impairment loss of €12 million was recorded on some Villages held for sale, after a review of their estimated fair value less costs to sell. This loss was recorded in management of assets operating income.

▪22.2. Capital Expenditure

(in € millions)

	H1 2012	H1 2013
Acquisitions of intangible assets	(3)	(4)
Acquisitions of property, plant and equipment	(19)	(32)
Acquisitions of non-current financial assets	(2)	
Capital expenditure	**(24)**	**(36)**

The main capital expenditure in H1 2013 related to the Club Med 2 (€6 million) and the Villages of Pragelato (€5 million) and Rio das Pedras (€3 million).

Capital expenditure in H1 2012 related primarily to the Villages of Sandpiper (€5 million) and Yasmina (€2 million), while financial investments related to the paying-up of capital in the Valmorel Bois de la Croix company, consolidated by the equity method.

▪22.3 Proceeds from Disposals of Non-Current Assets

(in € millions)

	H1 2012	H1 2013
Disposals of Villages and other non-current assets	20	-
Repayments of loans and deposits	3	-
Proceeds from disposals of non-current assets	**23**	**-**

In 2012, the Village of Méribel Aspen Park was sold for €20 million.

▪22.4 Changes in Working Capital

(in € millions)

	H1 2012	H1 2013
Inventories	(2)	(2)
Customers	3	(6)
Customer prepayments	(25)	(21)
Trade payables	28	27
Other receivables and prepaid expenses	(13)	(7)
Other payables and deferred income	3	9
Short-term provisions	1	(2)
Total	**(5)**	**(2)**

Note 23. Related-Party Transactions

Related-party transactions did not change significantly during the period.

Information regarding the long-term compensation of senior management is outlined in Note 13.

Transactions with associates are as follows at April 30, 2013:

(in € millions)

	10/31/12	04/30/13
Other receivables	1	2
Finance lease obligations	2	2
Trade payables		4
Other liabilities	1	1

Note 24. Commitments and Contingencies

Off-balance-sheet commitments totaled €93 million at April 30, 2013 versus €123 million at October 31, 2012, following the expiry of sellers' warranties and performance bonds.
There was no significant change in rent commitments under non-cancelable operating leases at April 30, 2013.

Information relating to collateral against borrowings is set out in Note 15.3.

Note 25. Subsequent Events

In connection with the dispute described in Note 16 of the consolidated financial statements at October 31, 2012, Société Martiniquaise de Village de Vacances (SMVV) received notification on May 23, 2013 of the ruling by the European Commission against the French government and against appeals pending. In addition, the prefecture announced that it intends to serve SMVV with a claim for recovery, though no timeframe was disclosed. In the event that the prefecture confirms its position, SMVV may launch a preliminary appeal which will automatically suspend payability, and it has serious grounds on which to contest the merits of the prefecture's decision. Furthermore, the ruling by the European Court of Justice on the dispute between the government and the European Commission is still anticipated. A favorable ruling would moot the prefecture's application.

On May 26, 2013, the date on which the interim consolidated financial statements as at April 30, 2013 were approved by the Board of Directors, the Board was informed of a proposed public offer to purchase the Company's shares and OCEANE (may be converted into either new or existing shares) bonds.

This proposal, initiated by member companies of the AXA PE group, member companies of the Fosun Group and Messrs. Henri Giscard d'Estaing and Michel Wolfovski, acting together, would eventually include the entire management of the Company.

Were it to be performed, this operation would likely have an impact on some funding items (change of control or delisting clauses, temporary adjustment of the share allocation ratio for OCEANE bonds, etc.) leading to refinancing under conditions representative of the Group's new profile. Some commercial contracts could also be affected.

Statutory Auditors' Report on the Interim Financial Statements

To the Shareholders,

In accordance with the terms of our appointment by the Annual Shareholders' Meeting, and in application of Article L. 451-1-2 III of the French Monetary and Financial Code, we conducted:

- a limited audit of the interim condensed consolidated financial statements of Club Méditerranée for the period November 1, 2012 to April 30, 2013, as appended to this report;
- an audit of the information contained in the interim management report.

These interim condensed consolidated financial statements were prepared under the responsibility of your Board of Directors. Based on our limited audit, it is our role to express an opinion on these financial statements.

1. Opinion on the Financial Statements

We conducted our limited audit in accordance with the professional standards applicable in France. A limited audit consists essentially of meeting with members of management responsible for financial and accounting matters, and implementing analytical procedures. These works are substantially less extensive than a full audit conducted in accordance with professional standards applicable in France. As a result, the assurance obtained as part of a limited audit that the financial statements, taken as a whole, do not contain any material misstatements is a moderate one, lower than that obtained in the course of a full audit.
Based on our limited audit, we did not identify any material misstatements likely to call into question the compliance of the interim condensed consolidated financial statements with IAS 34 – the IFRS standard adopted by the European Union applicable to interim financial information.

2. Specific Procedures

We also verified the information given in the interim management report commenting on the interim condensed consolidated financial statements subject to our limited audit.
We have no matters to report as to the fairness of this information or its consistency with the interim condensed consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, May 26, 2013

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG AUDIT
Jean-François VIAT	Jean-Pierre LETARTRE

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

Statutory Auditors

Ernst & Young Audit SA, 1, place des Saisons, 92400 Courbevoie Paris La Défense 1, represented by Mr. Jean Pierre Letartre

First appointed at the Shareholders' Meeting of April 30, 1981, its mandate was renewed at the Shareholders' Meeting of March 7, 2013 for a period of six fiscal years expiring at the end of the Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2018.

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

First appointed at the Shareholders' Meeting of March 17, 2003, its mandate was renewed at the Shareholders' Meeting of March 7, 2013 for a period of six fiscal years expiring at the end of the Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2018.

Alternate Auditors

Auditex, Tour First, 1 place des Saisons, 92400 Courbevoie

First appointed at the Shareholders' Meeting of March 11, 2008, its mandate was renewed at the Shareholders' Meeting of March 7, 2013 for a period of six fiscal years expiring at the end of the Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2018.

Beas, 7-9 Villa Houssay 92200 Neuilly-sur-Seine

First appointed at the Shareholders' Meeting of March 17, 2003, its mandate was renewed at the Shareholders' Meeting of March 7, 2013 for a period of six fiscal years expiring at the end of the Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2018.

Person responsible for information

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Persons responsible for the document

"I declare that, to the best of my knowledge, the interim condensed consolidated financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and the consolidated companies, and that the interim management report on page 3 presents a fair view of the significant events occurring over the first six months of the financial year, their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties they face over the remaining six months of the financial year."

The Chairman and Chief Executive Officer
Henri Giscard d'Estaing