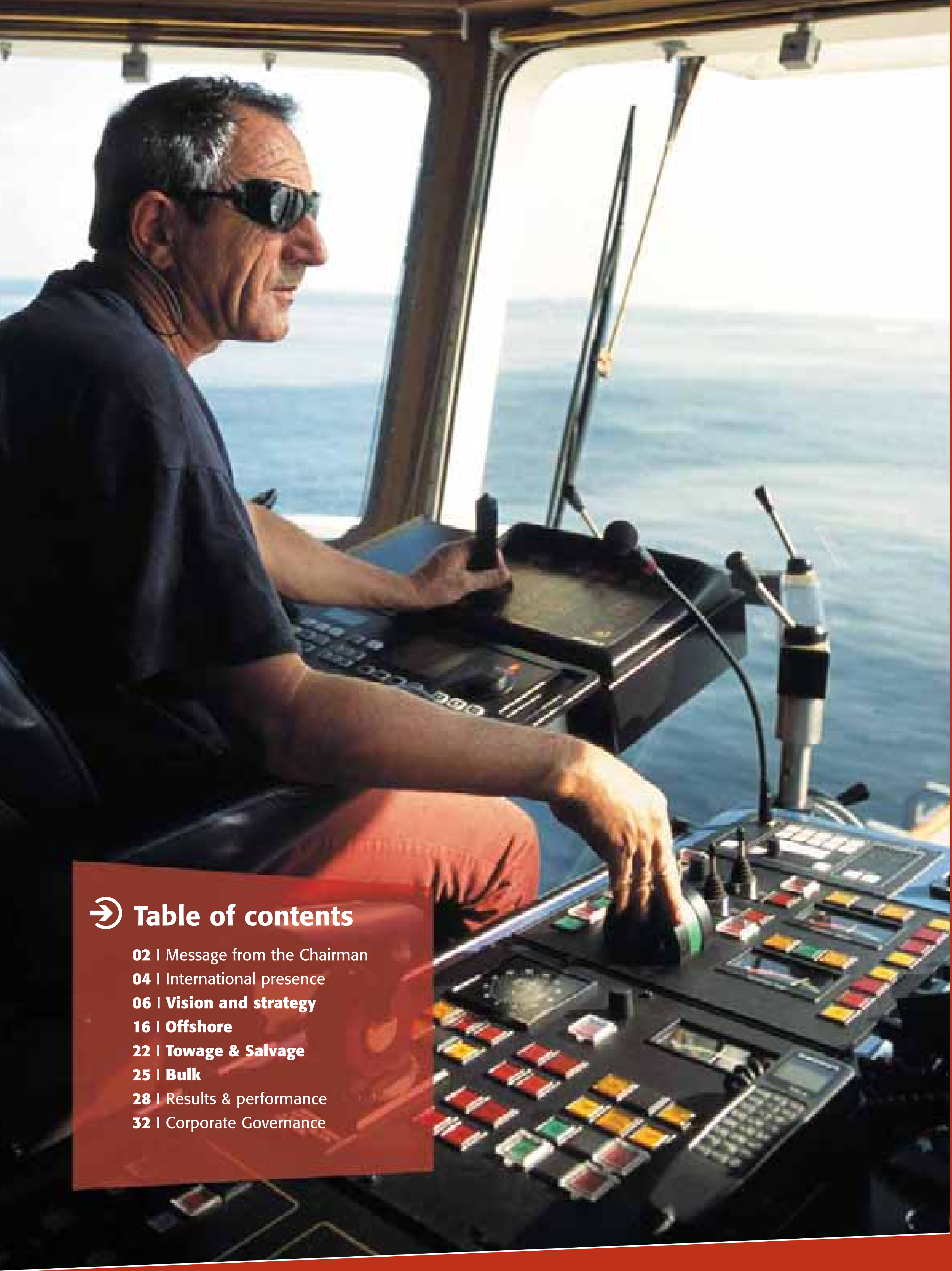
A human adventure and a technological success

BOURBON
Building together a sea of trust



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A major international player in marine services

BOURBON is recognized and esteemed as a major international player in marine services, with a service offer in three segments: offshore oil and gas, towage and salvage, and bulk shipping. From vessel design to operation, in each of these segments, BOURBON is developing an expertise based on service quality, safety, technological innovation, professional rigor and a long-term relationship with its clients.

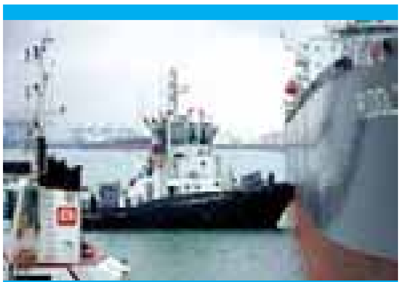
With its fleet of over 300 vessels managed and in operation, BOURBON is implementing an ambitious investment strategy (1.45 billion euros over 5 years).

Present in more than 25 countries and faithful to the pioneer spirit that has driven its growth, BOURBON relies on the talents, diversity and corporate spirit of nearly 4,700 employees to win new global markets with high added value services and technologies.

Three Divisions, three specialties

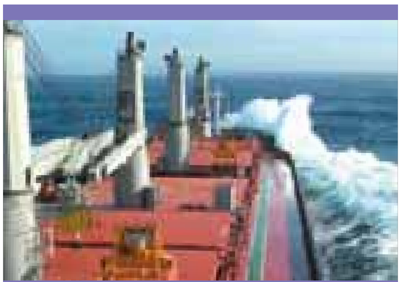
Offshore Division

Backed by a fleet of more than 350 vessels in operation or under construction at the end of March 2007, Bourbon Offshore assists oil operators around the world by offering them a broad range of modern offshore resources and services, particularly in the high-growth deepwater offshore market.



Towage & Salvage Division

Through its companies Les Abeilles and Les Abeilles International, BOURBON is one of the world's leading towage operators. With a fleet of 83 tugs in operation or under construction, this Division guarantees its customers the best marine safety conditions and assists them in controlling the risks inherent to their business.



Bulk Division

Setaf Saget manages a fleet of modern bulk carriers and transports for its customers nearly 20 million tons of dry bulk products, on every ocean on the planet and to all destinations.

From audacious challenger to leader in modern offshore oil and gas marine services

Jacques de Chateauvieux
Chairman and Chief Executive Officer

In 2006, with revenues of 717.6 million euros (+16.8% compared to 2005 with constant scope of consolidation), BOURBON turned in a very strong performance. The Offshore Division has posted +30% in average annual growth over four years. The growth in profits primarily reflects the increase in daily rates, the growth in the fleet, and the income from sales of offshore vessels. Operating income totaled 181.4 million euros, up 44.2%. Net income group share amounted to 152.9 million euros and compares favorably with the result in 2005 (excluding the gain on the sale of the Vindémia stock). In this context, a dividend of 0.60 euro per share (+20%) will be paid out and one bonus share for every ten held will be allotted to shareholders.

With 31 vessels delivered in 2006, BOURBON's overall growth under the 2003-2007 plan is a reflection of its policy to make major investments in the fleet. The Offshore Division's objectives for growth, profitability, and financing were fully achieved within a favorable economic context. In line with the plan, the asset disposals and the cash generated by the operations have financed the investments and dividend distributions at the level planned. The success of this first plan has clearly been driven by the remarkable work performed by the women and men of BOURBON around the world. Their commitment has reduced our rate of accidents with work shutdown by nearly 25%. Their professionalism in commissioning innovative vessels and their responsible attitude and team effort form the crucial foundation for making BOURBON the preferred company of our customers.

Early in 2006, we announced the BOURBON Horizon 2010 plan, with the following main objectives over the next 4 years (2007-2010):
• average growth of 12% a year in revenues, including 20% in the Offshore Division;
• an investment of 1.45 billion euros in vessels, 85% of which are intended for the offshore fleet;
• an objective for 2010 of a gross return on average capital employed of 16%, corresponding to a margin of gross operating income to revenues of 40%.

We believe the assumptions for growth in the offshore market are realistic and prudent. The orders placed with shipyards guarantee the successful completion of the investment plan in terms of both price and delivery. High service prices and customer willingness to commit to long-term contracts are both positive factors in achieving our objectives. This is why most of our efforts are today focused on the mobilization and training of the human resources needed around the world. Finally, in a context of higher costs for equipment, service providers and personnel, our efforts will continue to focus on controlling costs. The strategy is clear, the market is growing, and the implementation of the BOURBON Horizon 2010 strategic plan is under control.

Given the changes in our industry, BOURBON's positioning is unique in the market for offshore oil and gas marine services. In just a few years, BOURBON has made massive investments to become a leader in the deepwater offshore market. The new plan is geared to continuing our increase in market share in this segment, but also to acquire a strong position in the continental offshore segment by offering customers our next generation fleet to replace the obsolete vessels in the market, most of which were built between 1974 and 1984.
As a result, BOURBON has set a target to commission 1 new vessel every 12 days over for four years. The innovative and highly productive vessels for customers are built in series in competitive shipyards. This strategy ensures real industrialization and greater availability of our fleet, along with an optimum cost price.

The men and women of BOURBON are enthusiastic and legitimately proud of serving the world's most demanding customers using the most modern fleet.

We must, however, remain prudent working at sea and vigilant when circumstances disrupt operations and endanger our crews. The tragic accident of the Bourbon Dolphin cost the lives of eight of our colleagues. More than ever, safety remains a priority for BOURBON. Thus, as soon as the circumstances and reasons for this tragedy have been identified, we will ensure that all necessary measures are taken by the entire offshore industry so that such an accident will not occur again.
By placing people at the center of our adventure, we will find strength in our solidarity.

KEY DATES IN THE GROWTH OF BOURBON

1948 Set-up of Sucreries de Bourbon, which rapidly becomes the leading sugar group on La Réunion.

1989 Groupe Bourbon diversifies its activities in the food-processing business, then in retail and marine services.

1996 Purchase of Les Abeilles and Setaf Saget.

1998 Groupe Bourbon is listed for trading on the *Second marché* of the Paris Stock Exchange.

2001 The group refocuses on marine services and gradually withdraws from its non-strategic operations.

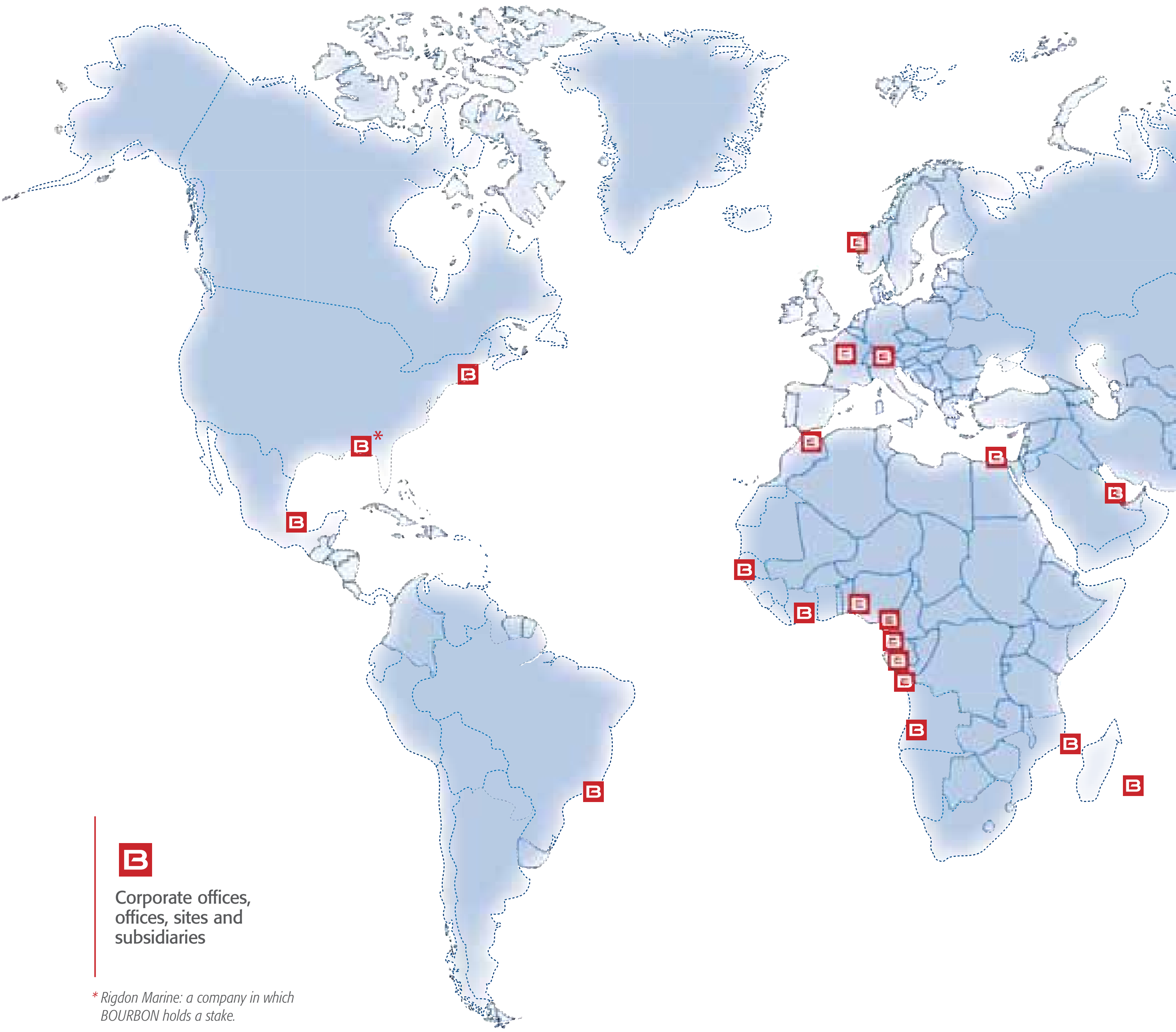
2005 Groupe Bourbon reaffirms its marine identity and becomes BOURBON.

2006 BOURBON completes its strategic plan a year ahead of schedule and announces its news goals in the BOURBON Horizon 2010 plan.

2007 BOURBON confirms its leadership position in modern offshore oil and gas marine services, with a fleet of an average age of 6.5 years.

International influence

With a global presence, BOURBON offers to all of its customers a recognized and valued experience and expertise. BOURBON operates locally in more than 25 countries, close to its customers, meeting their expectations and the most specific requirements.

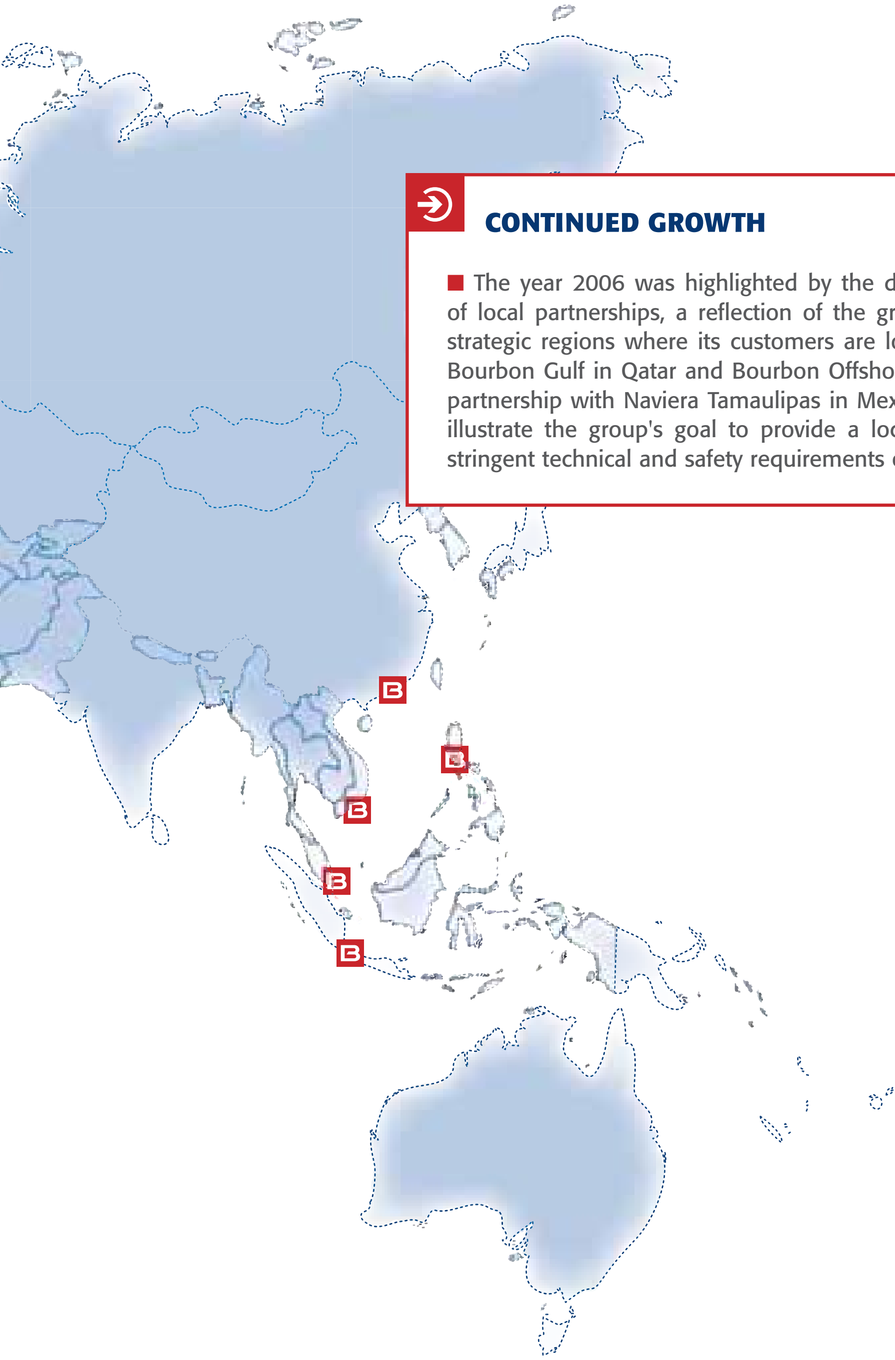


Corporate offices, offices, sites and subsidiaries

* *Rigdon Marine: a company in which BOURBON holds a stake.*

Strong local roots with customers

Present
in more than
25 countries



CONTINUED GROWTH

■ The year 2006 was highlighted by the development of new sites and an extension of local partnerships, a reflection of the group's policy of ongoing deployment in the strategic regions where its customers are located. The set-up of two new subsidiaries, Bourbon Gulf in Qatar and Bourbon Offshore Triangle in Egypt, along with BOURBON's partnership with Naviera Tamaulipas in Mexico and Rigdon Marine in the United States illustrate the group's goal to provide a local response to the expectations and most stringent technical and safety requirements of its customers around the world.

79%
of revenues generated
outside France

4,685
employees
worldwide

Vision and strategy

AFTER ADVANCING IN JUST A FEW YEARS FROM ITS POSITION AS AUDACIOUS CHALLENGER TO ITS POSITION AS LEADER IN MODERN OFFSHORE OIL AND GAS MARINE SERVICES, BOURBON IS DEVELOPING A UNIQUE STRATEGY TO INTENSIFY ITS LEADERSHIP IN A HIGH-GROWTH SECTOR.

The Horizon 2010 plan

At the end of 2006, BOURBON had completed its 2003-2007 strategic plan one year ahead of schedule, by implementing an investment program of over one billion euros. The new Horizon 2010 strategic plan was announced early in 2006.

Ambitious objectives

By 2010, BOURBON is targeting:

- revenue growth of 12% per year, including +20% for the Offshore Division with a doubling of the number of vessels;
- a ratio of EBITDA (gross operating income) to average capital employed of 16% in 2010;
- investments of 1.45 billion euros, 85% of which will be dedicated to the Offshore Division and generally self-financed.

A buoyant environment

Sector indicators suggest a very favorable market over the next 5 to 7 years in modern offshore oil and gas services. In addition to the international oil companies, which are investing to maintain their reserves, state-owned companies in the emerging countries are establishing positions in the market and changing the situation. Deepwater offshore is expanding to meet increased consumption and offset the decline of existing fields, with the anticipation of a growth rate of 8 to 12% per year. At the same time, the continental offshore market, faced with the need to replace its fleet, which is now old and technically obsolete, is expected to grow by at least 16% a year. In this context of strong demand, access to the marine services market is limited by two factors: first, the bottleneck at the main equipment suppliers and shipyards and, second, the shortage of qualified human resources to man the modern vessels.

A unique positioning

Against this backdrop, BOURBON is implementing a unique strategy, without equivalent among its rivals. By capitalizing on the assets of its current fleet and investment in rapid and steady growth, BOURBON intends to transform its main competitive advantage into a decisive edge. This strategy is primarily based on the following components:

- **massive investments in modern vessels,** including offshore vessels, tugs or bulk carriers: Bourbon Offshore's next generation fleet will be able to operate in both the deepwater and continental offshore segments. By targeting the old vessel replacement market, BOURBON will be the sole operator in the market in a position to offer continental offshore customers the technological excellence of deepwater offshore;

Objective
+12%
annual growth in revenues

Objective
1 vessel
delivered every 12 days

Abeille Spartel and Abeille Malabata, during their arrival at the Tangiers Med site, whose commercial opening is scheduled for July 1, 2007.

Vision and strategy

1.45
billion euros
in investments
by 2010

• **a search for optimized costs,** with an absolute priority given to compliance with BOURBON's safety and operational standards, primarily through the construction in series of innovative vessels in shipyards located in competitive countries;
• **an ambitious recruitment and training program** to double the workforce of the Offshore Division by 2010, and the gradual application of BOURBON training standards.

True partnerships

BOURBON's partnership policy is the foundation for its international growth and is based on:
• **all types of partners** — state-owned oil companies, the offshore industry, port operators, local groups, sector experts, etc.
• **legal and contractual structures adapted to the local context,** from wholly-owned subsidiaries to collaboration with agents or brokers, and including majority, 50/50 or minority partnerships, with or without vessel ownership.

This principle increases the local component and offers global flexibility and customized services adapted to the needs of the international, regional or local markets.

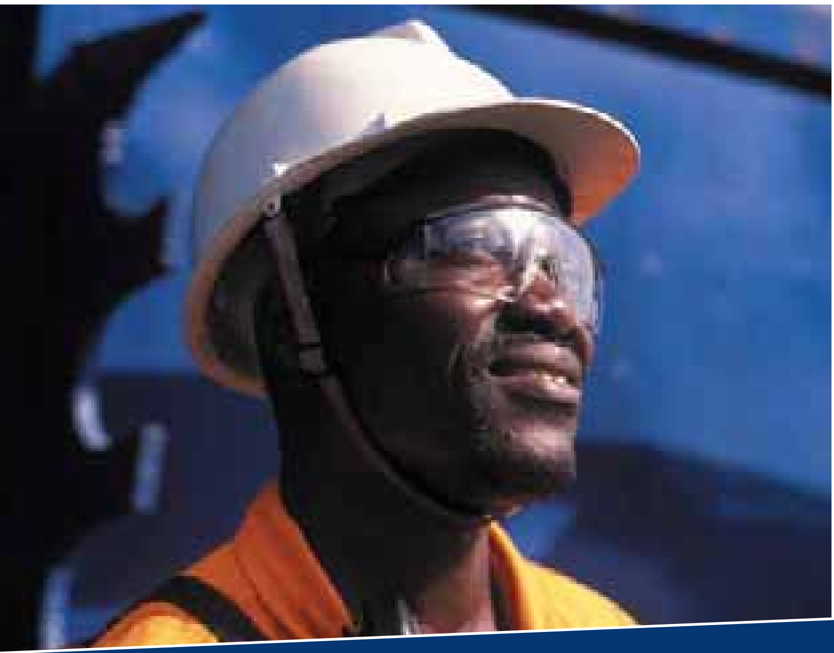
4 KEY FACTORS FOR SUCCESS

SAFETY
▪ Safety is the common thread that runs through all of BOURBON's knowledge and expertise; it is the guiding spirit behind the organization and management of the company in terms of operating procedures as well as personal attitudes.

INNOVATION
▪ Technological choices and innovative concepts for vessels offering high productivity.

HUMAN RESOURCES
▪ International recruitment, training and development, personal satisfaction and growth are BOURBON's three assets that will help it to achieve its target to double the number of officers and seamen in the Offshore Division by 2010.

COST CONTROL
▪ A homogeneous fleet built in series, generating a positive cycle of cost control in construction, operations and maintenance.



The next generation fleet: performance through production in series

➔ Innovation in the BOURBON fleet is based on two key points: first, an innovative design resulting from deepwater offshore experience which has led to a next optimized generation of multi-use and high-performance vessels and, second, the principle of series construction, a highly innovative concept in offshore construction.

Technology and performance

With its next generation fleet, BOURBON offers its customers high-performance technological solutions for productivity, safety and environmental protection.
The series, which were ordered in 2006 and 2007, will again improve the already high standard for the equipment and quality of the BOURBON fleet.

• **24 PSV and 54 AHTS, new generation,** GPA design vessels, will be delivered gradually until 2011. Intended for deepwater and continental offshore, they are equipped with the latest technologies. The diesel-electric propulsion and the DP2 dynamic positioning give them greater maneuverability and optimized carrying capacity to operate under the best safety conditions.

• **A series of 4 Ulstein PX105 MACS PSV,** supply vessels with a deadweight of 4,400 tons, offers the benefits of major innovations: X-Bow™ inverted bow; the PG-MACS™ system (Multi Application Cargo Solution), which increases hold storage capacities and offers tank versatility; the positioning of engine exhaust at the waterline, which eliminates the chimney and allows a 360-degree panoramic view from the bridge. This series, which has been certified "Clean design" by the DNV company, meets the highest requirements for quality, environment and comfort.

• **20 multi-purpose tugs under construction,** including 4 with 100 tons of bollard pull, which are powerful, compact and highly maneuverable thanks to their azimuth 360-degree propellers, can be operated at offshore and onshore Energy terminals.

X-Bow™
a system that improves handling at sea and reduces drag resistance

Diesel-electric
an economical and environmentally friendly propulsion method

Left:
The inverted bow of the Bourbon Orca, an AHTS vessel delivered in 2006 and named vessel of the year.

Right:
Automated vessel management system, terminal on the bridge.

Clean Class
A classification that meets the most stringent environmental criteria

Series production and cost control

The principle of building innovative vessels in series in countries with competitive costs, like China, leads to lower costs overall, i.e.:

- **a reduction of 15 to 30% in construction costs,** while complying with quality and safety standards through an original cooperative effort among naval architects, equipment vendors, experienced shipyards and BOURBON to share expertise;
- **standardization of training** in order to guarantee an equivalent level around the world: crew training on simulators, harmonization of skills, enhanced expertise through the sharing of best practices;
- **lower maintenance and service costs:** industrialization of maintenance services, reduced parts inventories, optimized response times, easy replacement during technical shutdowns, and more.

BOURBON ORCA, A "REVOLUTIONARY" AHTS

The Orca is a "Clean class" AX-104 vessel that offers multiple innovations: automated work quarterdeck equipped with the SAHS system (Safe Anchor Handling System), inverted X-Bow™, diesel-electric propulsion associated with azimuth thrusters. This vessel has just revolutionized the standards for offshore oil and gas service vessels in terms of safety, navigational comfort, fuel savings and the reduction of gas emissions. Delivered in 2006, it has been a success with the customer and was named "Ship of the Year" by the Norwegian magazine *Skipsrevyen*.

The first two hulls of the GPA 654 series ordered in China, with delivery scheduled in the first half of 2008.

Recruitment and training: an ambitious program

By 2010, Bourbon Offshore will double its work force by recruiting nearly 3,000 seamen. To meet this challenge with the highest standards for quality and excellence, BOURBON, which is the leading recruiter of French merchant marine officers, is developing an international recruitment and training program.

In a context marked by a shortage of officers, the recruitment challenge cannot be separated from training needs. Convinced that shipowners must be the drivers in modernizing marine training, BOURBON has initiated a deliberately proactive approach, based on the innovative concept of public-private partnership and on a training mechanism extended to all its recruitment regions. The goal is to establish and guarantee BOURBON training standards for crews and officers.

Two Bourbon Offshore training centers in Marseilles and Manila

After initiating in Marseilles, in 2004, and in partnership with local and national institutions, the first training center for dynamic positioning was made accessible to all shipowners and seamen. BOURBON is intensifying its efforts by creating the BOURBON-Hydro offshore oil training center. This center will be fully operational by the end of 2007 and will offer, in addition to the existing programs (DP1, HL02, Safety, etc.), simulator anchor handling training to supplement the training already offered in Norway by the center at the University College of Aalesund. In Manila in the Philippines, a center identical to the center in Marseilles will open in 2008. These three centers will allow BOURBON to guarantee a uniform training policy in the main recruitment and operational zones.

Three school vessels

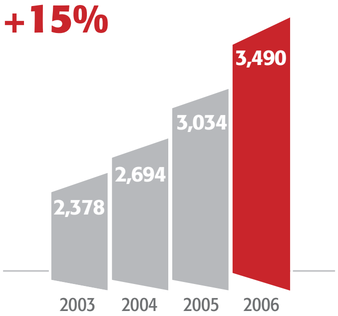
Three BOURBON school vessels will help to speed up training in the operational zones. Currently planned in West Africa and Latin America, they can be moved to Asia or any other region that requires them. They are genuine mobile training centers designed to ensure maximum flexibility in meeting BOURBON's global training needs.

A policy of training in BOURBON standards

The BOURBON training policy is designed in accordance with the group's international standards and adapted to the local context. As a result, in the absence of certified local structures, Angolan officers study in the best schools in South Africa, while Nigerian officers can be trained in dynamic positioning in Singapore. The group also supports local training centers, like the GEPMARE private marine training school in Cameroon.

BOURBON staff in the marine divisions:

+15%



TRAINING EVERYWHERE IN THE WORLD

Safety: a state of mind

Safety, in both operating procedures and personal attitudes, is at the very core of quality and performance. BOURBON structures its organization and management around safety using a global approach, standardized procedures and equipment, and a top-down organization to strengthen the "safety spirit" of its crews.

TMSA*, a stringent safety standard applied by BOURBON

** Tanker Management Self Assessment.*

Three key components of the Safety policy

Placed under the authority of the group's QHSE (Quality, Health, Safety and Environment) Director, who reports directly to the Executive Committee, BOURBON's safety program is based on three primary components:

- **the implementation of a global safety management system** in all subsidiaries, through an ongoing improvement process that continually enhances the experience gained and ensures the application of the same procedures and the use of the same documentation on board any vessel in operation; the safety standards of the offshore fleet are being gradually extended to all Divisions in order to guarantee customers the most stringent safety standards for any service offered;
- **technological choices that lead to improved operating methods and a better work** environment; the next generation fleet is equipped with innovative, in-series systems that ensure better control of the vessel during operations, improve bridge and equipment ergonomics, and facilitate the application of safety procedures;

TOOLS FOR HOMOGENEOUS AND CONSISTENT FLEET MANAGEMENT: "ULYSSES"

The QHSE module of the "Ulysses" fleet management application, which is dedicated to safety, combines in a single data base the instruction documents for the safety management system and the incident reports. This tool offers access to reliable data updated in real time, thus accelerating feedback. After a test phase, the "Ulysses" system is gradually being deployed to all the bases and the offshore fleet. This consistency tool helps users, officers and base managers to change the way they work to adopt a homogeneous methodology that makes a significant improvement to safety.

• **crew awareness and training,** so that the daily behavior of each crew member reflects a concern for safety; in order to adapt to the diversity of cultures in its subsidiaries and crews, the group is implementing a very flexible approach, based on the empowerment of local teams by adapting to the specific features of each geographical area.

A "top-down" organization

A permanent team of operational and safety training captains travels worldwide to list needs, set up safety teams, and coordinate training. In each zone in which BOURBON operates, a safety manager implements action programs and ensures the application of specific procedures adapted to the operating region. With a unit of about fifteen persons dedicated to safety matters, who are backed by a "top-down" management structure, BOURBON relies on the training of captains, officers and shore base managers, who then train the crews and regularly lead onboard workshops. To do this, they have very concrete tools (QHSE charter, safety induction booklet, follow-up tables, films, posters, stickers, etc.) relayed by the "4C Safety" communications plan that facilitates information feedback.

SECURE ANCHOR HANDLING 100% AUTOMATED

▪ Developed in partnership with ODIM and Ulstein Design, the SAHS system (Safe Anchor Handling System) used on the Bourbon Orca will revolutionize vessel safety for anchor handling operations. Thanks to the aft deck equipped with two powerful mobile cranes mounted with articulated grappling hooks, remote activated video surveillance system and mobile platform system, anchor handling can now be performed without a human presence during the dangerous phases, thus eliminating any risk from handling the equipment or cable failure.

Each subsidiary organizes safety meetings intended to establish the relationship between management and crews in order to develop the safest work procedures. At the international level, the safety committee consists of the main safety managers in the subsidiaries and coordinates all actions. Finally, a yearly seminar is held to all safety officers in all Divisions.

Left:
Crew preparing for an anchor handling operation.

Right:
Crews working to transfer crates.

Sustainable development: an approach evolving around historical values

The ethical behavior of BOURBON and respect for its values contribute every day to the development of the group. A number of actions have already been initiated in the field. Concerned about meeting the challenges for the planet and the need for fair development that is both sustainable for the environment and socially responsible; the BOURBON Executive Committee has appointed a working group with the goal of designing a sustainable development policy adapted to its businesses. The quality of our relations with our customers and partners, the quality of our human resources and management, our ability to control risks and our respect for the environment, the quality of our corporate governance and organization are all decisive factors for BOURBON's future.

Governance: a priority for transparency

BOURBON is working to integrate gradually the best corporate governance practices and its executives aim to serve as examples of the greatest possible transparency, as demonstrated by:

- a reasonable policy for executive compensation;
- stock options granted to a wide circle of over 450 beneficiaries;
- the establishment of compensation and audit committees that rely on internal control and rigorous risk monitoring;
- the inclusion of independent directors on the Board of Directors. These efforts to promote transparency in management and information were recognized in 2006 by the “Mid-Cap Corporate Governance” prize awarded by AGEFI.

BOURBON employees: no growth without sharing

Respect for cultural differences is one of BOURBON's key values, arising from its origins on the Reunion Island. This is one of its growth drivers, along with cooperation, empowerment and solidarity. In light of the projected 60% increase in the number of BOURBON employees by 2010, employee satisfaction, combined with personal and professional growth, is a defining objective of the company's human resource management:

- a priority on local recruitment in all its operating regions, with recognition of national certifications and sharing of responsible positions;
- access to homogeneous training in BOURBON standards for all employees worldwide;
- career advancement based on merit without discrimination,
- signature, in 2006, of the Charter of Business Commitment to Equal Opportunity in Education, with a diversity Charter planned in 2007.

THE BOURBON VALUES

BOURBON's success is founded on shared values.

- **Professional,** because the demand for quality, the appropriation of new technologies, ongoing training, the search for perfect control of the business are the keys to reliable service and customer satisfaction.
- **Responsible,** because our future successes will depend on our attention to safety, quality, health, and respect for the environment. Those successes are backed by the responsibility and independence of management.
- **Enthusiastic,** because enthusiasm is an intense emotion that allows every person to grow in the performance of his mission and communicates the desire to excel.
- **United,** within BOURBON, and towards its partners, suppliers, customers and the like… because it is together that we will find the resources to achieve the most ambitious of our shared goals.

Local development: partnership and solidarity

BOURBON's international growth is taking place in large part in the emerging countries (west coast of Africa, Asia, Latin America, etc.) primarily through joint ventures with local partners, within a framework of shared expertise and benefits, and with a concern for providing maximum local content. Through its behavior, BOURBON aims to do its part, within its sphere and as far as possible, to reduce North-South inequalities, i.e. by recruiting and training local crews, extending health cost coverage to families, providing financial and logistical support for local projects and initiatives, promoting ship building in local shipyards, and more.

Environment: formalizing our practices

The following three major factors influence the environmental footprint left by BOURBON's operations:

• its young and modern fleet, which offers the latest developments in equipment and is in line with the highest standards;

• the growing share of diesel-electric propulsion on board the offshore vessels, which reduces gas emissions by lowering consumption by about 20%, or even more depending on the type of operations. The order book for new vessels will help to emphasize these two factors in the coming years;

• a major in-house campaign to increase employee awareness of environmentally friendly practices, soon to be launched by BOURBON, which will focus on employees recycling and reducing waste at source. BOURBON already implements a voluntary safety policy and intends to extend it to the environment, targeting gradual ISO 14001 certification for its various entities. Finally, actions to protect the coastline, property and persons in the service of the French Navy are the daily tasks of the tugs of Les Abeilles International and the anti-pollution vessels of Bourbon Offshore Surf, the Alcyon, Ailette and Argonaute. In 27 years, nearly 750 operations have been carried out.

SIGNATORY OF THE BLUE CHARTER

■ BOURBON is a signatory of the *Blue Charter* of French shipowners, which sets forth 5 commitments: • to continually improve the safety and quality of the vessels • to protect the marine and coastal environment • to guarantee good living and working conditions for crews • to govern companies with transparency and good ethical practice • to be united within the marine community.

Offshore

A unique positioning in the offshore market

➔ A leader in offshore oil and gas marine services, Bourbon Offshore assists its customers to develop their operations all over the world by offering them a broad range of services and next generation, powerful and multi-purpose vessels, adapted to the demands of both deepwater and continental offshore. With its focus on safety and operational standards, Bourbon Offshore guarantees a high and consistent level of quality.

A multi-purpose, modern and high-performance fleet

With 156 next generation modern offshore vessels and 149 vessels on order, to meet the technological revolution taking place today in the offshore businesses, Bourbon Offshore has a full line of vessels for deepwater and continental offshore services. Its fleet is one of the most modern on the market:

- **Multi Purpose Supply Vessels (MPSV),** which perform multiple maintenance operations on the oil fields and offer sophisticated features such as dynamic positioning, fire-fighting, deepwater handling, and helicopter platforms;
- **Anchor Handling Tug Supply Vessels (AHTS),** which move and install oil platforms. Equipped with powerful engines and winches, they tow drilling rigs, position and raise anchors, and deploy a variety of oil production equipment;
- **Platform Supply Vessels (PSV),** which supply offshore facilities. In addition to their vast cargo deck area, which allows the transport of all kinds of equipment, they offer very large below deck storage capacities for specialized drilling products and fuel;
- **terminal tugs,** dedicated to assistance and operations at offshore oil and gas terminals;
- **Fast Supply Intervention Vessels (FSIV),** to provide emergency supplies and transport response teams;
- **Crew Boats,** which carry personnel to the oil sites.

156
next generation vessels (average age: 3.9 years)

149
vessels under construction at the end of March 2007

Left:
Bourbon Mistral, a supply vessel (PSV) with inverted bow of Bourbon Offshore Norway, "Clean class".

Right:
Crew working to transfer crates to a platform.

Offshore

6.5 years
is the average age of the 193 operating vessels (3.9 years for the modern offshore fleet)

A trail-blazer in safety and environmental requirements, BOURBON anticipates market changes and insists on going beyond current standards and regulations in order to offer its oil customers the highest standards of quality. Equipped with the most innovative technologies, the flagships of the fleet are proof of that commitment: new more efficient hulls like the inverted bow (Ulstein X-Bow™ design), the secure anchor handling systems, diesel-electric propulsion, exhaust treatment systems, double hulls to contain environmental damage in the event of accidental leaks. These innovations, already installed on Bourbon Orca and the PSVs Bourbon Mistral and Bourbon Monsoon, have earned the "Clean" and "Clean design" classifications. By applying to the marine sector an industrial concept proven over years in aeronautics, BOURBON is homogenizing its fleet with long-term commitments to partner shipyards. These series orders optimize both the delivery times and the quality of the vessels – each unit under construction benefits from the experience acquired, which then allows streamlined management and maintenance. In line with its strategic plan, Bourbon Offshore commissioned 31 new vessels in 2006.

A complete service offer

The Offshore Division crews, who are highly qualified for each of their missions, operate all ship classes in deepwater and continental offshore. The fleet of 193 operating vessels, which will be gradually expanded by the 149 vessels on order or under construction at the end of March 2007, offers extended availability to our customers. In line with its leading-edge spirit, BOURBON has developed an expanded line of services, based on vessels designed for highly technical operations and experienced crews trained in the extremely demanding businesses of deepwater offshore. By listening to its customers, BOURBON assists them in their development and regularly

The Bourbon Offshore fleet at December 31, 2006

	Operating vessels	Vessels under construction	Total	As % of the fleet
Modern offshore	156	112	**268**	88%
Traditional offshore	37	0	**37**	12%
TOTAL	193	112	**305**	100%



expands its service offer. As a result, the subsidiary Bourbon Logistics Indonesia, set up at the end of 2005 in partnership with a major local player, will offer its oil customers starting in 2007 the logistical services essential to their activity: jetty services, office and accommodation infrastructures, dry docking, storage areas, handling equipment, and more.

Proximity and true partnership: two key assets

For about fifteen years, the offshore oil market has been undergoing a structural change, with an increase in national and local state-owned operators alongside the historical majors. Familiar with both types of operators, BOURBON knows how to adapt to their different corporate cultures. The international giants, the majors and supermajors of the oil industry, today represent more than 50% of the revenues of the Offshore Division with new customers. The Division's customers also include more state-owned companies, like Petrobras in Brazil, Sonangol in Angola and even, since 2006, Pemex in Mexico and ONGC (via Transocean) in India. Operating all over the world, close to its local or international customers, Bourbon Offshore is developing close cooperation with these customers. To better adapt to each regional context, Bourbon Offshore has always favored a true partnership with local, private and public companies.

BOURBON OFFSHORE GAIA, AN EXPERT IN DEEPWATER OPERATIONS

▪ The high-growth deepwater offshore segment requires radically new maintenance operations at depths that can reach 1,800 meters and more. A specialist in inspection, maintenance and repair services (IMR), Bourbon Offshore Gaia intervenes very early in the operations, adapts the vessels to the specific demands of their missions, performs the operational engineering and manages the operations at the customer's request. Thanks to close collaboration with the other subsidiaries of Bourbon Offshore, like in Angola with Sonasurf, Bourbon Offshore Gaia is a service provider able to propose to the majors of the oil industry a complete offer that includes both engineering and services.

These partnerships, based on pooled capital, expertise and management, guarantee the best conditions for integration in the country. They generate synergies in multiple areas: technical expertise and skills, knowledge of the field, human resources, etc. Since 1999, Sonasurf in Angola has been an historic example of the success of this policy, which has continued and which led in 2006 to the creation of two joint ventures: Bourbon Offshore Asia in Singapore and Naviera Bourbon Tamaulipas in Mexico.

376.6
million euros
in revenues
(+35.8%) in 2006

From left to right:

. The AHTS Bourbon Surf preparing for a platform scraping operation in the North Sea.

. Transfer of crates to the Athena at sea in Congo.

. Luzolo, an AHTS with 165 tons of bollard pull, near a semi-submersible platform in Angola.

16
persons dedicated to safety in 2006

Safety: a priority

The foundation of its operational organization is the Bourbon Offshore safety and environmental protection management system, certified ISO 9001 version 2000, which is based on four basic principles:
- executive commitment,
- training and qualification of employees,
- risk analysis, work preparation and the application of procedures specific to each operation,
- the selection of environmentally friendly equipment that is safe to use and easy to service.

In order to offer its customers the highest safety standards in the market, Bourbon Offshore has set a new requirement to apply to its fleet the best practices of the safety standard for oil tank vessels, by complying with the TMSA *(Tanker Management Self Assessment)*. In addition to procedures, a safety culture is a crucial element in the behavior of each employee in the Offshore Division. As a result, every day every person contributes individually to reach the target of "zero accidents, zero incidents". The general use of the safety management system, the standardization of equipment and operations, the extension of the scope of procedures, and the training of crews all increased the safety performance of Bourbon Offshore in 2006. Supported by an international internal communications campaign on the B Safe theme launched in 2005, all the measures taken obtained results and reduced the incident rate for 1 million hours worked (TRIR: Total Recordable Injury Rate) by 75%, from 10.6 in 2003 to 2.21 in 2006.

SONASURF, AN HISTORIC SUBSIDIARY

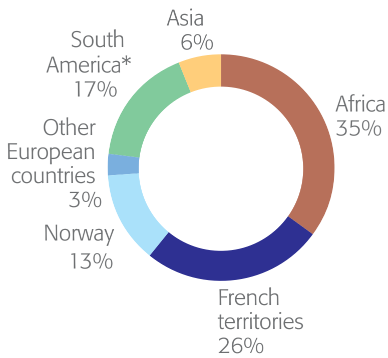
■ Created in 1999 in a joint venture with Sonangol, the Angolan state-owned oil company, Sonasurf has bet on synergies and the development of local expertise to drive its rapid growth. The training of Angolan seamen and officers is one of the decisive factors in its success. Sonasurf, which today has 47 modern vessels, like the Bourbon Jade, an MPSV dedicated to deepwater inspection, maintenance and repair work, operates under long-term contracts with all the oil companies present in Angola: BP, Chevron, Exxon, Sonangol P&P and Total.

Highly-skilled and united men and women around the world

BOURBON's Offshore Division had 3,313 seamen, officers and office staff at the end of 2006, who reflect its international presence and its historic policy of local recruitment. A mosaic of geographic and cultural origins, skills and experiences, the diversity of the Bourbon Offshore personnel is its strength and wealth. In 2006 alone, 828 new employees joined the Division, 96% of whom are seamen. The strong growth in the business will mean the recruitment and training of about 3,000 new seamen between 2007 and 2010. BOURBON is meeting this new challenge by adopting an ambitious human resources strategy that can guarantee the same skill level to everyone, at the level of service quality which the company is committed to offering its customers as well as guaranteeing its safety requirements. Committed to the development of local expertise to meet international quality standards, Bourbon Offshore provides or supplements the training course for its employees from all backgrounds. As a result, all crews in the Offshore Division are qualified as seamen as defined by the international STCW 95 convention.

In addition to these fundamentals, Bourbon Offshore is implementing a process to standardize training. The two anchor handling operations simulators, developed in collaboration with the Offshore Simulator Center in Aalesund, Norway, are an illustration of that commitment. This technical training will allow crews in Norway, France and the Philippines to experience all maneuvers in a near real-time situation and prepare, in complete safety, for the most delicate operations they may have to perform at sea.

Breakdown of the Offshore Division staff



* Brazil and Mexico

3,313
Offshore workforce in 2006 (+33%)

From left to right:

. Simulation of anchor handling operations: a captain in training at the rear command station on an AHTS.

. Bourbon Apsara, an AHTS with 120 tons of bollard pull, a series of 5 vessels.

. Transfer of experience by a Chief Engineer to a student officer during a maintenance operation on a propulsion engine.

Towage & Salvage

Towage, assistance and salvage: a culture of customer service

Through its subsidiaries Les Abeilles and Les Abeilles International, BOURBON ranks among the world leaders in towage, assistance and salvage. Backed by its experience and success, and supported by the dynamic performance of its teams, the Division is investing in the future by building on its expertise. Primarily operating on the French coast and in French ports, it intends to export its knowledge to the world's major port zones and international terminals.

Towage and assistance

Les Abeilles carries out its towage and assistance operations in France, on the African coasts and in the Indian Ocean.
Intent on providing a quality of service worthy of its most demanding customers, and on being able to respond at any time in compliance with the safety criteria that have made its reputation, Les Abeilles has experienced teams and modern tugs available seven days a week around the clock. Les Abeilles has adapted to change by making significant investments to replace its fleet and adapt its tools. The port of Le Havre is a reflection of this policy, with 7 tugs replaced since 2000 at BOURBON's initiative. It currently has the most modern fleet and will benefit from the new construction program. Particularly active in the ports of Le Havre, Nantes Saint-Nazaire, Marseilles-Fos and Dunkerque, the expertise of Les Abeilles is reflected in international tenders awarded, like the one for the port of Tangiers Mediterranean where commercial operations under a 25-year contract will begin in 2007.

Benefiting from the expertise acquired at the gas terminals of Fos-sur-Mer and Montoir-de-Bretagne and the synergies developed with BOURBON's Offshore Division, Les Abeilles is expanding and optimizing its towage solutions for the Energy terminals.

Salvage and coastal protection

Les Abeilles International specializes in the protection of the marine environment, salvage and assistance at sea. Under a contract with the French Navy since 1976, Les Abeilles International monitors 3,120 km of coastline. Its high level of expertise is based on 110 experienced employees trained in coordinating exceptional operations. Its 5 vessels conduct assistance missions and escort ships in trouble, sometimes under extreme conditions.

45,000
missions per year

129.7
million euros
in revenues
(+12.9%) in 2006

Left:
Transfer of a towline on board an ASD (Azimuth Stern Drive) tug.

Right:
The sea tugs Abeille Bourbon and Abeille Liberté during a salvage operation in the English Channel.

Towage & Salvage

40.9
million euros
in EBITDA
(+46.7%) in 2006

67
tugs in operation
and 16 on order
at the end of 2006

A member of the International Salvage Union (ISU), Les Abeilles International has a thorough knowledge of the modern techniques used to fight pollution in a marine environment: installation of floating booms, spreading dispersant, pumping, etc. Commissioned in 2005, the tugs Abeille Bourbon and Abeille Liberté are equipped with the latest generation of equipment and offer the technical specifications of solid, fast, high-performance and maneuverable vessels, even in bad weather. Experienced in all assistance techniques, the teams are in contact with salvage stations, and can be ready to respond in 20 minutes. For salvage operations, a dedicated crew, coordinated by a Salvage Master, is created in liaison with a set of partners (salvage professionals, naval architects, suppliers of special additional equipment, etc.).

THE CONVERGENCE OF TOWAGE AND OFFSHORE

■ In response to the development of offshore and onshore oil and gas terminals by the majors in the oil industry, BOURBON is expanding inter-division synergies. To assist ever larger oil and gas tankers, Bourbon Offshore has six tugs with 70 to 100 tons of bollard pull, including the newest, the Bourbon Rhode and Bourbon Rhesos. The BOURBON fleet will be gradually enhanced with 20 new multi-purpose, very powerful tugs which will expand its response capability at the Energy terminals for the benefit of its customers.

New challenges, new vessels

In order to guarantee optimum services over time in complete safety and to anticipate international developments, the BOURBON Towage & Salvage Division regularly expands and replaces its fleet by combining leading-edge technologies and more powerful vessels. The Les Abeilles fleet, consisting of 67 tugs, was expanded early in 2007 with 4 new tugs in the port of Tangiers Mediterranean. It will be expanded again with the delivery of 12 new tugs, currently on order, which will gradually commission by 2008. BOURBON has planned to invest a total of 100 million euros in this Division under the Horizon 2010 plan and is projecting annual growth of about 4% in the business.

Safety and progress

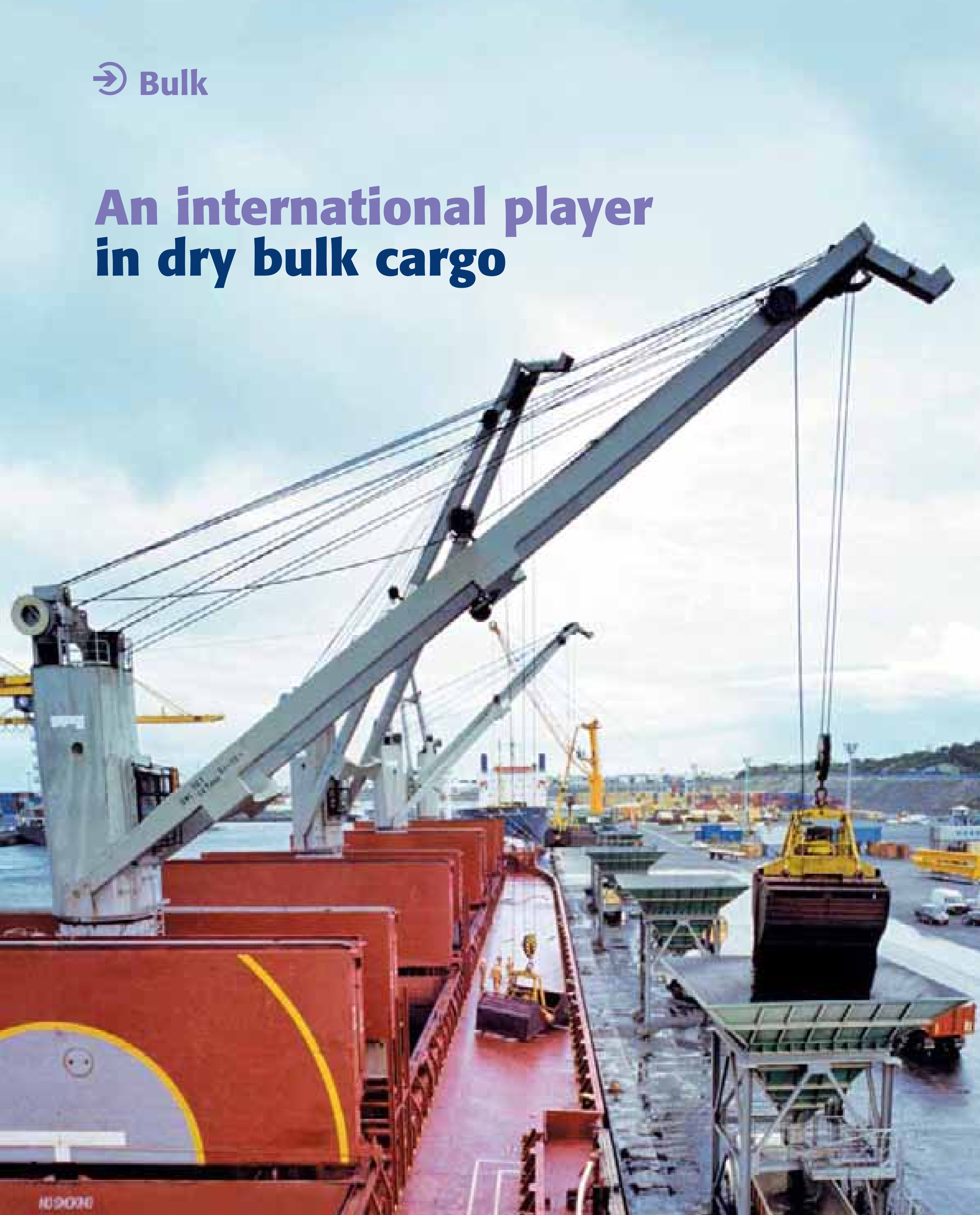
For many years, the Division has adopted procedures that strengthen the four fundamentals of quality, health, safety and environmental protection. ISO certified in 1999, and applying the directives of the International Safety Management (ISM) code to control human and environmental risks, in 2004 Les Abeilles earned ISO 9001 version 2000 certification, which guarantees that the service provided to the customer is in compliance. This ambitious policy is now leading Les Abeilles to adopt the particularly stringent standards of the offshore oil and gas industry and its preventive methods to analyze and evaluate operational risks.

Left:
The fleet of Les Abeilles Le Havre tugs ready to respond 24/7.

Right:
The Captain on the bridge of a harbour tug in operation.

Bulk

An international player in dry bulk cargo



An international player in dry bulk cargo

Specializing for more than 35 years in dry bulk international shipping, Setaf Saget, a BOURBON subsidiary, carries every year to the four corners of the world on 5,000 to 70,000-ton ships nearly 20 million tons of various solid bulk materials: wood, coal, fertilizers, grain, ore, cement products, etc. Managing a modern fleet of bulk carriers, both owned and under commercial control, Setaf Saget participates in the growth of its industrial customers within long-term contractual relations, and is expanding its business to the rapidly growing markets of China and India.

Nearly **20**
million tons
shipped in 2006

A high value-added service offer focused on the customer

The diverse skills offered by Setaf Saget means a custom response to the specific expectations of customers: freight market analysis, study of port features, cargo quotations, transport offers, consulting and legal assistance, chartering of all categories of bulk carriers, supervision of, loading and unloading operations.
Based in France, and operating in North America and Asia, Setaf Saget has structured its organization to offer local service to its customers and respond to requests as quickly as possible, guaranteeing ongoing tracking of the services. Setaf Saget manages the everyday and the unexpected with the same level of responsiveness, constantly keeping time, costs and the quality of its services in its sights for its customers.

A modern and powerful fleet

Setaf Saget manages a large fleet of modern bulk carriers on all the oceans of the world, demonstrating its reliability and efficiency.
In addition to its owned fleet, with an average age of 3 years, Setaf Saget operates a fleet under management, providing its customers with a broad range of vessel sizes adapted to all types of requests. In 2006, Setaf Saget

announced orders from a cement carrier for 30,000 tons deliverable in 2008 and two 53,000-ton bulk carriers. Under the Horizon 2010 plan, BOURBON aims to invest 120 million euros in the Bulk Division for the construction of 5 vessels.

A reliable and responsible player

Shipping is safe, saves energy and is respectful of the environment, at every step in the chain and for the benefit of all. Setaf Saget contributes to that chain, ensuring that the company and its service providers provide the best protection for the persons and goods shipped. In each operation, the crews follow rigorous procedures in compliance with the International Safety Management (ISM) code. Setaf Saget carefully complies with international and local regulations, port and terminal requirements to ensure the safety of the merchandise shipped. Finally, the vessels owned by Setaf Saget have equipment to reduce emissions of pollutants.

HIGH-PERFORMANCE EQUIPMENT FOR OPTIMIZED OPERATIONAL TIMES

- In order to reduce bulk carrier layovers in port and optimize loading and unloading rates, the entire fleet operated by Setaf Saget is equipped with large capacity cranes and grabs (20,000 tons/day).

6
owned
bulk carriers

Left to right:

. 18 m³ buckets adapted to all types of cargo, from iron ore to grains.

. All the vessels are specially equipped to load wood on deck.

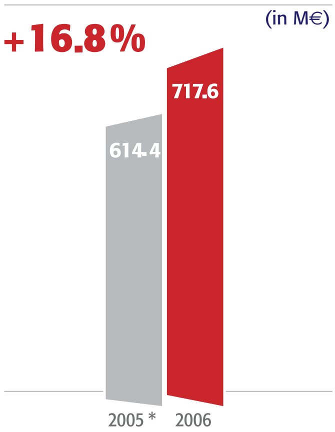
. Unloading coal using the vessel's cranes and buckets (20,000 tons/day).

Results & performance

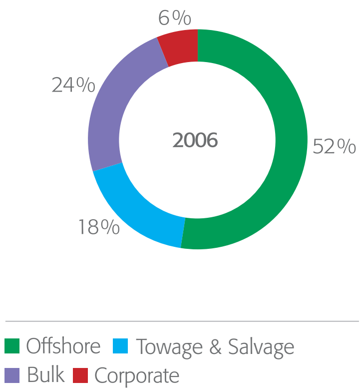
Exceptional growth in the group's results

➔ In 2006, BOURBON posted excellent results, primarily driven by the growth in the operations of the Offshore Division, whose revenues increased by 35.8%. EBITDA totaled 277.6 million euros and BOURBON's operating income was 181.4 million euros. At the end of 2006, the ambitious investment program under the 2003-2007 plan was fully achieved, with 1.2 billion euros in marine services.

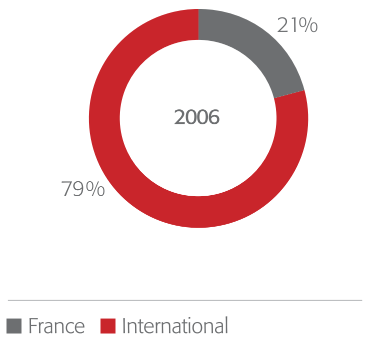
Revenues



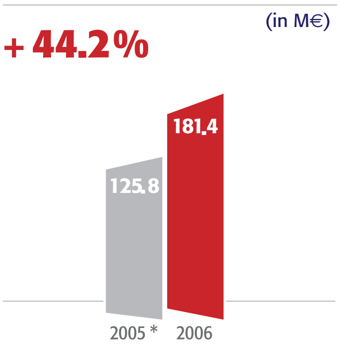
Breakdown of revenues by Division



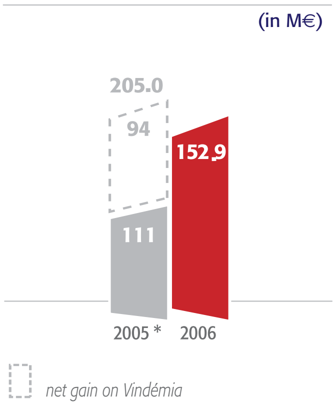
Breakdown of revenues by geographical region



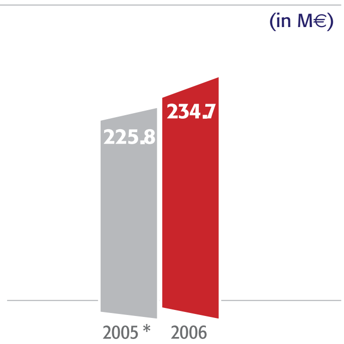
Operating income (EBIT)



Net income Group share



Cash flows from operating activities (excluding operations to be sold)



* pro forma figures

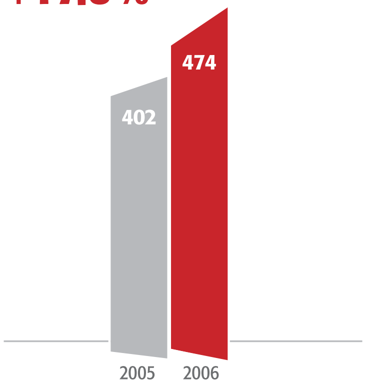
net gain on Vindémia

Results & performance

Gross investments

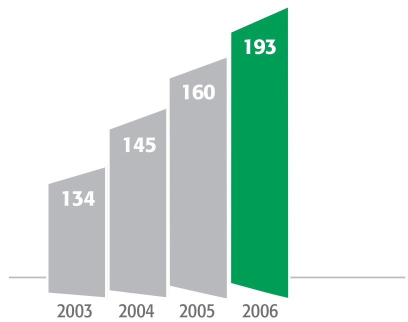
+17.8%

(in M€)

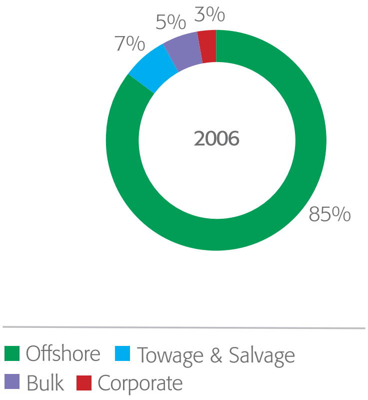


Change in the Bourbon Offshore fleet

(in number of vessels)



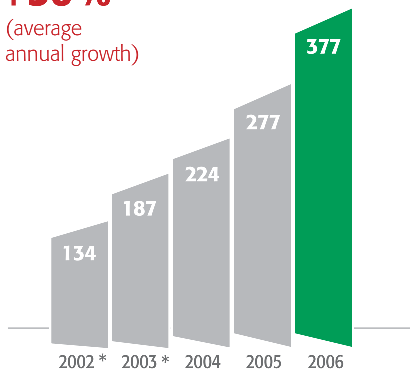
Breakdown of gross investments by Division



Change in Bourbon Offshore revenues

(in M€)

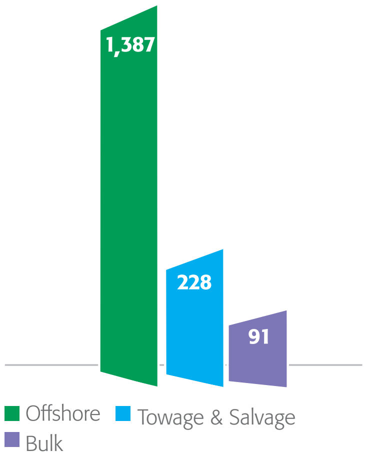
+30%
(average annual growth)



** French GAAP*

Capital employed by Division (excluding Corporate)

(in M€)



The BOURBON share (from 10/21/1998 to 03/27/2007)

Market data

Historical data

	2006	2005	2004
Number of shares as at 31st December	**50 195 528**	25 045 577	24 612 000
Share price (in euros)			
- higher	53.25	74.10	37.51
- lower	34	36.39	22.00
- latest	41.63	73.95	36.13
Market capitalization as at 31st December (millions of euros)	**2 090**	1 852	889
Net earnings per share (in euros)	**3.05**	8.31	3.85
Dividend per share for the year (in euros)	**0.60**	1.00	0.56
Total dividend (millions of euros)	**30.12**	25.05	13.78

Adjusted data *

	2006	2005	2004
Share price (in euros)			
- higher	53.25	37.10	18.76
- lower	34	18.20	11.00
- latest	41.63	36.98	18.07
Net earnings per share (in euros)	**3.05**	4.16	1.93
Dividend per share for the year (in euros)	**0.60**	0.50	0.28

* For comparability purposes, the figures were adjusted following the doubling of the number of shares in the company on June 1, 2006.

Shareholder's calendar

May 10, 2007
Publication of 1st quarter 2007 revenues

May 29, 2007
Shareholders' Meeting

August 9, 2007
Publication of 2nd quarter 2007 and 1st half 2007 revenues

August 30, 2007
Press Conference: "1st half 2007 results"

November 8, 2007
Publication of the information on 3rd quarter 2007

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Corporate Governance

Executive Committee at December 31, 2006

Christian Lefèvre
Executive Vice President and Chief Operating Officer

Jacques d'Armand de Chateauvieux
Chairman and Chief Executive Officer

Laurent Renard
Executive Vice President and Chief Financial Officer

Board of Directors

Jacques d'Armand de Chateauvieux
Chairman of the Board of Directors,
Chief Executive Officer

Christian Munier
Executive Vice President
(until June 30, 2006)

Christian d'Armand de Chateauvieux

Henri d'Armand de Chateauvieux

Guy Dupont*

Marc Francken*

Victoire de Margerie*

Dominique Sénéquier

Roger Wright*

* Independent directors

Committees of the Board of Directors

The Board of Directors is assisted in preparing its work by two special committees.

Compensation Committee

This committee advises and issues recommendations on the compensation and pension of the Chairman and the other corporate officers, and on stock option plans. It met once in 2006 with 100% attendance.

- Marc Francken (Chairman)
- Henri d'Armand de Chateauvieux
- Dominique Sénéquier

Audit Committee

The mission of this committee is to assist the Board of Directors to ensure the quality of the internal control and the reliability of the information provided to both stockholders and the financial markets. It met three times in fiscal 2006 with an attendance rate of 78%.

- Victoire de Margerie (Chairman)
- Dominique Sénéquier
- Roger Wright

BOURBON SIMPLIFIED ORGANIZATIONAL CHART

Offshore Division

- Bourbon Offshore
- Bourbon Offshore Norway
- Bourbon Offshore Triangle
- Bourbon Offshore Surf
- Bourbon Offshore Gaia
- Bourbon Ben Luc
- Bourbon Offshore Greenmar
- Bourbon Offshore Asia
- Naviera Bourbon Tamaulipas
- Bourbon Gulf
- Bourbon Logistics Indonesia
- Delba Maritima
- Bourbon Marine Services Manila
- Bourbon Interoil Nigeria Ltd.
- Sonasurf

Towage & Salvage Division

- Les Abeilles
- Les Abeilles International

Bulk Division

- Setaf Saget

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BOURBON

Building together a sea of trust

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2006 Financial Report
Summary

BOURBON
Building together a sea of trust

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Report

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1 Activities and Highlights

1.1 MARKET CONTEXT IN 2006/HIGHLIGHTS

In 2006, BOURBON posted excellent results, largely influenced by the Offshore business, which benefited from a favorable economy due to the resumption of capital expenditures by oil companies and the efforts made to boost production from existing fields. For example, 15 floating units and 460 well heads were installed in 2006.

2006 also saw an increase in the number of the Offshore Division's customers, reflecting both the growth of the super majors, BP and Shell, and the arrival of new customers in Nigeria, Equatorial Guinea, Mexico, Malaysia and India. At the same time, new partnerships and operations were developed in the United States, Mexico, Qatar and Egypt.

In addition, the Towage & Salvage Division is now faced with the arrival of a foreign competitor at the Port of Le Havre.

Finally, our policy of shifting our focus to the "marine" business resulted in 2006 in new deals in non-strategic holdings, particularly the disposal of our stake in the company "Brasseries de Bourbon".

1.2 MAJOR EVENTS OCCURRING SINCE THE FISCAL YEAR-END

• BOURBON still holds a 30% interest in the Vindémia capital, for which it holds option to sell the share to Groupe Casino in 2007, 2008 and 2009. When releasing its annual financial statements on March 15, 2007, Groupe Casino announced a valuation of the Vindémia Put which could not be determined on the basis of the closeout of the Vindémia annual financial statements for 2006 on which the Vindémia Supervisory Board had not yet made its required decision.
Believing that the difference in the valuation of such strike price is "significant enough", BOURBON reacted to the announcement of this valuation immediately by issuing a press release.

• In addition, a contract of sale for our 65% stake in the subsidiary Espace Bourbon Thang Long was signed with Vindémia. The deal was completed on February 19, 2007.

• In order to back our progress in terms of investments, a new order of three series of modern offshore service vessels (46 vessels) was placed in late February 2007 for more than 560 million euros.

2 Results from Activities

2.1 CONSOLIDATED RESULTS

(in € millions)	End of Dec. 2006 (*)	End of Dec. 2005 (*)	Change	End of Dec. 2005 published
Revenues	**717.6**	614.4	**+ 16.8**	1,022.0
Gross operating income (EBITDA)	**277.6**	207.4	**+ 33.8**	240.3
Operating income (EBIT)	**181.4**	125.8	**+ 44.2**	148.2
Net gains on equity interests sold and income from discontinued operations	**11.7**	111.2		94.1
Net income	**164.9**	215.0	**– 23.3**	215.0
Net income, group share	**152.9**	205.0	**– 25.4**	205.0
Net income, group share (excluding the capital gain from Vindémia)	**152.9**	111.0	**+ 37.7**	111.0

(*) Revenues are presented in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations"

For the first time since the decision to refocus on its marine services business, BOURBON recorded 2006 results that reflect exclusively its scope as a "pure player" in marine services.

BOURBON benefit from growth in the offshore oil and gas marine services sector (up 35.8%) in 2006: BOURBON posted revenues of 717.6 million euros, up 16.8% over the previous year.

EBITDA amounted to 277.6 million euros, up 33.8%, after taking into account the 19 million euros profit on sales of vessels during the year.

Operating income was also up at 181.4 million euros (up 44.2%) as a result of the following:
– the expansion of the fleet and improved offshore oil and gas market conditions;
– a solid performance for towage and salvage;
– the increase in cargo rates that began to produce effects in the second half of the year.

In 2006, the net gains on equity interests sold and income from discontinued operations reflect the disposal of the "Piriou" and "Brasseries de Bourbon" stakes as well as the income from non-strategic operations in the process of being sold. The 89.5% decline compared with 2005 can be explained by the net capital gain on the sale of Vindémia booked in 2005 for 94.1 million euros.

Net income group share excluding Vindémia capital gain rose by 37.7% to, 152.9 million euros.

At end 2006, the 2003-2007 strategic investment plan was completed one year ahead of schedule. Over the last four years, revenues for the Offshore Division have risen 30% per year (35% at constant exchange rates), and the ambitious 1.2 billion euros investment program in marine services also slightly exceeded the target.

2.2 ACTIVITIES OF THE DIVISIONS

BOURBON is engaged in marine operations in three Divisions.

2.2.1 Offshore Division

(in € millions)	End of Dec. 2006	End of Dec. 2005	Change
Revenues	**376.6**	277.2	**+ 35.8**
Gross operating income (EBITDA)	**185.1**	115.6	**+ 60.1**
% of revenues	*49.2*	*41.7*	
Operating income (EBIT)	**112.8**	58.5	**+ 92.9**
% of revenues	*30.0*	*21.1*	

Revenues in the Offshore Division amounted to 376.6 million euros, up 35.8% compared to 2005.

Renewed contracts and those for the 31 new vessels commissioned benefited from a very strong market.

The oil environment, which was favorable on the coast of West Africa, particularly in Angola and Nigeria, accounted to a large extent for our revenue growth. The year 2006 also saw the start-up of our new joint venture in Mexico, Naviera Bourbon Tamaulipas, which was 49% consolidated starting in April 2006, and the start-up of our operations in Asia. In the North Sea also, prices rose to very high levels.

EBITDA amounted to 185.1 million euros (up 60.1% compared to 2005) and includes the profit generated by the sale of old vessels for 19 million euros. Excluding the sale of vessels, our ratio of EBITDA to revenues amounted to 44.1% versus 41.8% in 2005.

Operating income totaled to 112.8 million euros, up sharply compared to 2005, with an increase of 92.9%.

Gross capital expenditures amounted to 404.2 million euros, up 31.7% compared to 2005, reflecting the major investment program.

2.2.2 Towage & Salvage Division

(in € millions)	End of Dec. 2006	End of Dec. 2005	Change
Revenues	**129.7**	114.9	**+ 12.9**
Gross operating income (EBITDA)	**40.9**	27.9	**+ 46.7**
% of revenues	*31.6*	*24.3*	
Operating income (EBIT)	**27.0**	15.6	**+ 73.1**
% of revenues	*20.8*	*13.6*	

The Towage & Salvage Division generated revenues of 129.7 million euros, up 12.9% compared to 2005.

EBITDA amounted to 40.9 million euros and grew by 46.7% in 2006. This growth was driven primarily by the following:
– a full-year of operations taken into account for the sea-going tugs "Abeille Bourbon" and "Abeille Liberté" on salvage and coastal protection missions;
– port activity which remained strong in French ports, particularly at Marseille-Fos and Nantes Saint-Nazaire;
– strong activity in African ports generated by the positive conditions for offshore oil and gas marine services in the region.

Gross investments totaled 32.3 million euros and included expenditures involving the tugs and pilot boats that will be in operation in 2007 under the towage concession agreement in the port of Tangiers Mediterranean in Morocco.

2.2.3 Bulk Division

(in € millions)	End of Dec. 2006	End of Dec. 2005	Change
Revenues	**169.2**	182.9	**– 7.5**
Gross operating income (EBITDA)	**38.9**	53.1	**– 26.7**
% of revenues	*23.0*	*29.0*	
Operating income (EBIT)	**35.0**	50.1	**– 30.1**
% of revenues	*20.7*	*27. 4*	

The Bulk Division had revenues of 169.2 million euros, down 7.5% from an exceptional year in 2005. Volumes shipped totaled 15.7 million tons in a context of mix trends in cargo rates: down 37% from 2005 in the first half of the year, and up 44% in the second half of the year 2006 compared with the same six-month period in the previous year.

EBITDA totaled 38.9 million euros, down from 53.1 million euros in 2005, i.e. a difference of 26.7%. Fluctuations in cargo rates in the market explain the fluctuations in gross margin affecting primarily directly owned vessels and vessels under long-term charter agreements. Setaf Saget customer contract policy, based on long-term relations, generates a “delayed effect” of about six months.

After an exceptional year in 2005, the Group recorded a very satisfactory operating income in 2006 (operating margin from revenues of 20.7%).

2.3 BOURBON SA PARENT COMPANY RESULTS

The policy of shifting focus to the “marine” business resulted in 2006 in new deals in non-strategic holdings, particularly the disposal of our stake in the company Brasseries de Bourbon.

In addition, to participate in the financing of our fleet modernization program, a short-term loan agreement was signed for 100 million euros.

The services rendered to subsidiaries yielded revenues of 1.3 million euros, including 0.9 million euros in technology transfers to Vietnam.

The company had financial income of 13.2 million euros, up 3.5 million euros compared to 2005. Repayment at the end of 2005 of the syndicated loan enabled us to reduce our financial expenses by 3.6 million euros. At the same time, the financial income from investments and payments on the debit balance of current accounts increased by 1.2 million euros. In addition, the change in financial provisions had a positive effect on financial income (up 2.3 million euros), and foreign exchange differences contributed 0.7 million euros. However, the dividends received were down by 4.3 million euros.

Non-recurring income consisted of a capital gain on asset disposal for 0.6 million euros and the negative balance from operations on treasury stock buyouts (0.3 million euros).

No expense referred to in articles 39.4 and 223 quater of the GTC [General Tax Code] was detected.

2.4 METHOD OF PRESENTATION OF THE ANNUAL STATEMENTS: DISCONTINUED OPERATIONS (IFRS 5)

Vindémia (Retail Business)

The group continues the process of withdrawing from the Retail business, after the sale of 36.66% of the Vindémia company to Groupe Casino in 2005 ("first put").

Under the agreements entered into with Groupe Casino, the sale ("second put") of the remaining interest, i.e. 30%, may be held between 2007 and 2009. As of December 31, 2006, it is highly probable that BOURBON will exercise the "second put" before the end of the first half of 2007, thus ending its operations in the Retail sector.

As a result, at December 31, 2006, the equity interests in the Retail associates, which have been consolidated using the equity method since October 1, 2005, were accounted for in accordance with IFRS 5 in the consolidated financial statements.

The Vindémia sub-group assets held for sale amounted to 99.4 million euros at December 31, 2006. The group share of net income for the year corresponds to a profit of 11 million euros.

In this context, the group also initiated in 2006 the sale of its Vietnamese subsidiary Espace Bourbon Thang Long (a shopping mall in Hanoi), which was finalized in February 2007. At December 31, 2006, this company was recognized in accordance with IFRS 5.

Hotel Assets

In addition, in connection with the shift in focus to purely marine operations, the group decided to sell all its hotel properties on Reunion Island. Exclusive talks are now underway, and the sale is expected to take place no later than the first half of 2007. Therefore, the entities concerned were accounted for in accordance with IFRS 5 in the consolidated financial statements.

2.5 PROSPECTS FOR THE FUTURE: PRINCIPAL TRENDS

In 2007, BOURBON, and specifically the Offshore Division, will reap the full-year benefit of the vessels delivered in connection with the 2003-2007 investment plan. It will continue its capital expenditures under the new investment plan to accommodate the many new orders already placed in 2006.

Concerning the Offshore Division, the year 2007 should bring growth in our new regions like Asia and Mexico, and also the regions we tend to favor like the West African coast with Nigeria and Angola.

Putting our tug and pilot boats to use under our concession contract with Tangiers Mediterranean should prove beneficial for the Towage & Salvage Division, which can also look forward to the brisk market in towage and assistance observed in the ports early in the year.

The Bulk Division should benefit from high cargo rates.

BOURBON's results will continue to be influenced by fluctuations in the euro/US dollar parity.

In terms of asset disposals, "the second Vindémia put" can be exercised starting in 2007. In addition, the disposal program for other non-strategic assets will be continued.

3 Corporate Governance

In 2006, BOURBON continued to improve its corporate governance. The Audit and Compensation committees met regularly during the year.

In terms of corporate governance, BOURBON complies with the legal requirements set forth in the law on the New Economic Regulations (NRE) and also takes into account the recommendations contained in the AFEP/MEDEF report, which gives an overview of the corporate governance principles in force.

3.1 CHAIRMAN AND CHIEF EXECUTIVE

In its May 31, 2002 meeting, the Board of Directors approved combining the positions of Chairman of the Board and Chief Executive Officer performed by Jacques d'Armand de Chateauvieux; that decision has not been amended since then.

Jacques d'Armand de Chateauvieux was assisted in 2006 by Christian Munier, Christian Lefèvre and Laurent Renard. Thus the following people comprised the Management of BOURBON:
• Jacques d'Armand de Chateauvieux, Chairman and Chief Executive Officer;
• Christian Munier, Director, Executive Vice President until June 30, 2006;
• Christian Lefèvre, Executive Vice President;
• Laurent Renard, Executive Vice President.

3.2 COMPOSITION OF THE BOARD OF DIRECTORS

	Date first appointed	Date term expires	Positions held outside the group
Jacques d'Armand de Chateauvieux *DOB: 02.13.1951* Director Chairman & Chief Executive Officer	10.14.1977	SM (*) held to approve the statements for the year ended 12.31.2006	- Chairman of Jaccar - Chairman of CBo Territoria - Chairman of Sapmer - Member of the AXA Supervisory Board - Director, Sinopacific Shipbuilding
Christian Munier *DOB: 12.10.1950* Director Executive Vice President (until 06.30.2006)	06.18.1999	SM (*) held to approve the statements for the year ended 12.31.2007	- Chairman CDM2 SAS - Member and Chairman of the Supervisory Board of SAS Financière du Pladen (since 07.26.2006) - Member of the Supervisory Board of Les moteurs Baudouin SA (until 09.30.2006) - Director, Bonnasse Lyonnaise de Banque SA - Director, Finadvance

(*) Stockholders' meeting

	Date first appointed	Date term expires	Positions held outside the group
Christian d'Armand de Chateauvieux *DOB: 11.09.1947* Director Cousin of the Chairman and CEO	06.29.1990	SM (*) held to approve the statements for the year ended 12.31.2007	- Chairman & CEO of Ch. de Chateauvieux & Associés SA - Chairman and CEO of Legrand Filles & Fils SA - Manager, Les Armands SCI - Manager, Le Petit Vasouyard SARL
Henri d'Armand de Chateauvieux *DOB: 08.17.1947* Director Member of the Compensation Committee Brother of the Chairman and CEO	05.25.1987	SM (*) held to approve the statements for the year ended 12.31.2007	- Chairman, Mach-Invest SAS - Director, Sapmer
Victoire de Margerie *DOB: 04.06.1963* Director Chairperson of the Audit Committee	06.08.2004	SM (*) held to approve the statements for the year ended 12.31.2006	- Director and member of the Ipsos Compensation Committee - Director and member of the Ciments Français Audit Committee
Guy Dupont *DOB: 08.25.1944* Director	06.18.1999	SM (*) held to approve the statements for the year ended 12.31.2007	- Chairman of the Economic Interest Group (EIG) Bois Rouge Gestion (until August 2006) - Chairman of the EIG Cerf (until August 2006) - Chairman of Distillerie de Savanna SAS (until August 2006) - Chairman of Eurocanne SAS (until August 2006) - Chairman of Sucrerie de Bois Rouge SAS (until August 2006) - Director, CBo Territoria - Director, Brasseries de Bourbon SA - Director, Sucre Austral - Director, Sapmer - Director of the Economic Interest Group Gema (until March 2006) - Director, ICV Mascareignes - Director, Loiret & Haentjens SA (until March 2006) - Director of the EIG Rhums Réunion (until March 2006) - Manager, SAS GVS - Manager, SCI Orion

	Date first appointed	Date term expires	Positions held outside the group
Marc Franken *DOB: 01.08.1946* Director Chairman of the Compensation Committee	05.25.2000	SM (*) held to approve the statements for the year ended 12.31.2008	- Honorary Chairman of Gevaert NV (Belgium) - Chairman of Union Remorquage et Sauvetage (Belgium) - Chairman of Technum-Tractebel (Belgium) - Director, Nederlands Loodswezen bv (Netherlands) - Director, VETC (Belgium) - Director, Vum Media (Belgium) - Director, Vlaams Economisch Verbond (Belgium) - Director, Nautinvest (Belgium) - Director, Asbl de Warande (Belgium) - Member of Lieven Gevaert Fonds – Koninklijke Vlaamse – Ingenieurs Vereniging – Fuggersocieteit – De Warande – Orde Van den Prince
Dominique Sénéquier *DOB: 08.21.1953* Director Member of the Audit Committee Member of the Compensation Committee	09.08.2003	SM (*) held to approve the statements for the year ended 12.31.2008	- Chairperson of Matignon Développement 1 SAS - Chairperson of Matignon Développement 2 SAS - Chairperson of Matignon Développement 3 SAS - Chairperson of the Management Board of AXA IM Private Equity SA - Chairperson of the Management Board of AXA IM Private Equity Europe SA - Chairperson of Pikanter 4 - Chairperson of the Supervisory Committee of AXA Private Equity Germany GmbH - Chief Executive, AXA Chile Private Equity 1 b SAS - Manager, AXA Private Equity Secondaries Ltd. - Director AXA IM Secondaries Associates Management Ltd. - Director, AXA Private Equity Funds of Funds Manager II Ltd. - Director, AXA Private Equity Primary Ltd. - Director, AXA Private Equity SL Management Ltd. - Director, AXA Private Equity Asia - Director, PE Asia Manager Ltd. - Director, AXA IM LBO Management Ltd. - Director, AXA IM LBO Management III Ltd. - Member of AXA Alternative Participations Sicav – AXA Alternative Participations Sicav II - Member of the Supervisory Committee of AXA Private Equity US

	Date first appointed	Date term expires	Positions held outside the group
Roger Wright *DOB: 05.25.1952* Director Member of the Audit Committee	09.13.2004	SM (*) held to approve the statements for the year ended 12.31.2008	- Chairman and CEO of Arsenal Investimentos (Brazil) - Director, Klabin (Brazil) - Director, Gradiente Electronics (Brazil) - Director, TAM Airlines (Brazil) - Member of the Brazilian Institute of Volunteerism

3.3 COMPENSATION OF THE CORPORATE OFFICERS

3.3.1 Compensation of the Chairman of the Board of Directors and the Executive Vice Presidents

Compensation of the corporate officers is set by the Board of Directors upon advice from the Compensation Committee and consists of a fixed portion and a variable portion.

The fixed compensation paid to the Chairman and Chief Executive Officer, Jacques d'Armand de Chateauvieux, who runs the Jaccar Company, BOURBON's lead holding company, has been unchanged since the increase approved by the Board of Directors in its March 22, 2004 meeting. This compensation is 360,000 euros (excluding taxes). His variable compensation is calculated on the basis of 1% of the consolidated net income for the prior year, capped at 750,000 euros (excluding taxes).

The compensation of the Executive Vice Presidents proposed by the Compensation Committee and approved by the March 20, 2006 meeting of the Board of Directors includes a fixed portion and a variable portion calculated on the basis of 0.5 per 1,000 of the prior year's consolidated net income; in addition, they receive compensation for any positions held in the group outside BOURBON SA.

The table below shows the gross annual compensation paid to the corporate officers in euros:

(gross amounts in €)	2006	2005
Jacques d'Armand de Chateauvieux		
Fixed compensation	360,000	360,000
incl. billing for services	*360,000*	*360,000*
Variable compensation	750,000(**)	750,000(*)
Total	**1,110,000**	**1,110,000**
Christian Munier (officer until 06.30.2006)		
Fixed compensation	160,948	421,000
incl. billing for services(1)	*150,277*	*332,000*
Compensation for positions held in the group outside of BOURBON SA	50,669	43,000
Total	**211,617**	**464,000**
Christian Lefèvre (officer since 12.05.2005)		
Fixed compensation	307,615	153,020
incl. billing for services(2)	*150,000*	
Variable compensation	76,445(**)	
Compensation for positions held in the group outside of BOURBON SA	53,905	32,027
Total	**437,965**	**185,047**

(gross amounts in €)	2006	2005
Laurent Renard (officer since 12.05.2005)		
Fixed compensation	221,000	200,200
Variable compensation	76,445(**)	
Compensation for positions held in the group outside of BOURBON SA	18,753	
Total	**316,198**	**200,200**

(1) Payment for services rendered to the company CDM2, of which Christian Munier is the principal stockholder.
(2) Payment for services rendered to the company Marine, of which Christian Lefèvre is the principal stockholder.
(*) Compensation paid in 2006 for 2005.
(**) Compensation paid in 2007 for 2006.

No supplemental retirement plan was granted by BOURBON to the corporate officers, and no in-kind benefits other than a company car provided for each of the two Executive Vice Presidents (Christian Lefèvre and Laurent Renard).

Laurent Renard's original employment contract includes a provision for benefits in the event he is dismissed following a change in control of BOURBON.

3.3.2 Stock Options

No stock options were granted to the corporate officers during 2006.

On December 27, 2006, the Chairman and CEO exercised the 34,364 stock purchase options granted by the September 10, 2001 meeting of the Board of Directors at the price of 5.645 euros per share. On December 28, 2006, a "shared gift" of these shares was made among his children.

3.3.3 Director's fee

The members of the Board of Directors are paid as sole compensation director's fees totaling 200,000 euros in accordance with the decision by the Combined Annual and Special Stockholders' meeting of May 23, 2006 for the year 2005 and subsequent years, to be distributed according to the following terms:
• fixed compensation of 5,000 euros;
• variable compensation reflecting the attendance rate, in the amount of 2,000 euros for each meeting attended, including attendance at the different committee meetings.

Under these terms, the amount paid to the members of the Board of Directors in 2006 totaled 101,000 euros.

	2006	2005
Current members of the Board of Directors		
Jacques d'Armand de Chateauvieux	11,000	17,000
Christian d'Armand de Chateauvieux	9,000	15,000
Henri d'Armand de Chateauvieux	11,000	17,000
Guy Dupont	9,000	13,000
Marc Francken (1)	11,000	11,000
Victoire de Margerie	17,000	19,000
Christian Munier	11,000	17,000
Roger Wright (1)	13,000	13,000
Former member of the Board of Directors		
Jean-Marc Brebion	9,000	17,000
Total	**101,000**	**139,000**

(1) The amounts allocated to foreign Directors correspond to the gross amounts paid.

3.4 FEES PAID TO THE STATUTORY AUDITORS AND TO THE MEMBERS OF THEIR NETWORKS

	EurAAudit CRC				Deloitte Touche Tohmatsu			
	Amount		Percentage		Amount		Percentage	
(in € thousands)	2006	2005	2006	2005	2006	2005	2006	2005
Audit								
Auditing network and certification of consolidated and statutory accounts								
Parent company	63	58	33%	30%	66	50	19%	23%
Consolidated subsidiaries	128	126	67%	65%	253	168	74%	77%
Other ancillary assignments and other auditing engagements								
Parent company	–	9	–	5%	–	–	–	–
Consolidated subsidiaries	–	–	–	–	–	–	–	–
Sub-total	**191**	**193**	**100%**	**100%**	**319**	**218**	**93%**	**100%**
Other services								
Legal, tax, corporate	–	–	–	–	8	–	2%	–
Other	–	–	–	–	17	–	5%	–
Sub-total	**–**	**–**	**–**	**–**	**25**	**–**	**7%**	**0%**
TOTAL	**191**	**193**	**100%**	**100%**	**344**	**218**	**100%**	**100%**

After reviewing the situation with regard to the term of office of the statutory auditors, we hereby specify that no term of office expires at this stockholders' meeting.

4 Risk Management

As far as the Company is aware, there are no exceptional facts or disputes that could have a material effect on the business, the results, the financial position or the assets of BOURBON or its subsidiaries.

BOURBON's aim is to ensure that the entire internal control system can, insofar as possible, prevent any risks to which it is exposed. With this in mind, a "cartography of risk" process was developed during 2005.

To design this, a dedicated team was established by Division (Offshore, Towage & Salvage, and Bulk) as well as at managerial level at corporate headquarters. An inventory of risks was prepared as thoroughly as possible, along with the associated controls, then categorized by type. On a case-by-case basis, probabilities of occurrence and potential impact were assessed. The risks identified were then ranked based on their possible frequency (from frequent to improbable) and their impact (negligible to catastrophic) which would require a crisis unit to respond immediately with an action plan.

The Management of each Division is responsible for forwarding the mapping to the different units, as well as action plans and control and follow-up procedures.

The cartography of risk was updated in 2006.

The type and ranking of these risks are considered strategic and confidential. Nevertheless, the principal risk factors are outlined below.

4.1 RISKS RELATED TO BOURBON'S BUSINESS ACTIVITIES

In the three businesses in which BOURBON is engaged in marine services, there are major barriers to entry due to the positions acquired over time, the capital intensity of the equipment, the expertise of the employees and familiarity with the administrative and political constraints of the different operating segments.

For **Offshore oil and gas marine services,** the service offering is based both on experienced and qualified employees trained in every assignment and on a full range of recent modern vessels, which makes it possible to offer each customer genuine customized service.

Today, all BOURBON's subsidiaries are in the process of hiring and expanding their human resources at a time when there is a structural shortage of merchant marine officer graduates. To meet its needs, BOURBON makes its staff the focus of its strategy and follows an ambitious human resources policy.

Thanks to its strong investment capacity and its technical and technological expertise acquired during more than 30 years of experience, the BOURBON Offshore Division is able to respond to:

- the genuine technological revolution in the offshore oil and gas businesses, by operating one of the most up-to-date and multi-purpose fleets;
- the expectations of the modern offshore market – both "continental" (depths of less than 200 meters) and "deepwater" (depths of up to 3,000 meters).

The demand for offshore oil and gas services is dependent on the willingness of customers to invest. Oil and gas prices on the world markets have a significant influence on capital expenditures in this sector. Thus, a prolonged decline in oil and gas prices can reduce the ability of BOURBON's customers to invest in new developments. At the same time, an increase in those same prices slows the demand for derivatives. Capital spending in the oil industry can also be influenced by the following factors:

- the rate of discovery and development of new oil and gas reserves;
- the global demand for energy;
- the global demand for petrochemical products;
- local political and economic conditions.

A reduction in capital expenditures in the oil industry due to any of the above factors, or for any other reason, could reduce BOURBON's ability to increase or maintain its profits.

BOURBON ranks among the leaders in offshore oil and gas marine services and operates in more than 20 countries.

The group's international presence, and the increase in its customer base somewhat dilutes the risk of dependence. The larger customer base reflects in particular the increased weight of the super majors BP and Shell and the arrival of new customers, specifically in Nigeria, Mexico and Equatorial Guinea. In 2006, only two customers (Total and Exxon) accounted individually for more than 10% of the revenues of the Offshore Division.

In addition, charter agreements for vessels are mainly contracts lasting from six months to eight years, with staggered expiration dates.

For **harbor towage,** this activity, which until now has been a highly regulated activity, is based on the granting of approvals by the port authorities (French ports) and/or concessions (African ports).

For **assistance and salvage,** the excellent reputation of "Les Abeilles International" is based on a contractual relationship of more than 20 years with the French Navy during which projects have been carried out under the most difficult conditions to protect the marine environment using tugs fitted with modern technical equipment and highly involved professional crews.

For **bulk shipping,** the subsidiary Setaf Saget, which has specialized in dry bulk marine shipping for more than 35 years, operates at sea all over the world with a fleet of 60 up-to-date bulk carriers, six of which are directly owned, and offers its customers customized services by proposing a full range of high value-added logistics services. The Bulk Division's level of activity is contingent on the extent of world trade and the growth of the global economy as well as the volatility of cargo rates ("Baltic supramax" index). A severe decline in world trade could reduce the demand for bulk carriers. However, with the quality of its directly owned fleet, the Division is in a position to develop new markets.

4.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

BOURBON'S activities involve mainly the marine and shipping areas, which are especially highly regulated.

As a service company, BOURBON is not directly responsible for industrial processes, except for operating its marine equipment. Nevertheless, BOURBON applies the rules outlined by its principals whenever its vessels come near their infrastructures, e.g. port facilities or military zones.

The laws and decrees of the flag State and the coastal State set the regulatory framework applicable to marine activities.

National rules refer mainly to a set of agreements drawn up under the auspices of the International Maritime Organization (IMO) which was mandated by the UN to deal with subjects specific to maritime navigation.

The main international standards are listed below:

– the SOLAS convention (international convention to safeguard human life at sea) contains mainly the technical provisions to be observed for the design, construction and outfitting of vessels;
– the STCW convention (*International Convention* on Standards of Training, Certification and Watchkeeping for Seafarers) lists the requirements for qualifying crews;
– the MARPOL convention (*Marine Pollution*) lists all the factors concerning pollution prevention, both from the vessel and from its cargo;
– the COLREG convention (*Collision Regulations*), which defines the rules of navigation.

These agreements refer to codes and manuals prepared by the IMO, supplemented by resolutions from its specialized committees. The ISM code (International Safety Management) is a central component of it and defines the basics for management and safety in shipbuilding companies, on board and at the corporate office.

The rules pertaining to the transport of hazardous goods are contained mainly in the IMDG code (International Maritime Dangerous Goods), which contains information on the precautions to be taken for packing, storage on board, handling, loading and unloading.

The area of maritime labor is also covered by agreements drafted by the International Labor Organization.

Nations sign on to the general version of these conventions, sometimes incorporating a few specific terms, particularly for small vessels. States have the responsibility of applying them and stopping infractions.

The task of making certain that regulations are implemented and followed by shipowners is usually delegated by the States to independent agencies, known as classification societies. Their area covers the audit of the organizations, supervision of construction and periodic visits to the operating vessels. The main classification companies are members of an association, the IACS, which sees to it that rules and actions are consistent. The authority granted to the classification companies is contingent on formal approvals issued by the States.

BOURBON believes it is important to follow scrupulously the rules in force and whenever possible, attempts to take the initiative to improve its organization and its methods in order to reach or outperform the standards required more quickly.

BOURBON stays abreast of any new information in this area and updates all data concerning regulations at the corporate office and on board its vessels.

The risks of environmental damage stem mainly from the presence of the vessel in its environment and any consequences of accidents related to the cargo or to the navigation. Although it is not possible to cancel out completely the impact of shipping operations, BOURBON does try to improve the situation by using technical solutions and influencing the behavior of the stakeholders.

BOURBON believes that accidents are avoidable through prevention and that it is possible to prevent pollution. Training and drills are used to prepare the staff as well as possible to meet emergency situations.

The QHSE (Quality, Health, Safety and Environment) Department is responsible for ensuring that the working methods and practices based on the above principles are passed down to all BOURBON employees.

BOURBON's activities are not prone to any specific natural risks other than those related to maritime navigation.

4.3 LEGAL RISKS AND INSURANCE

The activities of **offshore services** have a contractual basis that includes a best endeavors obligation and a principle of waiving legal actions among the parties.

In terms of **harbor towage**, the tug provides its towing force to the towed vessel, and barring gross negligence on its part in executing this obligation, it is exempt from any liability.

Concerning the **bulk shipping** activity, the obligations of the international carrier are governed by the international agreements that define the liability of the shipper and the carrier.

The group is active worldwide. Therefore, the companies are required to obey the law and the regulations applicable to them locally, particularly in maritime, customs and tax questions.

The diversity of the customers and geographical areas in which BOURBON operates limits the risks of recovering trade receivables and reduces the political risks.

Insurance

BOURBON has taken out a comprehensive insurance policy for the entire managed fleet, which covers any risks, damage, or liability concerning it stemming from its contractual commitments and its activities:
• in terms of marine risks, the group covers risks of injury and equipment damage, ordinary risks and risks of war under a worldwide all-risk policy;
• in terms of vessel owner/operator, the group belongs to P & I Clubs, members of the International Group of P & I Clubs, such as the Shipowners, the UK Club, the Skuld and the Gard.

In addition to the above coverage, BOURBON has a civil liability policy (operations, post-construction and professional) designed to guarantee any risks not directly related to a maritime contract and hence not covered by the P & I Clubs. This is an "umbrella" policy that covers any difference in conditions. BOURBON also has liability insurance to cover the liability of the management as de facto or legal corporate officers.

Insurance Management

Concerning the fleet, it is combined under a single policy whenever possible (exception: the local requirement for insurance/reinsurance in some countries; organizational constraints). The goal is to cut costs and to centralize the management of issues relating to risk analysis, verification to ensure coverage is in line with risks and negotiating long-term contracts that give a better view of insurance expenses.

The deductibles for bodily injury and equipment damage policies taken out with first rate insurers (including Allianz Global Corporate and Specialty, Groupama and Axa) are low for the Towage & Salvage Division (30,000 euros), very low for most of the Offshore Division (15,000 euros), and specific for the Bulk Division (150,000 US dollars).

The P & I guarantee gives BOURBON full civil liability coverage as a shipowner and operator. The deductibles are low (on the order of 10,000 euros).

BOURBON does not have a "loss of hire" guarantee for any risks incurred if a vessel is damaged and taken out of service for repair.

The deductibles for these kinds of guarantees are generally around 14 days, which is very close to the average duration of the repair work. The civil liability policy taken out with Axa Corporate Solutions and Groupama Transport (two lines of coverage), offers a total of 22 million euros, with a maximum deductible of 30,000 euros.
The liability insurance for executives was taken out with AIG. The amount of the coverage is 19.1 million euros. For reasons of confidentiality, BOURBON prefers not to publish the amount of the premiums paid.

No insurance captive was established within the group.

4.4 FINANCIAL RISK MANAGEMENT: OBJECTIVES AND POLICY

The group's risks are the interest rate risk on cash flow, liquidity risk, currency risk and credit risk. The Board of Directors has reviewed and approved the management policies for each of these risks. The policies are summarized below.

Interest Rate Risk on Cash Flows

The group's exposure to the risk of variations in interest rates is related to the group's medium and long-term variable rate financial debt. BOURBON regularly monitors its exposure to interest rate risk. This is the responsibility of the Group Treasury manager who reports to the Executive Vice President – Finance and Administration.

The group's policy is to manage its interest liability using a combination of fixed-rate and variable-rate borrowings. To keep overall costs down, the group sets up interest rate swaps through which it exchanges, at specified intervals, the difference between fixed contract rate and variable interest amounts calculated by reference to the agreed notional principal amounts.

These swaps are assigned to hedge the borrowings. As of December 31, 2006, after consideration of the interest rate swaps, approximately 56% of the group's medium or long-term debt is contracted at a fixed interest rate.

The following table shows the group's net exposure to variable rates before and after risk management, based on the hedges in place as well as the sensitivity of the group's income before taxes (related to the changes in fair value of the monetary assets and liabilities) to a reasonable change in interest rates; all other variables remaining constant.

At December 31, 2006

(in € thousands)	< 1 year	> 1 year to < 5 years	> 5 years	Total
Variable-rate assets	184,292	–	–	184,292
Variable-rate liabilities	(386,653)	(441,711)	(317,774)	(1,146,139)
Net variable-rate position before hedging	**(202,361)**	**(441,711)**	**(317,774)**	**(961,847)**
Hedges	67,190	218,194	175,521	460,906
Net variable-rate position after hedging	**(135,171)**	**(223,517)**	**(142,253)**	**(500,941)**
Sensitivity to a 1% increase in rates before hedging	(2,024)	(4,417)	(3,178)	**(9,618)**
Sensitivity to a 1% increase in rates after hedging	(1,352)	(2,235)	(1,423)	**(5,009)**
Sensitivity to a 1% decrease in rates before hedging	2,024	4,417	3,178	**9,618**
Sensitivity to a 1% decrease in rates after hedging	1,352	2,235	1,423	**5,009**

As of December 31, 2006, if interest rates on borrowings had been 1% higher or lower, the group's cost of net debt would have been 5 million euros higher or lower.

Currency Risk

Objectives

The group's policy is to reduce as much as possible the economic risk related to foreign currency fluctuations over the medium term. Furthermore, the group aims to minimize the impact of the US dollar volatility on the annual operating income.

Cash flows from operating activities

The main foreign currency risks on operations are listed below: For the **Offshore** Division, BOURBON invoices a large portion (about 68%) of its services in US dollars. The group has a natural foreign exchange hedge thanks to the payment of expenses in the same currency (representing about 20% of revenues). The policy is to maximize this natural hedge.

The residual risk is partially hedged in the short term by using forward US dollar sales and/or currency puts. On the unhedged portion, and over time, the Offshore Division is directly exposed to foreign currency risks, particularly on the US dollar.

The **Bulk** Division, mainly in US dollars (revenues and costs) is booked in the US dollar functional currency. Therefore, the margin realized in US dollars is not hedged.

For the **Towage & Salvage** Division, expenses are essentially in the same currencies as revenues (mainly euro or CFA franc). Hence, the foreign currency risk is insignificant.

For the **sugar** business in Vietnam, expenses are for the most part in the same currencies as revenues. Foreign currency risk is, therefore, limited to the effect of translation in euros in the BOURBON consolidated statements and to the accounting effects on stockholders' equity.

Long-term cash flows

Policy
In the case of vessels acquired in a foreign currency, the policy is to partially hedge foreign exchange currency risk during the construction period by entering into forward currency purchase contracts.
The policy is to finance these acquisitions in the currency in which the corresponding charters will be paid by the customers. However, in order to avoid accounting exchange differences in the countries outside the euro zone and the US dollar zone (particularly, in Norway, Brazil and Mexico), the entities finance their investments in their functional currency.

Current practice
As an exception, early in 2004, it was decided to abandon this practice temporarily and to convert most of the loans from US dollar to euros. This was done to recognize the unrealized foreign exchange gains booked in 2003.
Since then, most of the new borrowings (outside Norway) have been contracted in euros. When the euro/US dollar parity permits, these borrowings will be converted into US dollars and subsequent acquisitions will be financed in US dollars.

The table below shows the sensitivity of the group's pre-tax income (tied to changes in the fair value of the monetary assets and liabilities) to a reasonable modification in exchange rates against euro after currency hedging (all other variables held constant)

	12.31.2006					Effect on income	
(in € thousands)	Monetary assets	Monetary liabilities	Net position before hedging	Hedging	Net position after hedging	Of a 1% increase	Of a 1% decrease
BRL	1,672	1,306	365		365	(4)	4
MXP	1,559	628	931		931	(9)	9
NOK	47,594	196,165	(148,571)	90,499	(58,072)	575	(587)
USD	141,647	132,045	9,602		9,602	(95)	97
VND	18,983	2,572	16,412		16,412	(162)	166
Other currencies	7,241	5,179	2,062		2,062	N/S	N/S
Total	**218,696**	**337,895**	**(119,199)**	**90,499**	**(28,700)**	**305**	**(311)**

Please note that forward currency hedges on future transactions do not appear in this table insofar as the item hedged is not yet on the balance sheet.

Risk on the price of supplies
The group's exposure to price risk is minimal.

Credit Risk

The group maintains commercial relations only with third parties with proven financial stability. The group's policy is to verify the financial health of all customers that wish to obtain credit payment terms. Furthermore, the group monitors customer balances continually and, therefore, the group's exposure to any unrecoverable receivables is not significant.

The group has not subscribed a credit insurance type agreement.

Concerning the credit risk on the group's other financial assets, i.e. cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the group works only with top-ranking banks.

Liquidity Risk

The group's financing is conducted within the framework of a group policy implemented by the Finance and Administration Department. This policy involves self-financing the investment program by using asset disposals and generating sustained operating cash flows thanks to the strategy of long-term contracts, particularly in the Offshore Division.

Cash management is coordinated at the group's operational headquarters. Financière Bourbon, a general partnership organized as a cash-pooling unit, offers its services to most of the group's operational subsidiaries. Under a cash agreement with Financière Bourbon, those entities benefit from active support in managing their flows, their foreign currency and interest rate risks, their operational risks, and their short and medium-term debt, in accordance with the various laws in force locally.

In 2005, BOURBON took out a syndicated loan of 320 million euros. As of December 31, 2006, the outstanding loan amount was 315.2 million euros. The balance of 4.8 million euros was released during the first quarter of 2007.

In addition, the group holds unused short-term credit lines representing 95 million euros as of December 31, 2006.

The payment schedule of long-term financial debt appears in note 3.14 of the notes to the consolidated financial statements.

In addition to the traditional covenants associated with such a corporate loan, some covenants specific to the 320 million euros loan require BOURBON to ensure that vessels are financed but not mortgaged be available to the lender. If BOURBON was to exceed certain financial ratios contained in this contract, BOURBON would also require, at the lender's option, to grant mortgages on those same vessels (unmortgaged portion) on a priority basis and/or on other vessels in the BOURBON fleet in addition, until it reestablished those same ratios to the lender's satisfaction. No early repayment is required under these financial covenants.

The other loans taken out by the group do not contain any contractual provisions, which, if violated, would have a significant impact on the group's financial statements.

Stock Risk

The group's equity portfolio consists of money market funds with a volatility coefficient of less than 0.5. In addition, these investments are made solely for the purpose of managing short-term cash excess. Therefore, the sensitivity of the group's income to any impairment of these assets is negligible. Thus the group's exposure to stock risk is minimal.

4.5 OTHER PARTICULAR RISKS

Ship-building

One of the keys to success lies in providing our customers with cutting-edge vessels at competitive prices. BOURBON is developing concepts for new generation vessels (diesel-electric propulsion, DP2, etc.). It has them produced in quantities at competitive shipyards, which are located mainly in China, but also in India and Nigeria, in order to achieve economies of scale. BOURBON selects a limited number of shipyards, hence there is a certain dependence on them. Failure by any of these shipyards to meet a deadline could reduce BOURBON's ability to meet customer needs.

Business in Emerging Countries

BOURBON continues to do part of its business in emerging countries. The risks associated with running a business in those countries can include political, economic, social or financial instability. BOURBON attempts to conduct its business so as to hedge against those political or economic risks or risks of conflict. However, BOURBON may not be able to hedge against those risks and may also be faced with problems conducting its business in such countries, which could have an impact on its results.

Cost Control

In a competitive environment, customer satisfaction requires good cost control. Having new vessels produced in quantities enables the group to follow a proven and profitable economic model for cost reductions in building and maintenance.

5 Employment Information

• The year 2006 saw sharp growth in the workforce – up 20% over the prior year (salaried employees of the group).

	12.31.2006	12.31.2005
Managers	**269**	**242**
Employees and workers	**1,298**	**1,002**
Seamen		
– Crew	*1,666*	*1,476*
– Officers	*1,140*	*928*
TOTAL	**4,373(*)**	**3,648(*)**

(*) Salaried employees of the group (not including affiliates).

The quality of the group's services and the success of any ambitious growth plan depend in large part on BOURBON's ability to attract and retain the loyalty of skilled employees and to maintain a level of training that constantly results in improved standards.

• A number of BOURBON vessels include new seamen in training as part of the crews of the new vessels entering the fleet. These investments in training are the main focus of our Human Resources policy. BOURBON provides every new employee with the training and logistics needed to complete his or her training. Therefore, BOURBON has developed action plans to ensure that hiring is done on an international basis and to actively continue its training policy at all levels. This is a worldwide training policy, and, regardless of the region, local managers must be able to offer on-the-job training to their seamen to help them obtain further certification.

Thus, in 2006, the decision was made to develop two simulators – one in France and the other in the Philippines – for modern offshore anchor-handling operations. These simulators confirm the relevance of new tools to the new operating procedures in offshore oil and gas marine services. They help to standardize the training worldwide for all the BOURBON crews in a context in which the fleet is becoming increasingly standardized.

Furthermore, BOURBON has elected to embark on a new path of "public-private" partnerships, which are an exceptional way to support and develop the excellence of French training and its international reach. Thus BOURBON participated in the financing of a training center devoted to offshore oil and gas marine services, specializing in dynamic positioning.

• Moreover, the combined annual and special stockholders' meeting of June 7, 2005 granted authority to the Board of Directors to grant stock options to employees entitling them to subscribe for new shares in the company and/or to purchase outstanding shares in the company from purchases made by it up to 5% of the company's capital stock.

In this context, the Board of Directors, in its December 5, 2005 and its December 4, 2006 meetings, granted two tranches of options to the BOURBON employees who played a major role in successfully achieving the company's five-year objectives.

6 BOURBON SA and its Stockholders

6.1 CAPITAL STOCK AND BREAKDOWN

As of December 31, 2006, the capital stock was set by law at 31,832,347 euros divided into 50,113,610 shares of the same class. As of that date, the total number of outstanding shares (entitling the holder to a dividend when earnings are appropriated for 2006) amounted to 50,195,528, because of the 81,918 shares issued when stock options were exercised between March 20, 2006 (date of the last report on stock options exercised by the Board of Directors) and December 31, 2006. In its March 19, 2007 meeting, the Board of Directors noted the corresponding capital increase.

The following table reflects the changes in the stockholder base, showing the stockholders now holding at least 5% of the capital:

Position as of 12.31.2006

Stockholders	Number of shares	% of the capital	% of the voting rights
Jaccar (*)	11,919,960	23.75	23.77
Schroders	2,523,062	5.03	5.03
Treasury stocks	43,936	0.09	–
Employees	474,107	0.94	0.94
Public	35,234,463	70.19	70.26
TOTAL	**50,195,528**	**100.00**	**100.00**

(*) Jaccar: the Jacques d'Armand de Chateauvieux family.

In addition, as of December 31, 2006, the employee stockholding base through the FCPE (*fonds commun de placement d'entreprise*) "Bourbon Expansion" included 851 persons for 474,107 shares, or 0.94% of the capital.

6.2 DIVIDENDS PAID FOR THE PAST THREE YEARS

We hereby report the dividends paid for the past three years and the corresponding tax credits as listed below:

	Number of shares	Net dividend per share	Tax credit per share (individual)	Total amount distributed in €
2003	7,032,000	1.40	0.70	9,844,800
2004	24,612,000	0.56(*)	–	13,782,720(***)
2005	25,045,577	1.00(**)	–	25,045,577

(*) Dividend eligible for an allowance of 50% for individuals with their tax residence in France, pursuant to article 158-3-2° of the General Tax Code.
(**) Dividend eligible for an allowance of 40% for individuals with their tax residence in France, pursuant to article 158-3-2° of the General Tax Code.
(***) Aside from the dividends paid in cash in 2005, the BOURBON stockholders received an in-kind dividend of 32.5 million euros in the form of a CBo Territoria stock pay-out.

6.3 OPERATIONS PERTAINING TO THE STOCK OF THE COMPANY

6.3.1 Stock Buyback Program by the Company

As of December 31, 2006, the company owned 43,936 shares, or 0.09% of the capital, through CM CIC Securities, the investment services company responsible for market-making under the AFEI charter.

It is furthermore specified that neither CM CIC Securities, as market maker, nor the company dealt in derivatives with BOURBON stock.

6.3.2 Operations carried out by Executives on BOURBON Stock

Aside from the stock options exercised as described in § 3.3.2 above, we hereby inform you that in fiscal year 2006, the following transactions were brought to our attention:

Jacques d'Armand de Chateauvieux, Chairman and Chief Executive Officer, acquired on the market, through the company Jaccar holding:
• 37,500 shares of BOURBON on June 13, 2006,
• 62,500 shares of BOURBON on June 14, 2006.

6.3.3 Stock Options Granted to Employees

The combined annual and special stockholders' meeting of June 7, 2005 granted authority to the Board of Directors, in its twenty-first special resolution, to grant, one or more times, to the employees or to some of them or to some categories of employees or corporate officers, as defined by law, of the company or affiliates thereof as defined under article L 225–180 of the French Commercial Law "Code de commerce", options entitling the holder to subscribe for new stock in the company and/or to purchase outstanding stock in the company from purchases made by it.

Under this authority, in its December 4, 2006 meeting, the Board of Directors decided to open a fifth plan of 43,200 stock options that can be exercised from December 4, 2009 to December 3, 2011 at the price of 40.05 euros.

In all, in fiscal year 2006, the number of options granted to the ten employees (excluding corporate officers) receiving the largest option allocations amounted to 19,800.

We further inform you that during the year ended, some non-officer employees subscribed for shares from stock options exercised by the company. The ten largest amounts exercised were: 40,428 share purchase options at the price of 5.645 euros (the option exercise conditions were adjusted to reflect the two-for-one split in the number of shares comprising the company's capital, as decided by the special stockholders' meeting of May 23, 2006).

7 Proposals of the Board of Directors

7.1 APPROPRIATION OF EARNINGS/DIRECTORS' FEES

The following proposals shall be made to the stockholders' meeting:

• to appropriate the earnings for the year as follows:

Profit for the year	€14,655,838.56
Allocation to the legal reserve by withholding 5% from the profit for the year, limited to the amount needed to fully fund the legal reserve, i.e.:	€61,711.81
The balance, i.e.:	€14,594,126.75
Plus retained earnings, i.e.:	€16,053.00
Forming a distributable profit in the amount of: (distributed in full to the stockholders as dividends)	€14,610,179.75

• to supplement the amount of the dividend thus paid out from the profit for the year, with the sum of 15,507,137.05 euros withheld from the item "Other reserves", at the discretion of the company, the total amount of which (209,121,414.34 euros) will thus be reduced to the sum of 193,614,277.29 euros.

The total amount of the dividend paid out shall thus be set at:

Distribution in full of the distributable profit, i.e.:	€14,610,179.75
Withholding from the item "Other reserves", i.e.:	€15,507,137.05
Total :	€30,117,316.80

The dividend as set above amounts to 0.60 euro per share; it shall be paid out on or after June 1, 2007;
Under the company's share buyback program, treasury stock does not entitle the holder to dividends. The sum corresponding to unpaid dividends will therefore be booked under "Retained earnings".
This dividend will qualify the holder to an allowance of 40% applicable to individuals who are tax residents of France, i.e. 0.24 euro per share; legal entities do not qualify for any allowance.
There is no dividend distributed for this meeting, other than the dividend mentioned above, which may or may not be eligible for the 40% allowance mentioned in paragraph 3, section 2 of article 158 of the General Tax Code.

• to set from January 1, 2007 the total maximum amount of the directors' fees allocated to the Board of Directors at 200,000 euros for fiscal year 2006 and subsequent years.

7.2 SITUATION WITH REGARD TO THE TERMS OF OFFICE OF THE DIRECTORS

The terms of Directors of Victoire de Margerie and Jacques d'Armand de Chateauvieux expire with this annual general meeting; for anyone wishing to renew their term, a proposal will be made to the stockholders' meeting to renew their terms of office for another three-year period, i.e. until the annual stockholders' meeting scheduled in 2010 to approve the statements for the year ended December 31, 2009.

In its meeting scheduled for May 29, 2007, after the annual meeting is held, the Board of Directors will decide on the renewal of Jacques d'Armand de Chateauvieux's term of office as Chairman and Chief Executive Officer.

7.3 TREASURY STOCK BUYBACK PROGRAM

It shall be resolved that the annual stockholders' meeting:

- terminate the current stock buyback program approved by the combined annual and special meeting of May 23, 2006;
- authorize a new treasury stock buyback program for the company.

7.4 CAPITAL INCREASE BY CAPITALIZATION OF PART OF THE ITEM "ADDITIONAL PAID-IN CAPITAL"; GRANT OF ONE SCRIP ISSUE TO STOCKHOLDERS FOR EVERY 10 SHARES OUTSTANDING AS OF THE DATE OF THE MEETING

It shall be resolved that the annual stockholders' meeting:

- increase the capital stock by 3,188,437.72 euros to raise it from 31,884,382.26 euros to 35,072,819.98 euros by capitalizing part of the item "additional paid-in capital". This capital increase will be carried out by issuing 5,019,552 scrip issues awarded free of charge to stockholders at the rate of one new share for ten already held.
The amount of the capital increase, as well as the number of newly issued shares, shall be supplemented, as the case may be, by the necessary sum in the event of any capital increase reported during the implementation of the present decision that is carried out following the exercise of stock options by the recipients thereof, subject to the option for the Board of Directors to suspend temporarily the rights of the option holders so that the operation can be completed.
The new shares shall bear interest from January 1, 2007 and will be combined with the old shares after the 2006 dividend is paid on them.
Fractional shares shall be neither transferable nor negotiable and the corresponding shares shall be sold; the proceeds from the sale shall be allocated to the holders of the rights no later than thirty days after the whole number of shares belonging to them is registered in their account.

- give full powers to the Board of Directors:
  - to implement the decision by the stockholders' meeting as soon as it is over,
  - to adjust the final amount of capitalization of reserves taking into account the number of shares comprising the capital stock on the date this decision is implemented,
  - to suspend temporarily if necessary the exercise of the rights of stock subscription optionees in order to allow the operation to be completed,
  - thereafter to take any and all measure to preserve the rights of the optionees under the conditions set forth by article 174-10 of the decree of March 23, 1967,
  - In general, to take any and all measures necessary for the proper execution of the decision made by the stockholders' meeting.

Therefore, it shall be resolved that the stockholders' meeting amend article 7 of the bylaws on the capital stock (subject to adjustment of the final amount of the capital increase as stipulated).

7.5 OTHER AMENDMENTS TO THE BYLAWS PROPOSED TO THE MEETING

ARTICLE 14 – Organization and deliberations of the Board

II – Meetings of the Board

The Board of Directors shall meet as often as warranted by the interests of the company, at the invitation of its chairman. Furthermore, if the Board has not met for more than two months, a number of Directors comprising at least one third of the members of the Board may ask the Chairman to convene a meeting on a given agenda.
The chief executive may also ask the Chairman to convene a meeting of the Board of Directors on a given agenda.
The Board shall meet at the corporate office or at any other place in the same city and shall be chaired by its chairman or, if the chairman is unable to attend, then any member designated by the Board to chair the meeting. It may meet at any other place with the agreement of the majority of the Directors.
A ledger shall be kept which shall be signed by the Directors attending the Board meeting.
In accordance with the laws and regulations on the conditions for holding meetings of the Board of Directors, meetings may be held by videoconference or by any other telecommunications method. ***An internal regulation drawn up by the Board of Directors shall define the practical procedures for using these methods.***

IV – Representation

Any Director may, by letter, ***facsimile, e-mail,*** *or telegram, assign another Director to represent him or her at a working meeting.*
For the same meeting, each Director may have only one of the proxies received by applying the foregoing paragraph.
These provisions shall apply to the permanent representative of any legal entity serving as Director.

The rest remains unchanged

ARTICLE 15 – Powers of the Board of Directors

II – Organization of the work of the Board of Directors

The Chairman of the Board of Directors shall organize and direct the work of the Board, and shall report on it to the stockholders' meeting and shall implement its decisions. He shall see to it that the management structure operates properly and that the Directors are able to perform their mission.

The rest remains unchanged.

ARTICLE 19 – Convening Stockholders' Meetings

Stockholders' meetings shall be convened under the conditions set by law and the bylaws. They shall be held at any location specified in the meeting notice.

Any stockholder, regardless of the number of shares held, may participate, in person or by proxy, in the meetings, by providing proof of identity and ownership of the shares, in the form of ***either registration or as booking in the bearer accounts held by an authorized intermediary no later than the third business day preceding the meeting at zero hours, Paris time.***
The registration of or booking of the shares in the bearer share trading account kept by the certified intermediary shall be noted by an affidavit attesting to share ownership issued by the intermediary as an appendix to the vote by mail ballot or proxy or to the application for an admission card.
Once a stockholder has already voted by mail, sent in a proxy or applied for an admission card, no other method may be chosen for participating in the meeting.
In the absence of the chairman and unless other provisions are made to the contrary, the meeting shall be chaired by the Director especially appointed by the Board. If a Director is not delegated, then the meeting shall elect its chairman.

The rest remains unchanged.

7.6 GRANT OF SCRIP ISSUES OUTSTANDING OR TO BE ISSUED TO SALARIED EMPLOYEES OF THE GROUP

The annual meeting will be asked to grant authority to the Board of Directors, in accordance with and under the conditions set forth by articles L 225-197-1 to L 225-197-5 of the French Commercial Law "Code de commerce", to grant, one or more times, to the salaried employees of the company or some categories thereof and/or to the executives named in article L 225-197-1 II of the French Commercial Law, as well as to the salaried employees and to the executives of the companies and the affiliated economic interest groups under the conditions set forth in article L 225-197-2 of the French Commercial Law, scrip issues in the company, either outstanding or to be issued.

*

* *

The draft resolutions submitted to you refer to the main points of this report. We would very much appreciate it if you would approve them. Thanking you for your trust in us,

The Board of Directors.

BOURBON SA five-year financial summary

Description	2006	2005	2004	2003	2002
Capital stock at year-end					
Capital (in € thousands)	31,884	31,267	31,267	26,801	26,801
Number of ordinary shares outstanding	50,195,528 [(1)]	25,045,577	24,612,000	7,032,000	7,032,000
Number of shares with preferred dividends (without voting rights) outstanding	0	0	0	0	0
Maximum number of future shares to be issued	0	0	0	0	0
– by converting bonds	0	0	0	0	0
– by exercising subscription rights	1,067,578	602,226	684,727	0	0
Operation and profit/loss for the year (in € thousands)					
Revenues excluding taxes	1,204	1,534	1,175	1,305	1,458
Net income before income tax, employee profit-sharing, depreciations and provisions	10,546	164,024	40,892	16,258	22,923
Income tax	(4,411)	(2,331)	17,341	6,690	4,327
Employee profit-sharing for the year	0	0	0	0	0
Net income after income tax, employee profit-sharing, depreciations and provisions	14,656	181,000	39,162	(472)	2,355
Distributed net income	30,117 [(2)]	25,046 [(4)]	13,783	9,845	7,595
Earnings per share (in €)					
Net income after income tax, employee profit-sharing but before depreciations and provisions	0.30	6.45	2.37	3.26	3.88
Net income after income tax, employee profit-sharing, depreciations and provisions	0.29	7.23	1.59	(0.07)	0.33
Dividend per share	0.60	1.00 [(4)]	0.56	1.40 [(5)]	1.08 [(5)]
Personnel					
Average salaried workforce during the year	–	–	–	–	–
Employee welfare contributions and similar charges (social security, employee organizations, etc.)	–	–	–	–	–

(1) or 50,113,610 shares + 81,918 stock options exercised as of 12/31/2006.
(2) or 0.60 euro per share according to the proposal by the Board of Directors on 03/19/2007.
(3) or 24,612,000 shares + 433,577 stock options exercised as of 12/31/2005.
(4) or 1.00 euro per share according to the proposal by the Board of Directors on 03/20/2006 and before the two-for-one split.
(5) for 7,032,000 shares (compared with 25,045,577 in 2005).

Table summarizing the delegations of authority and the powers granted by the annual meeting to the Board of Directors as applied to capital increases (*)

Date of the annual meeting	Type of delegation	Duration	Use during 2006
Combined annual and special stockholders' meeting of 06.07.2005	*Authority granted to the Board of Directors to grant, one or more times, stock options entitling the holder either to subscribe for new shares in the company and/or to purchase outstanding shares from purchases made by it.*	*Thirty-eight months, i.e. until 08.06.2008.*	*The Board of Directors' meeting of 12.04.2006 decided to grant 43,200 new stock options in the company to be issued under a capital increase.* *These stock options may be exercised from December 4, 2010, the start of the 5th year of the allotment and until December 3, 2012, the end of the 6th year of the allotment.*

(*) The above table includes the delegations in the process of being validated and their use in fiscal year 2006.

Consolidated financial statements

Contents

Consolidated balance sheet for the year ended December 31, 2006

(in € thousands)	Notes	2006	2005
Goodwill	3.1	14,185	2,327
Intangible assets	3.2	5,861	8,564
Property, plant and equipment	3.3 - 3.4	1,641,698	1,373,070
Investments in associates	3.5	10,904	99,000
Non-current financial assets	3.6	97,799	71,098
Deferred tax assets	3.16	6,476	6,900
Total non-current assets		**1,776,923**	**1,560,958**
Inventories and work in progress	3.7	14,035	13,344
Trade and other receivables	3.8	194,260	167,569
Tax receivables		–	–
Current financial assets	3.8	18,212	16,428
Other current assets	3.8	9,602	8,417
Cash and cash equivalents	3.9	269,683	232,261
Total current assets		**505,792**	**438,019**
Non-current assets classified as held for sale	2.2	**134,445**	**–**
TOTAL ASSETS		**2,417,160**	**1,998,977**
Capital		31,884	31,267
Share premium		49,145	44,281
Consolidated reserves, group share (including profit for the year)		739,524	631,296
Total stockholders' equity, group share		**820,553**	**706,844**
Minority interests		**52,875**	**53,670**
Total stockholders' equity		**873,428**	**760,514**
Borrowings and financial liabilities	3.14	902,362	731,989
Employee benefit obligations	3.13	14,968	14,114
Other provisions	3.13	12,479	13,188
Deferred tax liabilities	3.16	40,742	41,393
Other non-current liabilities		4,594	2,585
Total non-current liabilities		**975,145**	**803,269**
Borrowings and bank loans (< one year)	3.14	383,168	292,915
Provisions (< one year)	3.13	1,127	384
Trade and other payables		142,538	127,374
Tax liabilities		3,626	4,821
Other current liabilities		13,129	9,701
Total current liabilities		**543,588**	**435,195**
Liabilities directly associated with non-current assets classified as held for sale	2.2	**24,999**	**–**
Total liabilities		**1,543,732**	**1,238,464**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**2,417,160**	**1,998,977**

Consolidated income statement

(in € thousands)	Notes	2006	2005	2005 Published
Revenues	4	717,640	614,461	1,022,021
Costs of goods and services sold	4.1	(387,514)	(362,311)	(726,411)
General and administrative costs	4.1	(53,601)	(44,819)	(55,302)
Increases and reversals of amortization, depreciation and provisions	4.1	(96,187)	(80,699)	(91,300)
Other operating expenses and income	4.1	1,045	(849)	(849)
Operating income		**181,383**	**125,783**	**148,159**
Cost of net debt	3.15	(30,345)	(21,816)	(24,751)
Other financial expenses and income	3.15	3,510	9,908	11,048
Income from current operations before income tax		**154,548**	**113,875**	**134,456**
Income tax	3.17	(5,355)	(10,158)	(18,741)
Share in income/(loss) of associates	3.5	4,042	42	5,115
Net income before net gains on equity interests sold and net income from discontinued operations		**153,235**	**103,759**	**120,830**
Net gains on equity interests sold		3,820	94,096	94,096
Net income from discontinued operations	2.2	7,876	17,071	–
Net income		**164,931**	**214,926**	**214,926**
Group share		152,891	205,039	205,039
Minority interests		12,040	9,888	9,888
Net earnings per share	5.2.1	3.05	4.15	4.15
Diluted net earnings per share	5.2.2	3.03	4.08	4.09
Net earnings per share – excluding income from discontinued operations	5.2.1	2.89	3.81	4.15
Diluted net earnings per share – excluding income from discontinued operations	5.2.2	2.87	3.75	–
Net earnings per share – income from discontinued operations	5.2.1	0.16	0.35	–
Diluted net earnings per share – income from discontinued operations	5.2.2	0.16	0.34	–
Net earnings per share – excluding gains on equity interests sold and income from discontinued operations	5.2.1	2.82	1.90	2.25
Diluted net earnings per share – excluding gains on equity interests sold and income from discontinued operations	5.2.2	2.80	1.87	2.21
Net dividend per share		0.60 (1)	0.50 (2)	0.50 (2)

(1) Recommendation of the Board of Directors on March 19, 2007.
(2) After the 2-for-1 stock split on June 1, 2006.

Consolidated cash flow statement

(in € thousands)	2006	2005
Consolidated net income	**164,931**	**214,926**
Share in income/loss of associates	(15,005)	(5,115)
Tax expenses/income	5,342	23,991
Net amortization, depreciation and provisions	97,576	96,845
Gains and losses from changes in fair value	(4,257)	(1,893)
Calculated income and expenses related to stock options and similar benefits	1,994	1,011
Gains and losses on disposals	(25,675)	(94,336)
Income tax paid	(5,197)	(15,865)
Cash flow	**219,709**	**219,564**
Effect of changes in working capital	(11,776)	7,496
Dividends received	(50)	(517)
Cost of net debt	30,654	24,751
Cash flows from operating activities (A) (**)	**238,537**	**251,294**
Acquisition of consolidated companies, net of cash acquired	(20,318)	(7,676)
Sale of consolidated companies, including cash transferred	–	222,375
Effect of other changes in the consolidation scope	–	(64,081)
Payments for property, plant and equipment and intangible assets	(466,257)	(358,538)
Proceeds from disposal of property, plant and equipment and intangible assets	169,971	3,524
Payments for acquisition of long-term financial assets	(66)	(3,724)
Proceeds from disposal of long-term financial assets	9,465	276
Dividends received	50	517
Changes in loans and advances granted	(29,160)	33,791
Cash flows from investing activities (B) (**)	**(336,315)**	**(173,536)**
Capital increase	5,481	2,620
Capital repayment	(445)	(3,469)
Net sales (acquisition) of treasury shares	(269)	321
Proceeds from borrowings	397,585	475,824
Repayments of borrowings	(292,047)	(443,268)
Dividends paid to parent company stockholders	(25,046)	(13,783)
Dividends paid to minority interests	(1,569)	(1,148)
Net interest paid	(30,654)	(24,751)
Cash flows from financing activities (C) (**)	**53,036**	**(7,654)**
Effect of changes in exchange rates (**)	(13,332)	5,381
Effect of changes in accounting principles	–	–
Change in net cash (A) + (B) + (C) (**)	**(58,074)**	**75,485**
Cash at beginning of period	83,553	8,068
Cash at end of period (*) (**)	25,479	83,553
Change in cash	**(58,074)**	**75,485**

(in € thousands)	2006	2005
(*) including:		
– Marketable and other securities	90,030	14,257
– Cash and cash equivalents	180,971	218,004
– Bank overdrafts	(245,522)	(148,708)
(**) including discontinued operations:		
Cash flows from operating activities	3,806	25,534
Cash flows from investing activities	(11,849)	(57,104)
Cash flows from financing activities	8,429	(2,935)
Effect of changes in exchange rates	(132)	–
Change in net cash	**254**	**(34,506)**
Cash at beginning of period	1,063	35,569
Cash at end of period	1,317	1,063
Change in net cash	**254**	**(34,506)**

Consolidated statement of changes in stockholders' equity

YEAR 2006

(in € thousands)	Capital and related reserves			Consolidated reserves, group share
	Share Capital	Share Premium and reserves related to share capital	Reclassification on of treasury shares	
Stockholders' equity at December 31, 2005	**31,267**	**44,281**	**(310)**	**452,864**
2005 earnings				205,039
Stockholders' equity at January 1, 2006	**31,267**	**44,281**	**(310)**	**657,903**
Cash flow hedge (IAS 39)				
Change in currency translation adjustments				
Reclassification of treasury shares			(2,095)	
Total income and expenses for the year recognized directly as stockholders' equity	*–*	*–*	***(2,095)***	*–*
2006 earnings				
Total income/expenses for the year	*–*	*–*	***(2,095)***	*–*
Capital increase	617	4,864		
Dividends paid by the parent company in 2006				(25,046)
Capital repayment				
Recognition of share-based payments				1,994
Other changes				
Stockholders' equity at December 31, 2006	**31,884**	**49,145**	**(2,405)**	**634,851**

The other changes in minority interests are primarily related to the spin-off of the EIDSURF company (€-5.6 m) and the purchase of the minority interests in Bourbon Offshore II AS and Bourbon Offshore II KS (€-3.3 m).

The capital repayment represents the share of the minority stockholders in the capital repayment of the Vietnamese subsidiary 51% held by the group.

Unrealized or deferred gains/losses						
Currency translation adjustments	Change in fair value of available-for-sale investments	Change in fair value of hedging derivatives	Net income, group share	Total stockholders' equity, group share	Minority interests	Total consolidated stockholders' equity
(28,624)	–	2,327	205,039	706,844	53,670	760,514
			(205,039)	–		–
(28,624)	–	2,327	–	706,844	53,670	760,514
		7,007		7,007		7,007
(26,523)				(26,523)	(1,891)	(28,414)
				(2,095)		(2,095)
(26,523)	–	7,007	–	(21,611)	(1,891)	(23,502)
			152,891	152,891	12,040	164,931
(26,523)	–	7,007	152,891	131,280	10,149	141,429
				5,481		5,481
				(25,046)	(1,571)	(26,617)
				–	(445)	(445)
				1,994		1,994
				–	(8,928)	(8,928)
(55,147)	–	9,334	152,891	820,553	52,875	873,428

Consolidated statement of changes in stockholders' equity

YEAR 2005

(in € thousands)	Capital and related reserves: Share Capital	Capital and related reserves: Share Premium and reserves related to share capital	Capital and related reserves: Reclassification of treasury shares	Consolidated reserves
Stockholders' equity at December 31, 2004	**31,267**	**44,281**	**(262)**	**471,377**
2004 earnings				101,361
Stockholders' equity at January 1, 2005	**31,267**	**44,281**	**(262)**	**572,738**
Financial instruments – 1st time adoption of IFRS				
Cash flow hedge (IAS 39)				
Change in currency translation adjustments				
Reclassification of treasury shares			(48)	
Total income and expenses for the year recognized directly as st. equity	*–*	*–*	*(48)*	*–*
2005 income (loss)				
Total income and (expenses) for the year	*–*	*–*	*(48)*	*–*
Capital increase				2,620
Dividends paid by the parent company in 2005				(46,271)
Capital repayment				(3,511)
Recognition of share-based payments				1,011
Stockholders' equity at December 31, 2005	**31,267**	**44,281**	**(310)**	**526,587**

Unrealized or deferred gains/losses			Net income	Total stockholders' equity	Of which:	
Currency translation adjustments	Change in fair value of available-for-sale investments	Change in fair value of hedging derivatives			Group share	Minority interests
(77,208)			**101,361**	**570,816**	**525,507**	**45,309**
			(101,361)	–		
(77,208)	**–**	**–**	**–**	**570,816**	**525,507**	**45,309**
		(11,244)		(11,244)		
		13,571		13,571		
18,644				18,644		
				(48)		
18,644	***–***	***2,327***	***–***	***20,923***		
			214,926	214,926		
18,644	***–***	***2,327***	***214,926***	***235,849***		
				2,620		
				(46,271)		
				(3,511)		
				1,011		
(58,564)	**–**	**2,327**	**214,926**	**760,514**	**706,844**	**53,670**

Notes to the consolidated financial statements

1 ACCOUNTING POLICIES AND METHODS

1.1 General information

The consolidated financial statements for fiscal year 2006 were approved by the BOURBON Board of Directors on March 19, 2007. BOURBON is an incorporated company registered in France, the shares of which are listed for trading on EUROLIST Compartment A.

1.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements include the financial statements of BOURBON SA and its subsidiaries at December 31 of each year. The financial statements of the subsidiaries are prepared over the same reference period as those of the parent company, on the basis of homogeneous accounting policies.

Statement of compliance

BOURBON consolidated financial statements for the year ended December 31, 2006 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union.

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

The standards and interpretations used to prepare the consolidated financial statements at December 31, 2006 are those published in the Official Journal of the European Union, the application of which is mandatory as of December 31, 2006.

Pursuant to Article 28 of European Regulation 809/2004 of April 29, 2004, the following information is included by reference:

• The consolidated financial statements for the year ended December 31, 2005 and the auditors' report on those statements, provided in the registration document filed on May 15, 2006 with the *Autorité des Marchés Financiers* (on pages 25-75 and pages 76-77 respectively).
• The consolidated financial statements for the year ended December 31, 2004 and the auditors' report on those statements, provided in the registration document filed June 3, 2005 with the *Autorité des Marchés Financiers* (pages 45-72 and 73 respectively).

Consolidated financial statements – Bases of preparation

The group's consolidated financial statements have been prepared on the historical cost basis, with the exception of derivative instruments and available-for-sale financial assets, which are measured at fair value. The consolidated financial statements are presented in thousands euros, and are rounded off to the next highest thousand when the amount after the decimal point is equal to or greater than €500.

The subsidiaries are consolidated from the effective date of acquisition, which is the date on which the group obtains control, until the date on which this control ceases to be exercised.

Minority interests represent the share of profit or loss and net assets which are not held by the group. They are presented in the income statement and in stockholders' equity on the consolidated balance sheet separately from the group's share of income/loss and stockholders' equity.

All intercompany balances and transactions as well as the income, expenses and gains or losses included in the book value of assets which come from internal transactions, are fully eliminated.

As required by IAS 1, the assets are presented as current assets on the consolidated balance sheet when they meet one of the following criteria:
• the expected liquidation date is less than twelve months or less than the group's normal business cycle;
• they are essentially held for transaction purposes.

All other assets are classified as non-current assets.

Liabilities are presented as current liabilities on the consolidated balance sheet when they meet one of the following criteria:
• the expected settlement date is less than twelve months or less than the group's normal business cycle;
• they are essentially held for transaction purposes;
• the group does not hold an unconditional right to defer payment at least for the period of twelve months after closing.

All other liabilities are classified as non-current liabilities.

1.3 Adoption of the new and revised standards

The accounting policies applied as of December 31, 2006 are consistent with those of the previous year.

However, during the year, the group adopted the new IFRS standards and amendments as well as the IFRIC interpretations presented below. The adoption of these standards and interpretations had no impact on the group's financial statements. However, they can generate additional notes.

• IAS 19 Amendment – Employee benefits;
• IAS 21 Amendment – Effects of changes in foreign exchange rates;
• IAS 39 Amendment – The Financial instruments: recognition and measurement;
• IFRIC 4 - Determining whether an arrangement contains a lease.

Interpretations IFRIC 5 and IFRIC 6 are not applicable to the group's operations and businesses as of this date.

In addition, the group has elected not to apply the following standards and interpretations early:

• IFRS 7 Financial instruments: Disclosures;
• IAS 1 Amendment – Presentation of financial statements;
• IFRIC 7, IFRIC 8 and IFRIC 9.

The principal effects of these changes are presented below.

IAS 19 Employee benefits

As of January 1, 2006, the group adopted the amendment to IAS 19. In particular, the group used the option which allows accounting for actuarial variances, during the period in which they occur, not as income/loss for the period, but directly in stockholders' equity. The adoption of this amendment had no impact on the group's financial statements at December 31, 2006.

IAS 21 Effect of changes in foreign exchange rates

As of January 1, 2006, the group adopted the amendments to IAS 21. As a result, all foreign exchange differences resulting from a monetary element that is part of the group's net investment in a foreign operation are recognized as a distinct component of stockholders' equity in the consolidated financial statements, whatever the currency in which the monetary element is denominated. This change had no significant impact, either at December 31, 2006 or December 31, 2005.

IAS 39 Financial instruments: recognition and measurement

Amendment concerning financial guarantee contracts (issued in August 2005) – This amendment modified the scope of application of IAS 39 in order to recognize financial guarantee contracts that are not considered insurance contracts initially at fair value, and to value them at the higher of two amounts: the amount determined by applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", and the amount recognized initially minus, when necessary, cumulative amortization and depreciation accounted for in accordance with IAS 18 "Revenue".

This amendment had no impact on the financial statements.

Amendment concerning Cash Flow Hedge Accounting of Forecast Intragroup Transactions (issued in April 2005) – This amendment modifies IAS 39, so as to allow the treatment of a highly probable intragroup transaction, denominated in a foreign currency, as a hedged item in a cash flow hedge relation, since the transaction is denominated in a currency other than the functional currency of the entity participating in the transaction and the risk related to the foreign currency will affect the consolidated income statement. This amendment had no impact on the financial statements.

Amendment related to the Fair Value Option (published in June 2005) – This amendment modifies IAS 39 and limits the use of the option to designate a financial asset or a financial liability as having to be measured at fair value; the variations are booked in the income statement. Insofar as the group had not used this option in the past, this amendment has no impact on the financial statements.

IFRIC 4 Determining whether an arrangement contains a lease

As of January 1, 2006, the group adopted this interpretation which provides comments allowing determination of whether arrangements are, or contain, leases that must be recognized in accordance with IAS 17. The adoption of this interpretation had no material impact for the group, either at December 31, 2006 or December 31, 2005.

1.4 Use of estimates and assumptions

Preparation of the financial statements in accordance with the conceptual framework of the IFRS involves the use of estimates, assumptions and assessments that affect the amounts presented in those financial statements. These estimates are based on past experience and on other factors considered to be reasonable given the circumstances. As the assumptions and assessments used and the circumstances existing on the date the statements are established may prove to be different in reality, the future results achieved may differ from the estimates used.

The principal assumptions concerning future events, and other sources of uncertainty related to the use of estimates on the closing date, changes in which during a year could generate a risk of a change in the net book value of assets and liabilities, are presented below.

Retirement benefits

The cost of defined benefit plans and other post-employment medical coverage benefits is determined on the basis of actuarial valuations. Those valuations are based on assumptions about discount rates, salary increase rates, mortality rates, and the probability of employment in the group at the time of retirement. Because of the long-term nature of such plans, the uncertainty of those estimates is significant. The net liabilities (long-term portion) funded for these benefits granted to employees as of December 31, 2006 was €14.6 m (€13.9 m in 2005). More details are provided in note 3.13.

Financial instruments measured at fair value

For most of the instruments traded over the counter, the valuation is made using models that use observable market data. For example, the fair value of interest rate swaps is generally determined using rate curves based on the market interest rates observed on the closing date. The fair value of forward currency purchases is calculated by reference to current forward exchange rates for contracts with similar expiration profiles. The discounting future cash flows method is used to value other financial instruments.

Impairment test on goodwill

At least once a year, the group assesses whether it is necessary to depreciate goodwill by using impairment tests (see note 1.5.2). Those tests require an estimate of the useful value of the cash generating units to which the goodwill is allocated. In order to determine this useful value, the group must estimate the future cash flows expected from each cash generating unit and an appropriate discount rate in order to calculate the present value of these cash flows.

Impairment test on assets

Intangible assets with definite useful life and property, plant and equipment are tested for possible impairment as soon as there is any indication that the assets may be impaired (see notes 1.5.5 and 1.5.6), i.e. when events or specific circumstances indicate a risk of impairment loss. In order to conduct these tests, non-current assets are grouped into cash generating units and their net book value is compared to the recoverable value of said units. Recoverable value is defined as the higher of the useful value or the fair value (net of disposal costs). In order to determine the useful value, the group must estimate the future cash flows expected from each cash generating unit and an appropriate discount rate to calculate the present value of such cash flows.

Foreign exchange rate assumptions

In its various estimates, particularly during impairment tests on goodwill and assets, the group makes assumptions about foreign exchange rates, for example to determine the future cash flows expected from each cash generating unit.

1.5 Summary of the main accounting policies

1.5.1 Foreign currency translation

The consolidated financial statements are disclosed in euros, which is the functional and presentation currency of the parent company. The functional currency of the foreign subsidiaries is generally the local currency. If the majority of the transactions and costs are executed in a different currency, that currency is used. Based on this principle, the functional currency of the Bulk subsidiaries of the group is the US Dollar instead of the local currency, which is the euro.

The accounts of subsidiaries with a functional currency different from euro are translated by applying the closing rate method:
• balance sheet items, with the exception of stockholders' equity, which are maintained at the historical rate, are converted at the year-end exchange rate;
• items on the income statement are translated at the average rate for the period;
• the currency translation adjustment is included in consolidated stockholders' equity and does not affect income/loss.

Foreign currency transactions are initially booked in the functional currency at the exchange rate prevailing on the date of the transaction. On the closing date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the closing date. All exchange differences are recognized in the income statement, with the exception of those related to borrowings in foreign currencies which constitute a hedge of the net investment in a foreign operation. These differences are transferred directly to stockholders' equity until the disposal of the investment; on that date, they are recognized as income/loss.

Pursuant to IAS 21, goodwill is expressed in the functional currency of the holding companies, then translated at the closing rate (IAS 21.47).

1.5.2 Business combinations and goodwill

Business combinations (IFRS 3) are recognized using the purchase method. This method implies the recognition at fair value of the identifiable assets (including intangible assets not previously recognized) and identifiable liabilities (including contingent liabilities, with the exception of future restructurings) of the companies acquired.

The goodwill arising on a business combination is initially recognized at cost, which represents the excess of the acquisition cost over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After the initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment tests, the goodwill acquired in a business combination is, as of the acquisition date, allocated to each of the cash generating units likely to benefit from the synergies of the business combination. For BOURBON, the cash generating units correspond to the three businesses of the group:,Offshore, Towage & Salvage and Bulk. Impairment tests are performed once there are indices of a loss of value and at least once a year.

When subsidiaries are sold, the difference between the sale price and the net asset sold plus accumulated currency translation adjustments and the net value of the goodwill is recognized in the income statement.

1.5.3 Negative goodwill

Negative goodwill represents the surplus between the group's interest in the fair value of the assets, liabilities and contingent liabilities acquired over the acquisition cost, on the acquisition date.

It is booked directly as income/loss during the acquisition period.

1.5.4 Equity interests in joint ventures

The group holds equity interests in joint ventures. A joint venture results from a contractual agreement under which two or more parties agree to conduct an economic activity under joint control. An entity under joint control is a joint venture, involving the creation of a separate entity in which each co-entrepreneur holds an equity interest. The group recognizes its interest in a jointly controlled entity using proportionately consolidation. The group consolidates line by line its share in all assets, liabilities, income and expenses of the jointly controlled entity. The financial statements of the jointly controlled entity are established for the same reference period as those of the parent company, using homogeneous accounting methods. Adjustments are made to harmonize any differences in accounting policies.

When the group contributes or transfers an asset to a jointly controlled entity, the share of the gain or loss resulting from this transaction is recognized according the substance of the transaction. When the group acquires assets of the jointly controlled entity, the group recognizes its share of the profit realized on the transaction by the jointly controlled entity only on the date on which the said assets are sold to an independent third party.

The joint venture is consolidated proportionately until the date on which the group ceases to have joint control of the entity.

1.5.5 Intangible assets

Intangible assets acquired separately are initially reported at cost. The cost of an intangible asset acquired within a business combination is its fair value on the acquisition date. After the initial accounting, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally-generated intangible assets are recognized as expenses when they are incurred.

The group assesses whether the useful life of an intangible asset is finite or indefinite.

Intangible assets with a finite useful life are amortized over their economic useful life and are subject to an impairment test when there is an indication that the intangible asset is impaired.

The amortization period and method for amortizing an intangible asset with a finite useful life are reviewed at least at the closing of each year. Any change in the expected useful life or the expected rate of consumption of the future economic benefits representing the asset is accounted for by modifying the amortization period or method, as applicable, and such changes are treated as changes in estimates. The amortization expense for intangible assets with a finite useful life is booked on the income statement in the appropriate expense category depending on the function of the intangible asset.

The amortization periods of the main intangible assets are:
• software: 3 years;
• leasehold rights, over the period of the concessions: 38 to 50 years.

At BOURBON, intangible assets with an indefinite useful life are business goodwills which are identifiable by activity. Their carrying amount is essentially based on port operating rights. Impairment loss is booked when its recoverable value calculated on the basis of criteria such as revenues and profitability becomes less than the carrying amount. These assets are not amortized.

1.5.6 Property, plant and equipment

Property, plant and equipment are booked at cost after deducting accumulated depreciation and any accumulated impairment losses.

The residual values, useful lives and depreciation methods are reviewed at each year-end and changed if necessary.

Vessels

A) Gross value

Property, plant and equipment consist primarily of vessels valued on the date they are included in the group's assets at cost, i.e. the cost incurred to commission the asset for the projected use.

The cost of a tangible asset consists of the purchase price paid to a third party (including customs duties and non-recoverable taxes, but net of discounts and commercial rebates obtained from the supplier), plus the following acquisition costs:
• directly attributable costs incurred to bring the asset into working condition for the planned use;
• installation costs;
• mobilization costs to the operating location;
• sea trial costs;
• legal documentation costs;
• professional fees (architects, engineers);
• commissions,
• costs for interim loans directly intended to finance the acquisition of the asset.

A tangible asset may include several components with separate life cycles or rates of depreciation. In this case, the main elements of the asset are identified and recognized separately using the component-based approach.

At BOURBON, each vessel consists of two components:
• a "vessel" component;
• an "overhaul" component.

An overhaul consists of maintenance operations performed at regular intervals, based on a long-term plan designed to meet classification requirements, international conventions or regulations.

At the acquisition date, the value of the "vessel" component is the total cost price of the asset minus the "overhaul" component; this component is equal to the first overhaul of the vessel.

B) Depreciation

Depreciation is calculated on the basis of the gross value of the component less its residual value.

Residual value is the expected selling price (less selling costs) which the group would obtain today from the sale of this asset at the end of its use by the group.

The depreciable amount of the "vessel" component is equal to its gross value in the consolidated accounts less its residual value. As the "overhaul" component has a zero residual value, its depreciable amount corresponds only to its gross value in the consolidated accounts.

Each component is then depreciated using the straight-line method over its useful life.

Useful life is defined according to the expected utility of the asset for BOURBON based on the use planned by the group.

The main useful lives of the "vessel" component used at BOURBON are the following:
• for the Offshore Division: between 8 and 20 years,
• for the Towage & Salvage Division: between 20 and 30 years,
• for the Bulk Division: 20 years.

The useful life of the "overhaul" component of a vessel depends on the multi-year maintenance schedule for the vessel.

Moreover, if there are indications of impairment, an impairment test is then performed on the group of assets (Cash Generating Unit) by comparing its net book value with the recoverable value of the corresponding CGU; the recoverable value is defined as the higher of the useful value and the fair value (net of selling costs). At BOURBON, the CGUs are based on the operational segmentation used by management to determine the group's strategy.

Other property, plant and equipment (excluding vessels)

Property, plant and equipment, other than the vessels and investment property, are carried at cost as defined by IAS 16 § 16. These assets consist of a single component.

The depreciable amount of the other tangible assets is equal to their purchase price; their residual value being zero, with the exception of certain buildings for which there is a residual value.

Other assets are depreciated using the straight-line method over their useful life.

The main useful lives for property, plant and equipment, excluding vessels, are as follows:
• construction and buildings: between 8 and 40 years,
• technical facilities: between 10 and 15 years,
• other property, plant and equipment: between 2 and 10 years.

Investment properties

The investment properties held by the group are recognized in the consolidated accounts at historical cost and depreciated using the straight-line method over 40 years.

1.5.7 Investments in associates

The group's equity interests in its associates are recognized using the equity method.

An associate company is an entity over which the group has significant influence. Investments in associates are recognized as assets on the balance sheet for the part of stockholders' equity they represent. The goodwill on an associated company is included in the book value of the equity interest.

1.5.8 Investments and other financial assets

Financial assets included in the scope of application of IAS 39 are classified as "financial assets at fair value through profit or loss", as "loans and receivables", as "held-to-maturity investments", or as "available-for-sale financial assets". When initially recognized, financial assets are measured at fair value plus transaction costs, in the case of investments which are not recognized at fair value through profit or loss. Initially, the group analyzes the possible existence of embedded derivatives in the contracts. Embedded derivatives are separated from the host contract if the contract is not recognized in its entirety at fair value through profit or loss, and if analysis shows that the economic features and the risks of the embedded derivatives are not closely related to those of the host contract.

The group determines the classification of its financial assets at the time of initial recognition and reviews this classification at each yearly closing when this is authorized and appropriate.

All "normalized" purchases and sales of financial assets are recognized on the transaction date, i.e. the date on which the group agrees to purchase the asset. "Normalized" purchases or sales are purchases or sales of financial assets under a contract, the terms of which require the delivery of the asset within the period generally defined by the regulations or by a convention on the market in question.

Financial assets at fair value through profit or loss

The category of "financial assets at fair value through profit or loss" includes, financial assets held for trading purposes and financial assets designed at the initial accounting as financial assets at fair value through profit or loss.

As of December 31, 2006 and December 31, 2005, no financial assets were recognized at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed and determinable payments, which are not listed on an active market. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less, if applicable, an impairment loss. The amortized cost is calculated by taking into account any initial additional cost or discount, and includes commissions which are an integral part of the effective interest rate, as well as transaction costs.

Gains and losses are recognized as income/loss when the loans and receivables are derecognized or depreciated and through the mechanism of amortized cost.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets, with fixed and determinable payments and a fixed maturity, which the group has the positive intent and the ability to hold to maturity. After initial recognition, held-to-maturity investments are measured at amortized cost. As of December 31, 2006 and December 31, 2005, the group had no financial assets accounted for in the category of held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are designated as being available for sale and which are not classified in any of the following three categories:

"financial assets at fair value through profit or loss", "held-to-maturity investments", or "loans and receivables".

After initial recognition, available-for-sale financial assets are measured at fair value, and the gains and losses on such assets are booked directly as stockholders' equity in a separate line ("Unrealized net gains") until the investment is derecognized or until the investment is identified as being subject to impairment, in which case the cumulative gain or loss previously booked as stockholders' equity is then included in profit or loss.

The fair value of the investments that are actively traded on organized financial markets is determined by reference to the market prices published on the closing date. For investments for which there is no active market, fair value is determined using valuation techniques. Such valuation techniques include: using recent arm's length market transactions between knowledgeable, and willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If applicable, fair value is assessed on the basis of the proportion of stockholders' equity held. The assessment may also take into consideration the following parameters, to the extent that they can be reliably measured:
- potential unrealized gains, particularly property gains,
- prospects for profitability.

Impairment of financial assets

On each closing date, the group assesses whether a financial asset or a group of financial assets is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

The group first assesses whether objective evidence of impairment individually exists for individually significant financial assets, as well as, individually or collectively bases, for financial assets which are not individually significant. If it determines that there are no objective evidence of depreciation for a financial asset considered individually, in a significant or non-significant amount, this asset is included in a group of financial assets presenting similar credit risk characteristics, and this group of financial assets is subject to a collective impairment test. Assets subject to an individual impairment test, for which impairment is recognized or continues to be recognized, are not included in a collective impairment test.

If the amount of the impairment decreases during a subsequent year, and if this decrease can be objectively tied to an event that occurred after recognition of the impairment, the impairment previously recognized is reversed. A reversal of impairment is booked as income/loss provided the book value of the asset does not become greater than the amortized cost on the date the impairment is reversed.

For trade receivables, impairment is recognized when there is an objective indication (such as a probability of bankruptcy or significant financial difficulties for the debtor) that the group will be unable to recover the amounts owed under the contractual terms of the invoice. The book value of the trade receivable is reduced using a valuation allowance account. Impaired outstanding amounts are recognized as a loss when they are deemed unrecoverable.

Available-for-sale financial assets

If an asset available for sale is impaired, an amount calculated as the difference between its acquisition cost (net of any repayment of principal and any depreciation) and its current fair value, less any impairment previously booked as income/loss, is transferred from stockholders' equity to income. Impairment on equity instruments may not result in a reversal booked as income. Impairment on debt instruments is reversed as income if the increase in the fair value of the instrument may be objectively related to an event that occurred after recognizing the impairment in the income statement.

1.5.9 Inventories and work in progress

Inventories are measured at the weighted-average cost method for raw materials and at the production cost for work in progress and finished goods.

When the production cost of finished goods is greater than the selling price at the inventory date, impairment is recognized in order to reduce the value of the inventories to their net realizable value.

1.5.10 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in banks, short-term deposits and marketable securities. Cash and cash equivalents are recorded at fair value.

1.5.11 Non-current assets held for sale and discontinued operations

Non-current assets held for sale

Pursuant to the provisions of IFRS 5, non-current assets (or disposal groups) and the related liabilities are classified as "held for sale" if their carrying amount will be recovered primarily through a sale transaction rather than continuing use. This classification implies that the assets (or disposal groups) intended for sale are available for immediate sale, in their present condition, and that the sale is highly probable.

The high probability of the sale is assessed on the basis of the following criteria: management has initiated an asset (or disposal groups) disposal plan and a program to find a buyer and finalize the plan has been launched. In addition, the assets must be actively marketed for sale at a reasonable price in relation to their fair value. The sale of the assets (or disposal groups) is assumed to take place within one year from the date of being classified as assets held for sale.

Non-current assets (or disposal groups) intended to be sold and classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. They are no longer depreciated as of the date they are classified as assets held for sale.

Discontinued operations

A discontinued operation is an activity or a significant geographic region for the group which is either being sold or classified as an asset held for sale. The items of the income statement and the cash flow statement for these discontinued operations or operations being sold are presented on specific lines of the financial statements for all periods presented. As a result, certain elements of the income statement and the cash flow statement for the previous year are restated in order to present comparative information for these discontinued operations.

1.5.12 Treasury shares

When the group purchases its own equity instruments (treasury shares), they are deducted from stockholders' equity. No profit or loss is booked in the income statement at the time of the purchase, sale, issue or cancellation of the group's equity instruments.

1.5.13 Provisions

Provisions are recognized when the group has a present obligation resulting from a past event, when it is probable that an outflow of resources embodying economic benefits will be necessary to settle the obligation, and when the amount of the obligation can be reliably estimated.

If the effect of the time value of the money is significant, the provisions are discounted on the basis of a pre-tax rate which reflects the risks specific to the liability, if any. When the provision is discounted, the increase in the provision related to the passage of time is recognized as a borrowing cost.

1.5.14 Employee benefits

Employee benefits include retirement indemnities, seniority awards, incentives and profit-sharing.

Retirement benefits

Group employees receive retirement indemnity in addition to the legal retirement benefits in effect in the countries in which they are employed.

Pursuant to IAS 19 "*Employee benefits*", retirement benefit obligations are measured using the projected unit credit method. Under this method, the valuation of the commitment takes into consideration the pension rights that the employee will have acquired on the date of his retirement. However, the commitment is allocated proportionately between the employee's seniority on the calculation date, taking into account the ratio between the employee's current seniority and his seniority projected at retirement date.

These calculations include the following assumptions:
- Retirement age: legal age prevailing in each country,
- Average life expectancy: based on the mortality table applicable to each country,
- Discount rate,
- Inflation rate,
- Turn-over: established for each company, using the average turn-over observed over the last five years,
- Assumptions on salary increases,
- Calculation of the rights based on collective agreements or specific agreements in force in each entity/country.

In accordance with the option offered by the amendment to IAS 19 "*Actuarial gains and losses, group plans and disclosures*," the group has elected to account for its actuarial differences directly in stockholders' equity.

Incentives

Incentives are based on the company's performance, measured primarily by the increase in revenues and operating margins.

There are two application methods: the first consists of applying the coefficient of increase for each individual to the salary he received during the last six months, with the bonus paid every six months.

The second method, calculated annually, incorporates a progressive bonus by salary category. The amount of the bonus is, therefore, calculated by applying the corresponding percentage to the annual payroll. One part is then distributed uniformly among the employees and the other one is distributed in proportion to the gross salaries for the reference year.

Where the bonus is deposited to the Company Savings Plan (*Plan d'Epargne Entreprise-PEE*), an employer's contribution of 20% is granted.

Profit-sharing

The legal profit-sharing, which is blocked for five years, is funded to an independent organization.

Stock option plans

The cost of equity-setlled share-based payment transactions with employees, granted after November 7, 2002, is measured at the fair value of the equity instruments granted at the grant date.

This cost is recognized as personnel expenses as a contra entry to an equivalent increase in stockholders' equity, using the straight-line method over the vesting period. This period ends on the date on which the employees obtain an unconditional right to the instruments ("the rights acquisition date").

The cumulative expense recorded for these transactions at the end of each year until the rights acquisition date takes into account the group's best estimate, on that date, of the number of equity instruments that will be acquired.

When these options are exercised by the beneficiaries, BOURBON will increase its capital and the shares issued at that time will be remitted to the beneficiaries. The exercise price received by the group will be booked as cash as a contra entry to the corresponding capital increase.

1.5.15 Financial liabilities

Financial liabilities include borrowings and financial debts, trade payables, derivative instruments and other current and non-current liabilities.

All borrowings are initially recorded at fair value less directly chargeable transaction costs.

After the initial accounting, interest-bearing loans are measured at amortized cost, using the effective interest rate method.

Profits and losses are recorded on the income statement when the debts are derecognized, and through the amortized cost mechanism.

Derivative instruments are carried at their fair value at the closing date. The accounting methods for derivative instruments are described in note 1.5.19.

1.5.16 Finance leases

Assets held under finance leases are recognized as assets of the group when the terms of lease transfer substantially the group most of the risks related to ownership of the asset. These assests are measured at the fair value or, if lower, at the present value of the minimum lease payments. The asset is depreciated using the group's depreciation methods as defined in note 1.5.6.

1.5.17 Revenue recognition

Revenue arising in the course of the ordinary activities is recognized when it is probable that the future economic benefits will flow to the group and when the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, other taxes on sales and customs duties.

Revenues include chartering revenues and related services, towage and assistance services and the revenues from the sugar business, less the discounts granted.

The following specific recognition criteria must also be met for revenue to be recognized:

Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer, normally upon delivery of the goods.

Bulk

Revenue arising from the Bulk shipping business is recognized by reference to the stage of completion of the voyage at the closing date.

1.5.18 Current income tax and deferred tax

The income tax expense for the year includes:
- the current income tax expense less tax credits and tax losses actually used;
- deferred tax, booked in the consolidated financial statements based on the tax situation of each company.
  Deferred taxes result from:
  - temporary differences between taxable profit and accounting profit;
  - consolidation restatements and eliminations;
  - and tax deficits that can be carried forward, which are likely to be recovered in future.

These taxes are calculated and adjusted using the balance sheet liability method in its broadest sense. Deferred tax assets and liabilities are not discounted.

Deferred tax and current income tax relating to items booked directly as stockholders' equity are recognized as stockholders' equity and not in the income statement.

1.5.19 Derivative instruments and hedge accounting

The group uses derivative instruments such as forward exchange contracts, interest rate swaps, cross currency swaps and exchange options to manage its exposure to movements in interest rates and foreign exchange rates. These derivative instruments are initially recognized at fair value on the date on which the contracts take effect and are subsequently measured at fair value. Derivative instruments are booked as assets when the fair value is positive and as liabilities when the fair value is negative.

All gains and losses from changes in the fair value of the derivative instruments which are not classified as hedging instruments are recognized directly in the income statement for the year.

The fair value of buying forward exchange contracts is calculated by reference to the current forward exchange rates for contracts with similar maturities. The fair value of interest rate swaps is generally determined using rate curves based on the market interest rates observed on the closing date.

For the purposes of hedge accounting, hedges are classified as:
- fair value hedges when they hedge the exposure to changes in the fair value of a recognized asset or liability, or a firm commitment (except for the exchange risk);
- cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a specific risk associated with a recognized asset or liability, or to a highly probable forecasted transaction or to the exchange risk on a firm commitment;
- hedges of a net investment in a foreign operation.

The hedge on the foreign currency risk of a firm commitment is recognized as a cash flow hedge.

Inception of a hedge relationship, the group formally designates and documents the hedge relationship to which the group wants to apply the hedge accounting and the objective desired for risk management hedge strategy. The documentation includes the identification of the hedging instrument, the item or transaction hedged, the nature of the risk being hedged and how the group will assess the effectiveness of the hedging instrument in offsetting the exposure to the changes in fair value of the item hedged or cash flows attributable to the hedged risk. The group expects that the hedge will be highly effective in offsetting changes in fair value or in cash flows. The hedge is assessed on an ongoing basis in order to demonstrate that it has actually been highly effective during all the years covered by the financial statements for which it has been designated.

The hedging instruments that meet the strict criteria for hedge accounting are recognized as follows:

Fair value hedges

Fair value hedges are hedges on the group's exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such financial assets or liabilities, which is attributable to a specific risk and which can affect the result for fair value hedges.

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the item hedged, the hedging instrument is remeasured at fair value, and the resulting gains and losses are recognized for the two items on the income statement.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is accounted for as an asset or a liability, and the corresponding profit or loss is recognized on the income statement. The changes in the fair value of the hedging instrument are also accounted for as income/loss. The group ceases to use hedge accounting if the hedge instrument reaches maturity or is sold, terminated or exercised, if the hedge no longer meets the criteria for hedge accounting, or when the group revokes the designation.

Cash flow hedge

A cash flow hedge is a hedge on the exposure to changes in cash flow attributable to a specific risk associated with a recognized asset or liability or a highly probably planned transaction, which can affect the results. The profit or loss corresponding to the effective part of the hedging instrument is recognized directly as stockholders' equity whereas the ineffective part is recognized as income/loss.

The amounts recognized directly as stockholders' equity are reclassified into profit or loss for the period in which the hedged item affects the result.

If the hedging instrument reached maturity, is sold, terminated or exercised without being replaced or renewed, or if its designation as a hedging instrument is revoked, the amounts previously recognized as stockholders' equity are maintained as such until the execution of the planned transaction. If the transaction is no longer planned, this amount is recognized as income/loss.

1.6 Translation of the financial statements of the foreign subsidiaries

The exchange rates used for the year ended December 31, 2006 are as follows:

Currencies		Average rate for the year 2006	Closing rate at 12/31/2006	Closing rate at 12/31/2005
AON	Angolan Kwanza	109.301	105.720	95.577
BRL	Brazilian Real	2.736	2.816	2.761
CFA	CFA Franc CFA	655.957	655.957	655.957
CFP	CFP Franc CFP	119.265	119.265	119.265
CHF	Swiss Franc	1.573	1.607	1.555
EGP	Egyptian pound	7.461	7.521	
MGA	Madagascar Ariary	2,775.887	2,683.84	2,591.320
MGF	Madagascar Franc	11,406.449	12,081.100	
MUR	Mauritian Rupee	40.121	43.787	36.183
MXP	Mexican Peso	14.0329	14.323	
NGN	Nigerian Naira	166.401	169.222	153.231
NOK	Norwegian Kroner	8.047	8.238	7.985
QAR	Qatari Rial	4.685	4.795	
SCR	Seychelles Rupee	6.900	7.598	6.149
SGD	Singapore Dollar	1.994	2.020	
USD	US Dollar	1.256	1.317	1.180
VND	Vietnamese Dong	20,653.287	21,126.400	18,834.400

2 SIGNIFICANT INFORMATION CONCERNING THE YEAR ENDED DECEMBER 31, 2006

2.1 Changes in consolidation scope

The main companies consolidated for the first time in 2006 are:

Les Abeilles Tanger Med	(Set-up – fully consolidated)
Delba Operadora de Servicios Ltda	(Set-up – proportionately consolidated)
Bourbon Offshore Triangle	(Set-up – fully consolidated)
Bourbon Gulf	(Set-up – proportionately consolidated)
Naviera Bourbon Tamaulipas	(Acquisition – proportionately consolidated)
Servicios y Apoyos	(Set-up – proportionately consolidated)
Bourbon Offshore Asia	(Set-up – fully consolidated)
Bourbon Logistics Indonesia	(Set-up – fully consolidated)
Bourbon Capital Elec USA	(Set-up – fully consolidated)
EPD Asia Group Ltd	(Set-up – proportionately consolidated)
EPD Yangzhou Ltd	(Set-up – proportionately consolidated)

In addition, the Eidsurf company, 51%, then 50% held by BOURBON, was split into two companies: Surf Viking AS, now wholly owned by the group, and Viking Surf AS, which is not consolidated as the shares of this company are not owned by the group. The impact of this operation on the group's accounts is not significant.

The shares of Brasseries de Bourbon held by the group at December 31, 2005 were sold in 2006. Other changes in consolidation scope primarily concern Diamant Express (liquidation), Mahe Cruise Ltd (liquidation) and Opale Shipping (which was merged into the company Bourbon Maritime).

The list of the consolidated companies is provided in note 5.7.

2.2 Discontinued operations

Vindémia (Retail business)

The group continues the process of withdrawing from the Retail business, after the sale of 36.66% of the Vindémia company to Groupe Casino in 2005 ("first put").

Under the agreements entered into with Groupe Casino, the sale ("second put") of the remaining interest, i.e. 30%, may be held between 2007 and 2009. As of December 31, 2006, it is highly probable that BOURBON will exercise the "second put" before the end of the first half of 2007, thus ending its operations in the Retail sector.

As a result, at December 31, 2006, the equity interests in the Retail associates, which have been consolidated using the equity method since October 1, 2005, were accounted for in accordance with IFRS 5 in the consolidated financial statements.

The Vindémia sub-group assets held for sale amounted to €99.4 m at December 31, 2006. The group share of net income for the year corresponds to a profit of €11 m.

In this context, the group also initiated in 2006 the sale of its Vietnamese subsidiary Espace Bourbon Thang Long (a shopping mall in Hanoi), which was finalized in February 2007. At December 31, 2006, this company was recognized in accordance with IFRS 5.

Hotel assets

In addition, in connection with the shift in focus to purely marine operations, the group decided to sell all its hotel properties on Reunion Island. Exclusive talks are now underway, and the sale is expected to take place no later than the first half of 2007. The said companies are the following:

- Recif SAS
- Villas du Lagon
- Motel Les Brisants
- SEHB

As a result, these entities are classified in the consolidated financial statements at December 31, 2006 as being held for sale.

Effect of the discontinued operations on the financial statements

The results for all the activities held for sale are shown below for the year ended and for 2005:

(in € thousands)	2006	2005
Revenues	29,133	407,560
Cost of sales and general costs	(27,832)	(374,583)
Amortization/depreciation/provisions	(3,645)	(10,601)
Cost of net debt	(304)	(2,935)
Other financial income and expenses	(453)	1,140
Share in income/(loss) of associates	10,963	5,073
Income from discontinued operations before taxes	**7,862**	**25,654**
Tax (Expenses)/Income	14	(8,583)
Net income from discontinued operations	**7,876**	**17,071**

In 2004, the key financial data for these operations was as follows:

- Revenues: €557.0 m
- Operating income: €37.2 m
- Net income: €18.8 m

Investments in associates of the Retail business and well as the principal groups of assets and liabilities of the companies EBT, Recif, Villas du Lagon, Motel Les Brisants and SEHB, classified as held for sale at December 31, 2006, are as follows:

(in € thousands)	12.31.2006
Assets	
Intangible assets	3,461
Property, plant and equipment	9,022
Investments in associates	99,401
Other debtors	20,303
Cash and cash equivalents	2,258
Non-current assets classified as held for sale	**134,445**
Liabilities	
Other creditors	7,911
Liabilities bearing interest	17,088
Liabilities directly associated with non-current assets classified as held for sale	**24,999**
Net assets directly associated with activities held for sale	**109,446**

The change in cash for these companies is as follows:

(in € thousands)	12.31.2006
Cash at beginning of year	1,063
Cash at year end	1,317
Change in cash	**254**

Cash flows for the entities held for sale are presented in the consolidation cash flow statement.

2.3 Sale of fiscal EIGs (French tax leases)

During the year, the group sold all the shares it held in eight fiscal EIGs (economic interest grouping) to a financial institution. Those EIGs had been created in 2006 and, at December 31, 2006, each of them owned one vessel. This agreement was approved by the Ministry of the Economy and Finance, which allows the financial institution to benefit from the tax advantage arising from the EIGs that own and lease vessels. This tax advantage granted by the government is, however, conditional on maintaining the vessels under the French flag for a period of eight years.

The main provisions of these agreements are as follows:

The vessels are hired to the group for a period of five years and six months, with an irrevocable commitment to purchase at the end of the lease period. This commitment is only for the vessels and not for the shares of the EIGs, for which no buyback by the group is planned.

The agreements contain no restriction limiting the use of the vessels by the group.

The group realized a gain of €3,993 k on the sale of the shares in the EIGs.

The financial institution, via the EIGs, is transferring back to the group a portion of the tax advantage from which it will benefit during the vessel lease period in the form of a reduction on the leasing fees for the vessels.

As the group no longer has control over the sold EIGs, these transactions were recognized in the consolidated financial statements in accordance with interpretation SIC 27. As a result:

As the group benefits from all the risks and rewards of the ownership of the vessels under the leasing agreements signed, the vessels were carried as assets at December 31, 2006. They are depreciated over their useful life, which is 20 years.

A debt was recognized as a liability on the balance sheet equal to the present value of the minimum lease payments, which includes the payments to be made to exercise the irrevocable commitments to purchase at the end of the leasing period. It is in fact certain that the group will exercise these commitments, since the French flag requirement is for a period of eight years. On the contract start date, the present value of the minimum lease payments is lower than the fair value of the vessels.

The difference between the present value of the minimum lease payments and the fair value of the vessels represents the tax advantage transferred back to the group by the financial institution. For all eight vessels, it totals €17,965 k and was recognized as a liability on the balance sheet. It will be booked as income using the straight-line method over eight years, which is the minimum period required for maintaining the French flag in order to obtain government approval of these agreements. The amount booked as operating income for 2006 was €1,124 k.

The gain realized on the sale of the shares of the EIGs (€3,993 k) is also deferred using the straight-line method over eight years.

The tables below summarize the effects of these transactions on the group's financial statements at December 31, 2006.

Effect on the consolidated income statement:

(in € thousands)	2006
Restatement of vessels under finance lease	(1,272)
Leasing advantage for the year	1,124
Gain on the sale for the year	374
Net impact at December 31, 2006	**226**

Effect on the consolidated balance sheet:

(in € thousands)	12.31.2006
Net value of the vessels held under finance leases	99,433
Borrowings – remaining principal amount	82,740
Balance of the leasing advantage spread over eight years	16,840
Balance of the gain on sale spread over eight years	3,619

2.4 Interests in joint ventures and purchase of minority interests

2.4.1 Naviera Bourbon Tamaulipas

On April 1, 2006, the group acquired 49% of the stock capital of Naviera Bourbon Tamaulipas. As of December 31, 2006, this company is proportionately consolidated.
The goodwill generated through this acquisition was €4,597 k, calculated as follows:

(in € thousands)	Naviera Bourbon Tamaulipas
Acquisition cost of the shares	19,576
Statutory net equity of the company	32,070
Restated net equity of the company	30,569(*)
Fair value of net assets acquired	14,979
Goodwill	4,597

(*) Restatement of the vessels held by the company in accordance with the group's accounting policies.

2.4.2 Minority interests in Bourbon Offshore II AS and Bourbon Offshore II KS

On July 1, 2006, the group acquired 24.5% of Bourbon Offshore II AS and 22.05% of Bourbon Offshore II KS, raising its stake in these companies to 100%.

The goodwill generated through the purchase of minority interests was measured as follows:

(in € thousands)	Bourbon Offshore II AS
Acquisition cost of the shares	1,073
Share of net assets acquired	386
Goodwill	687

(in € thousands)	Bourbon Offshore II KS
Acquisition cost of the shares	9,640
Fair value of net assets acquired	3,066
Goodwill	6,574

2.4.3 Information on companies proportionately consolidated

The list of the proportionately consolidated entities is provided in note 5.7.2.
The main aggregates for these companies are presented in the table below:

(in € thousands)	12.31.2006	31.12.2005
Non-current assets	50,307	42,508
Current assets	11,437	4,336
TOTAL	**61,744**	**46,844**
Non-current liabilities	41,696	35,279
Current liabilities	15,417	7,603
TOTAL	**57,113**	**42,882**

3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 Goodwill

At December 31, 2006, the net balance of the goodwill totaled €14,185 k, broken down as follows:

(in € thousands)	Gross value	Impairment	Net value
01.01.2005	**48,520**	**–**	**48,520**
Goodwill on acquisitions	–	–	–
Disposals	–	–	–
Impairment	–	–	–
Currency translation adjustment	–	–	–
Change in consolidation scope	(46,193)	–	(46,193)
Reclassification and other changes	–	–	–
12.31.2005	**2,327**	**–**	**2,327**
Goodwill on acquisitions	4,597	–	4,597
Disposals	–	–	–
Impairment	–	–	–
Currency translation adjustment	–	–	–
Change in consolidation scope	7,261	–	7,261
Reclassification and other changes	–	–	–
12.31.2006	**14,185**	**–**	**14,185**

The accounting method is detailed in note 1.5.2.

Goodwill has been allocated to the following CGUs:
- Towage & Salvage for €1,648 k
- Offshore for €12,537 k

Based on the profitability of these activities, no impairment was recognized as of December 31, 2006.

2006 increases are explained in note 2.4.

3.2 Intangible assets

Intangible assets can be analyzed as follows:

(in € thousands)	Gross value	Amortization and impairment	Net value
01.01.2005	**19,126**	**(6,530)**	**12,596**
Acquisitions	241	(976)	(735)
Disposals	(156)	129	(27)
Change in consolidation scope	(7,568)	3,256	(4,312)
Currency translation adjustment	949	(176)	773
Reclassification and other changes	269	–	269
12.31.2005	**12,861**	**(4,297)**	**8,564**
Acquisitions	2,812	(1,085)	1,727
Disposals	(357)	94	(263)
Change in consolidation scope	12	(6)	6
Currency translation adjustment	(329)	88	(241)
Reclassification and other changes	(184)	250	66
Reclassification as held for sale	(4,890)	892	(3,998)
12.31.2006	**9,925**	**(4,064)**	**5,861**

The change in the gross value of the intangible assets is as follows:

(in € thousands)	R&D costs	Concessions, patents	Leasehold rights	Business goodwill	Other intangible assets	Advances and installments	Total
01.01.2005	**44**	**3,941**	**224**	**1,119**	**13,797**	**1**	**19,126**
Acquisitions	–	178	1	–	33	29	241
Disposals	–	(37)	–	(21)	(97)	(1)	(156)
Change in consolidation scope	–	(1,721)	(224)	115	(5,738)	–	(7,568)
Currency translation adjustment	1	38	–	–	908	2	949
Reclassification and other changes	–	(1)	–	–	270	–	269
12.31.2005	**45**	**2,398**	**1**	**1,213**	**9,173**	**31**	**12,861**
Acquisitions	–	867	1	–	1,230	714	2,812
Disposals	–	(20)	–	–	(337)	–	(357)
Change in consolidation scope	–	1	–	–	11	–	12
Currency translation adjustment	(1)	(33)	–	–	(292)	(3)	(329)
Reclassification and other changes	(44)	(167)	–	–	55	(28)	(184)
Reclassification as held for sale	–	(90)	–	(168)	(4,632)	–	(4,890)
12.31.2006	**–**	**2,956**	**2**	**1,045**	**5,208**	**714**	**9,925**

As of December 31, 2006, the business goodwills are carried at initial cost due to the group's performance.

Amortization and impairment on intangible assets is as follows:

(in € thousands)	R&D costs	Concessions, patents	Leasehold rights	Business goodwill	Other intangible assets	Advances and installments	Total
01.01.2005	**(44)**	**(3,346)**	**–**	**(751)**	**(2,389)**	**–**	**(6,530)**
Acquisitions	–	(253)	–	–	(723)	–	(976)
Disposals	–	37	–	2	90	–	129
Change in consolidation scope	–	1,590	–	228	1,438	–	3,256
Currency translation adjustment	(1)	(39)	–	–	(136)	–	(176)
Reclassification and other changes	–	–	–	–	–	–	–
12.31.2005	**(45)**	**(2,011)**	**–**	**(521)**	**(1,720)**	**–**	**(4,297)**
Acquisitions	–	(398)	–	–	(687)	–	(1,085)
Disposals	–	20	–	–	74	–	94
Change in consolidation scope	–	(1)	–	–	(5)	–	(6)
Currency translation adjustment	1	33	–	–	54	–	88
Reclassification and other changes	44	236	–	–	(30)	–	250
Reclassification as held for sale	–	32	–	91	769	–	892
12.31.2006	**–**	**(2,089)**	**–**	**(430)**	**(1,545)**	**–**	**(4,064)**

3.3 Property, plant and equipment

Property, plant and equipment totaled €1,641,698 k as of December 31, 2006, including €1,680 k for investment properties detailed in note 3.4, and €1,640,018 k in other tangible assets, broken down as follows:

(in € thousands)	Gross value	Depreciation	Net value
01.01.2005	**1,540,369**	**(288,481)**	**1,251,888**
Acquisitions	358,713	(89,490)	269,223
Disposals	(14,489)	6,377	(8,112)
Impairment	–	(2,476)	(2,476)
Change in consolidation scope	(268,861)	102,353	(166,508)
Currency translation adjustment	32,407	(5,068)	27,339
Reclassification and other changes	1,066	(1,030)	36
12.31.2005	**1,649,205**	**(277,815)**	**1,371,390**
Acquisitions	455,696	(92,446)	363,250
Disposals	(71,581)	27,424	(44,157)
Impairment	–	–	–
Change in consolidation scope	(4,014)	(816)	(4,830)
Currency translation adjustment	(45,117)	9,256	(35,861)
Reclassification and other changes	(16)	(652)	(668)
Reclassification as held for sale	(12,507)	3,401	(9,106)
12.31.2006	**1,971,666**	**(331,648)**	**1,640,018**

Over fiscal year 2006, interim borrowing costs capitalized in the cost of the vessels amounted to €8,163 k.

Details of gross property, plant and equipment:

(in € thousands)	Land	Buildings	Technical facilities	Vessels and overhauls	Other tangible assets	Property plant and equipment in progress	Advances and installments	Total
01.01.2005	**58,034**	**154,375**	**194,695**	**975,112**	**59,376**	**95,627**	**3,150**	**1,540,369**
Acquisitions	–	453	930	187,708	800	157,267	11,555	358,713
Disposals	(610)	(4,225)	(280)	(8,829)	(221)	(324)	–	(14,489)
Impairment	–	–	–	–	–	–	–	–
Change in consolidation scope	(50,699)	(111,999)	(50,021)	(2,681)	(49,298)	(4,066)	(97)	(268,861)
Currency translation adjustment	334	3,547	8,259	21,223	481	(1,762)	325	32,407
Reclassification and other changes	–	708	(78,751)	173,598	(809)	(90,319)	(3,361)	1,066
12.31.2005	**7,059**	**42,859**	**74,832**	**1,346,131**	**10,329**	**156,423**	**11,572**	**1,649,205**
Acquisitions	1,959	3,505	1,476	134,073	1,421	306,887	6,375	455,696
Disposals	–	(106)	(275)	(64,978)	(449)	(5,773)	–	(71,581)
Impairment	–	–	–	–	–	–	–	–
Change in consolidation scope	–	–	218	(4,192)	(40)	–	–	(4,014)
Currency translation adjustment	(937)	(2,551)	(6,752)	(33,729)	(365)	(558)	(225)	(45,117)
Reclassification and other changes	–	14	(15,825)	191,935	159	(164,346)	(11,953)	(16)
Reclassification as held for sale	(161)	(10,365)	(21)	–	(1,936)	(24)	–	(12,507)
12.31.2006	**7,920**	**33,356**	**53,653**	**1,569,240**	**9,119**	**292,609**	**5,769**	**1,971,666**

Details of depreciation and impairment on property, plant and equipment:

(in € thousands)	Land	Buildings	Technical facilities	Vessels and overhauls	Other tangible assets	Property plant and equipment in progress	Advances and installments	Total
01.01.2005	**(458)**	**(32,992)**	**(49,061)**	**(163,254)**	**(42,043)**	**(673)**	**–**	**(288,481)**
Acquisitions	–	(3,758)	(13,320)	(60,557)	(11,855)	–	–	(89,490)
Disposals	–	349	280	5,322	424	2	–	6,377
Impairment	–	–	–	(2,476)	–	–	–	(2,476)
Change in consolidation scope	448	22,346	34,404	(1,175)	45,875	455	–	102,353
Currency translation adjustment	–	(814)	(1,507)	(2,380)	(336)	(31)	–	(5,068)
Reclassification and other changes	–	423	10,122	(11,979)	404	–	–	(1,030)
12.31.2005	**(10)**	**(14,446)**	**(19,082)**	**(236,499)**	**(7,531)**	**(247)**	**–**	**(277,815)**
Acquisitions	–	(1,475)	(17,003)	(72,978)	(990)	–	–	(92,446)
Disposals	–	2,592	211	24,175	425	21	–	27,424
Impairment	–	–	–	–	–	–	–	–
Change in consolidation scope	–	–	(517)	(341)	42	–	–	(816)
Currency translation adjustment	–	766	2,337	5,862	265	26	–	9,256
Reclassification and other changes	–	24	3,021	(3,590)	(107)	–	–	(652)
Reclassification as held for sale	10	1,907	99	–	1,385	–	–	3,401
12.31.2006	**–**	**(10,632)**	**(30,934)**	**(283,371)**	**(6,511)**	**(200)**	**–**	**(331,648)**

Property, plant and equipment presented above include assets held under finance leases, which break down as follows:

Details of gross property, plant and equipment under finance leases:

(in € thousands)	Land	Buildings	Technical facilities	Vessels and overhauls	Other tangible assets	Total
01.01.2005	**5,798**	**32,757**	**10,322**	**53,623**	**1,075**	**103,575**
Acquisitions	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Impairment	–	–	–	–	–	–
Change in consolidation scope	(5,798)	(30,191)	(5,469)	(2,681)	(237)	(44,376)
Currency translation adjustment	–	–	–	–	–	–
Reclassification and other changes	–	–	(4,592)	(45,791)	–	(50,383)
12.31.2005	**–**	**2,566**	**261**	**5,151**	**838**	**8,816**
Acquisitions	–	–	–	102,178	1	102,179
Disposals	–	–	–	–	–	–
Impairment	–	–	–	–	–	–
Change in consolidation scope	–	–	–	–	–	–
Currency translation adjustment	–	–	–	–	–	–
Reclassification and other changes	–	–	(261)	(4,145)	–	(4,406)
Reclassification as held for sale	–	(2,566)	–	–	–	(2,566)
12.31.2006	**–**	**–**	**–**	**103,184**	**839**	**104,023**

Details of depreciation and impairment on property, plant and equipment under finance leases:

(in € thousands)	Land	Buildings	Technical facilities	Vessels and overhauls	Other tangible assets	Total
01.01.2005	**–**	**(9,564)**	**(1,030)**	**(7,461)**	**(1,075)**	**(19,130)**
Acquisitions	–	–	–	(415)	–	(415)
Disposals	–	–	–	–	–	–
Impairment	–	–	–	–	–	–
Change in consolidation scope	–	8,871	769	1,960	237	11,837
Currency translation adjustment	–	–	–	–	–	–
Reclassification and other changes	–	–	–	5,543	–	5,543
12.31.2005	**–**	**(693)**	**(261)**	**(373)**	**(838)**	**(2,165)**
Acquisitions	–	–	–	(3,090)	–	(3,090)
Disposals	–	–	–	–	–	–
Impairment	–	–	–	–	–	–
Change in consolidation scope	–	–	(780)	–	–	(780)
Currency translation adjustment	–	–	–	–	–	–
Reclassification and other changes	–	–	–	1,407	(1)	1,406
Reclassification as held for sale	–	(256)	–	–	–	(256)
12.31.2006	**–**	**(949)**	**(1,041)**	**(2,056)**	**(839)**	**(4,885)**

3.4 Investment properties

Breakdown of investment properties:

(in € thousands)	Gross value	Depreciation and impairment	Net value
01.01.2005	**22,387**	**(6,085)**	**16,302**
Acquisitions	–	–	–
Disposals	–	–	–
Impairment	–	–	–
Currency translation adjustment	–	–	–
Change in consolidation scope	(20,707)	6,085	(14,622)
Reclassification and other changes	–	–	–
12.31.2005	**1,680**	**–**	**1,680**
Acquisitions	–	–	–
Disposals	–	–	–
Impairment	–	–	–
Currency translation adjustment	–	–	–
Change in consolidation scope	–	–	–
Reclassification and other changes	–	–	–
12.31.2006	**1,680**	**–**	**1,680**

At December 31, 2005, the fair value of the investment properties was €1,931 k, representing the value determined according to expert testimony.
The group believes that this valuation also reflects the fair value of the properties at December 31, 2006.

The net value of these properties at December 31, 2005 was €1,680 k corresponding to the residual value. As a result, no depreciation was booked over fiscal year 2006.

3.5 Investments in associates

As of December 31, 2006, investments in associates totaled €10,904 k. The change in the equity value was as follows:

(in € thousands)	Investments in associates
01.01.2005	**–**
Change in consolidation scope	
– Retail business	85,432
– Rigdon Marine	7,643
Share in net income/(loss)	5,115
Currency translation adjustment	810
12.31.2005	**99,000**
Reclassification as held for sale (*)	(91,315)
Share in net income/(loss)	4,042
Currency translation adjustment	(823)
12.31.2006	**10,904**

(*) Over fiscal year 2006, it corresponds to the classification of the equity investments in the Retail business as assets held for sale (see note 2.2)

As of December 31, 2006, the item "investments in associates" includes the amount of €1,158 k for the goodwill recognized at the time of the purchase of the Rigdon Marine stock in 2005.

Over fiscal 2006, the share in net income (€4,042 k) corresponds to the share in income of Rigdon Marine.

After classification of the Retail business as "assets held for sale", investments in associates at December 31, 2006 represented only Rigdon Marine. The main financial items are presented below (calculated data indicated at 100%):

(in € thousands)	12.31.2006
Non-current assets	148,029
Current assets	26,971
Total assets	**175,000**
Non-current liabilities	163,714
Current liabilities	11,286
Total liabilities	**175,000**
Revenues	46,291
Net income	9,308

3.6 Non-current financial assets

The non-current part of the financial assets is detailed below:

(in € thousands)	12.31.2006	12.31.2005
Available-for-sale assets	9,212	9,639
Receivables from non consolidated companies	–	1
Loans and securities	70,697	58,409
Other non-current financial assets	812	954
Derivative instruments	17,078	2,095
Total	**97,799**	**71,098**

Loans and securities primarily reflect loans made to companies consolidated using the equity method.

The following tables show the change in the gross values and valuation allowance on the available-for-sale assets, receivables from non consolidated companies, and loans and securities.

Change in gross values:

(in € thousands)	Available-for-sale assets	Other receivables from non consolidated companies	Loans, securities	Total
01.01.2005	**17,540**	**2,593**	**97,687**	**117,820**
Acquisitions	3,770	–	43,268	47,038
Disposals	(1,779)	(2,106)	(87,475)	(91,360)
Change in consolidation scope	(4,006)	–	(203)	(4,209)
Currency translation adjustment	340	183	4,686	5,209
Reclassification and other changes	–	(12)	1,186	1,174
12.31.2005	**15,865**	**658**	**59,149**	**75,672**
Acquisitions	56	–	31,250	31,306
Disposals	(1,943)	–	(21,823)	(23,766)
Change in consolidation scope	(222)	–	19,725	19,503
Currency translation adjustment	(203)	–	(6,058)	(6,261)
Reclassification and other changes	(35)	–	(4,370)	(4,405)
Reclassification as held for sale	(31)	(656)	(7,024)	(7,711)
12.31.2006	**13,487**	**2**	**70,849**	**84,338**

Change in valuation allowance:

(in € thousands)	Available-for-sale assets	Other receivables from non consolidated companies	Loans, securities	Total
01.01.2005	**(2,653)**	**(657)**	**(766)**	**(4,076)**
Acquisitions	(4,569)	–	(80)	(4,649)
Disposals	986	–	15	1,001
Change in consolidation scope	20	–	162	182
Currency translation adjustment	(10)	–	(71)	(81)
Reclassification and other changes	–	–	–	–
12.31.2005	**(6,226)**	**(657)**	**(740)**	**(7,623)**
Acquisitions	–	–	(7)	(7)
Disposals	1,965	–	85	2,050
Change in consolidation scope	(14)	–	–	(14)
Currency translation adjustment	–	–	50	50
Reclassification and other changes	–	–	460	460
Reclassification as held for sale	–	655	–	655
12.31.2006	**(4,275)**	**(2)**	**(152)**	**(4,429)**

The main available-for-sale assets are:

(in € thousands)	Stockholders' equity	Net income	% held	Gross equity interests	Fair value of equity interests	Closing Date
Bourbon AXA Inv. Fund	31,976	12,032	23	5,660	5,660	12/31/2005
Innodis	23,147	110	20	4,720	2,622	06/30/2006

These equity interests represent the group's interests in the capital stock of these companies, over which the group has no influence.

The derivative instruments are detailed in notes 3.18 and 3.19.

3.7 Inventories and work in progress

Inventories and work in progress present a net value of €14,035 k at December 31, 2006 and €13,344 k at December 31, 2005, broken down as follows:

Gross values:

(in € thousands)	12.31.2006	12.31.2005
Gross value		
Raw materials and supplies	6,142	7,015
Work in progress	595	1,267
Finished and semi-finished goods	7,350	5,269
Merchandise	240	111
Total	**14,327**	**13,662**

Valuation allowance:

(in € thousands)	12.31.2006	12.31.2005
Valuation allowance		
Raw materials and supplies	(292)	(318)
Work in progress	–	–
Finished and semi-finished goods	–	–
Merchandise	–	–
Total	**(292)**	**(318)**

3.8 Trade and other debtors, current financial assets and other current assets

Receivables due in less than one year are classified as current assets.

The current part of the financial assets is detailed below:

	12.31.2006			12.31.2005		
(in € thousands)	Gross value	Valuation allowance	Net value	Gross	Valuation allowance	Net value
Trade and other debtors	201,409	(7,149)	194,260	173,145	(5,576)	167,569
Current financial assets	18,356	(144)	18,212	16,428	–	16,428
Other current assets	9,602	–	9,602	8,417	–	8,417
Total	**229,367**	**(7,293)**	**222,074**	**197,990**	**(5,576)**	**192,414**

Details of current financial assets and other current assets:

(in € thousands)	12.31.2006	12.31.2005
Loans and securities	13,807	9,872
Accrued interest on receivables and loans	1,625	380
Derivative instruments	2,780	6,176
Total current financial assets	**18,212**	**16,428**
Prepaid expenses	9,602	8,417
Total current assets	**9,602**	**8,417**

Derivative instruments are presented in notes 3.18 and 3.19.

3.9 Cash and cash equivalents

La trésorerie et les équivalents de trésorerie se ventilent comme suit :

(in € thousands)	12.31.2006	12.31.2005
Marketable securities	89,866	14,194
Other investments	100	–
Accrued interests	352	63
Cash on hand and in banks	179,365	218,004
Total	**269,683**	**232,261**

Investments considered to be cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Marketable securities are Euro money market SICAVs with a volatility coefficient of less than 0.5. The main part of the portfolio consists of SOGEMONEPLUS (€86.4 m). Note 3.18 on the stock risk specifies the group's strategy.

3.10 Stockholders' equity

Capital stock

At the beginning of the year, the capital stock was composed of 24,612,000 fully paid-up shares representing a value of 31,267,264 euros; the capital increase related to the 433,577 stock options exercised between October and December 2005 was amended by the Board of Directors at its meeting on March 20, 2006.

The Special Stockholders' Meeting of May 23, 2006 approved the two-for-one stock split.

The group issued five stock option plans for 2,049,606 stock options at December 31, 2006. The method for measuring and accounting for these stock option plans is detailed in note 1.5.14 and the principal features of the plans are presented in note 3.11.

At the year end and given the two-for-one stock split, 971,528 stock options were exercised for a total amount of €5,484 k. The resulting new shares created generated a capital increase of €617 k and an increase in additional paid in capital of €4,867 k.

After these various operations, the number of shares comprising the capital stock is 50,195,528.

Changes in shares over 2006 are summarized as follows:

		Number of Shares
Number of shares at January 1, 2006 (*)		25,045,577
Creation of shares following the exercise of stock subscription options until May 31, 2006	+	15 661
Number of shares at May 31, 2006		25,061,238
Two-for-one stock split on June 1, 2006	+	25 061 238
New shares created following the exercise of stock subscription options from June 1 to December 31, 2006	+	73 052
Number of shares at December 31, 2006		**50,195,528**

(*) Including 433,577 stock options exercised from October 2005 to December 2005.

3.11 Stock option plans

BOURBON has issued five stock subscription option plans, four of which after November 7, 2002 are accounted for as employee benefits. The features of these plans are detailed below:

- the first plan granted in September 2001 for 1,011,106 shares (after two-for-one stock split in 2006 and including cancelled stock options), which options may be exercised from 2005 until 2007. Under this plan, the total number of options exercised at December 31, 2006 was 971,528. The number of options remaining totaled 39,578 at December 31, 2006;
- the second plan issued in September 2003 for 190,400 shares (after two-for-one stock split in 2006 and including cancelled stock options), which options may be exercised from 2007 until 2009;
- the third plan issued in March 2005 on 254,000 shares (after two-for-one stock split in 2006 and including cancelled stock options), which options may be exercised from 2009 until 2011;
- the fourth plan issued in December 2005 on 540,400 shares (after two-for-one stock split in 2006 and including cancelled stock options), which options may be exercised from 2009 until 2011;
- the fifth plan issued in December 2006 on 43,200 shares, which options may be exercised from 2010 until 2012.

The group's stock options plans are summarized below:

	September 2001	September 2003	March 2005	December 2005	December 2006
Date of authorization by Combined Annual and Special Stockholders' Meeting	May 25, 2000	May 25, 2000	May 25, 2000	June 7, 2005	June 7, 2005
Date of Board authorization	September 10 2001	September 8 2003	March 8 2005	December 5 2005	December 4 2006
Number of stock options	1,145,512	224,000	300,000	600,000	43,200
Total number of stock options allotted adjusted at Dec 2006	1,011,106	190,400	254,000	540,400	43,200
Number of beneficiaries	197	11	17	299	60
Start date	October 2005	September 2007	March 2009	December 2009	December 2010
Expiration date	October 2007	September 2009	March 2011	December 2011	December 2012
Subscription price in euros adjusted at 12/31/2006	5.645	9.13	21.085	32.75	40.05
Fair value at 12/31/2006	N/A	13.365	36.975	36.975	41.63

N/A: Not applicable.

3.12 Treasury shares (BOURBON shares held by BOURBON SA)

The treasury shares held by the group on the closing date have been deducted from consolidated stockholders' equity. The cumulative impact at the beginning of the year is € (310) k, plus € (2,095) k in 2006 in the reserves. BOURBON held 43,936 of its owned shares at December 31, 2006.

3.13 Employee benefit obligations and other provisions

Provisions are as follows:

(in € thousands)	Employee benefit obligations	Tax assessments	Disputes	General liability warranty	Other provisions for risks	Provisions for other obligations	Total
01.01.2005	**13,815**	**5,181**	**1,001**	**3,602**	**5,063**	**6,721**	**35,383**
Additional provisions	1,775	28	99	3,320	2,102	971	8,295
Used during the year	(539)	(3,843)	–	(1,433)	(3,874)	(2,225)	(11,914)
Unused amount reversed	–	–	(147)	–	–	–	(147)
Change in consolidation scope	(870)	(984)	(663)	–	1,918	(3,686)	(4,285)
Currency translation adjustment	25	–	44	–	493	–	562
Reclassification and other changes	(92)	–	–	–	–	(500)	(592)
12.31.2005	**14,114**	**382**	**334**	**5,489**	**5,702**	**1,281**	**27,302**
Additional provisions	1,350	261	39	155	1,498	269	3,572
Used during the year	(613)	(55)	–	–	(2,124)	(278)	(3,070)
Unused amount reversed	–	(143)	–	–	–	–	(143)
Change in consolidation scope	–	–	–	–	–	–	–
Currency translation adjustment	(40)	–	(4)	–	(126)	5	(165)
Reclassification and other changes	157	–	–	–	–	(157)	–
Reclassification as held for sale	–	–	–	–	(49)	–	(49)
12.31.2006	**14,968**	**445**	**369**	**5,644**	**4,901**	**1,120**	**27,447**

Provisions maturing in more than one year are classified in this item. The short-term part (< 1 year) is classified as “Provisions – less than one year” and only concerns employee benefit obligations.

The provision for general liability warranty is recognized for the general liability warranty granted at the time of the sale of the Réunion Sugar/Europe Trading activities.

The impact of additional provisions and reversal of provisions is booked as operating income.

Employee benefit obligations

Employee benefit obligations include the long-term (more than 1 year) part of the provision for retirement benefit obligations and the provision for seniority awards.

Retirement benefit obligations

The main assumptions used in 2006, as in 2005, to measure the retirement benefit obligations are the following:
- discount rate: 4%;
- inflation rate: 2% in most cases, except for certain countries where a different rate has been used to take into account local economic conditions;
- inclusion of an average salary increase rate based on the salary policy within the various companies concerned.

The change in the provision for retirement benefit obligations is as follows:

(in € thousands)	12.31.2006
Present value of the obligation at beginning of the year	**14,353**
Current service cost	1,367
Interest cost	509
Retirement indemnities paid	(1,078)
Past service cost	–
Currency translation adjustment	(38)
Reclassifications	44
Effect of the changes in consolidation scope and changes in the consolidation method	–
Present value of the obligation at closing	**15,157**
Less than one year	*556*

The current service cost is the present value of benefit attributed to the current year (cost of one year of additional work).

Interest cost is the increase in the present value of the obligation resulting from the fact that it is one year closer to the date of payment of the benefits. It represents the cost of one year of non-discounting.

In addition, there was no plan change in fiscal year 2006.

There is no associated asset (investment, insurance contract) intended to fund the benefits granted to employees (retirement benefit obligations).

In 2006, the amounts recognized in the income statement for retirement benefit obligations are:

(in € thousands)	2006
Current service cost	(1,367)
Interest cost	(509)
Total expenses related to retirement benefit obligations	**(1,876)**
Decrease in provision due to retirements during the year	1,078
Net impact on income statement	**798**

3.14 Financial liabilities

Financial liabilities (€1,285,530 k at 12/31/2006) appear on the balance sheet in the items "Borrowings and financial liabilities" and "Borrowings and bank loans" (< 1 year)."

a) Analysis by maturity

The maturities of the financial liabilities are as follows:

(in € thousands)	12.31.2006	12.31.2005
< 1 year	414,566	292,915
From 1 year to 5 years	474,723	380,336
> 5 years	396,241	351,653
Total	**1,285,530**	**1,024,904**
Of which:		
Bank overdrafts (including accrued interests)	*245,522*	*148,709*
Finance lease liabilities	*84,104*	*3,940*
< 1 year	*4,347*	*3,219*
From 1 year to 5 years	*20,223*	*721*
> 5 years	*59,534*	*–*

b) Analysis by interest rates

Financial liabilities breaks down as follows:

(in € thousands)	12.31.2006	12.31.2005
Fixed rate or swapped to fixed	578,420	258,022
Medium or long-term variable rate	453,688	615,135
Bank overdrafts (variable rate)	231,545	148,591
Bank overdrafts (fixed rate)	13,218	–
Total borrowings and bank overdrafts	**1,276,871**	**1,021,748**
Accrued interests	8,659	3,156
Total financial liabilities	**1,285,530**	**1,024,904**

c) Analysis by currency

As of December 31, 2006, bank borrowings and finance lease liabilities breaks down as follows:

(in € thousands)	12.31.2006	12.31.2005
EUR – Euro	1,015,774	686,913
USD – US Dollar	71,947	110,788
NOK – Norwegian Kroner	184,973	217,729
VND – Vietnamese Dong	1,543	3,512
MGA – Ariary	41	42
MUR – Mauritian rupee	2,466	2,764
SGD – Singapore Dollar	127	–
Total (exc. accrued interests)	**1,276,871**	**1,021,748**

In 2005, the group contracted a syndicated loan for €320 m. As of December 31, 2006, the outstanding loan balance was €315.2 m. The balance of €4.8 m was released over the first quarter of 2007. The loan matures in 2017 and the rate is 3-month Euribor + 0.8%, swapped to 3.75% (including margin) until 2014.

This loan carries a non-utilization commission. The amount paid for this commission was €261 k in 2006.

d) Debt secured by collateral

As of December 31, 2006, the bank borrowings collaterized secured by mortgages, pledges of equipment or marketable securities and other securities represented a total of €578,383 k, compared with €684,829 k in 2005. The assets pledged are primarily vessels.

These mortgages were recorded with the "Bureau des Hypothèques" (Mortgage Registry) between 1999 and 2006 for a total value of €1,035,413 k.

3.15 Finance costs

Finance costs are as follows:

(in € thousands)	12.31.2006	12.31.2005
Cost of net debt	**(30,345)**	**(21,816)**
– cost of gross debt	(39,487)	(32,561)
– income from cash and cash equivalents	9,141	10,745
Other finance gains and expenses	**3,510**	**9,908**
– net foreign exchange income/(loss)	(7,890)	13,524
– other finance expenses	(1,835)	(13,792)
– other finance gains	13,235	10,176

Cost of net debt equals all interest expense and income produced by the elements comprising the net financial debt during the year.

Other finance gains and expenses mainly includes foreign exchange gains and losses and the net increase in financial valuation allowances. The amount of the foreign exchange income/(loss) does not include the effect of the change in the fair value of the derivative instruments, which is recognized as other finance gains and expenses. This effect amounted to €3,726 k at December 31, 2006, and primarily corresponds to the change in fair value on the ineffective part of the currency hedges.

3.16 Deferred tax

As of December 31, the deferred tax assets and liabilities are as follows:

(in € thousands)	12.31.2006	12.31.2005
Deferred tax assets	6,476	6,900
Deferred tax liabilities	(40,742)	(41,393)
Net deferred tax	(34,266)	(34,493)

Analysis of deferred tax:

(in € thousands)	12.31.2006	12.31.2005
Deferred tax assets	**6,476**	**6,900**
Retirement benefit obligations	*3,515*	*3,934*
Other temporary differences	*844*	*131*
Consolidation restatements	*2,126*	*3,764*
Other	*(9)*	*(929)*
Deferred tax liabilities	**(40,742)**	**(41,393)**
Restatements of amortization and depreciation	*(40,385)*	*(41,304)*
Other restatements and temporary differences	*(357)*	*(89)*

As of December 31, 2006, in accordance with the principle of prudence and based on the tax position of the companies concerned, no deferred tax asset was recognized on the tax losses which were €73,084 k.

3.17 Income tax

(in € thousands)	12.31.2006	12.31.2005
Current income tax	(5,159)	(10,266)
Deferred income tax	(196)	108
Tax (expenses)/income	(5,355)	(10,158)

Current income tax in the amount of €5,159 k at December 31, 2006 takes into account the tax savings resulting from the application of the following rules:
• french tax consolidation in the amount of €3,158 k
• tonnage tax in the amount of €14,855 k

As of December 31, 2006, the theoretical corporate income tax of €53,974 k is calculated by applying the prevailing tax rate in France to the income before tax, share in income/loss of associates, gains on equity interest sold, and net income from discontinued operations:

(in € thousands)		12.31.2006
Consolidated income before tax, share in income/loss of associates, gains on equity interest sold, and net income from discontinued operations:		154,548
French domestic income tax rate prevailing at 12/31/2006:		
	33.33%	(51,511)
	3.30%	(1,675)
Theoretical income tax		(53,186)
Income tax expense		(5,355)
Difference		**47,831**

The difference between the tax recognized and the theoretical tax is as follows:

(in € thousands)	12.31.2006
Companies in deficit excluded from tax consolidation	(610)
Non-taxable foreign companies	13,087
Tax savings (fiscal EIGs, "Loi Pons")	19,065
Tonnage tax	14,855
Change in additional tax rate	437
Other differences	997
Total	**47,831**

3.18 Financial risk management: objectives and policy

In addition to derivative instruments, the principal instruments of the group consist of bank loans and overdrafts, finance leases and leases with a purchase option, cash and short-term deposits.
The objective of these financial instruments is to finance the group's operations. The group holds other financial assets and liabilities such as trade receivables and payables which are generated by its activities.
The group has also executed transactions that integrate derivative instruments, mainly interest rate swaps and forward currency sales and purchases. The purpose of these instruments is to manage the interest rate and currency risks related to the group's operations and financing.
The group's policy is, and has always been, not to subscribe to instruments for speculative purposes.
The principal risks attached to the group's financial instruments are the interest rate risk on cash flows, the liquidity risk, the currency risk and the credit risk. The Board of Directors has reviewed and approved the policies to manage each of those risks. Those policies are summarized below.
The group's accounting policies for the management of derivative instruments are described in note 1.5.19.

Interest rate risk on cash flows

The group's exposure to the risk of changes in interest rates is related to the group's medium and long-term variable rate financial debt. BOURBON regularly monitors its exposure to the rate risk. This activity is the responsibility of the group's Treasurer, who reports to the Executive Vice President – Finance and administration.
The group's policy is to manage its interest liability using a combination of fixed-rate and variable rate borrowings. In order to optimize the total interest cost, the group sets up interest rate swaps through which it exchanges, at specified intervals, the difference between fixed contract rates and variable interest amounts calculated by reference to the agreed notional principal amounts. These swaps are assigned to hedge the borrowings. As of December 31, 2006, after consideration of the interest rate swaps, approximately 56% of the group's medium or long-term debt is contracted at a fixed interest rate.

The following table shows the book value by maturity of the group's financial instruments which are exposed to the interest rate risk, after taking into account the rate hedges:

Fixed-rate position:

	At December 31, 2006			
(in € thousands)	< 1 year	> 1 year to < 5 years	> 5 years	Total
Cash or cash equivalents	–	–	–	**–**
Short term deposits	–	–	–	**–**
Loans and securities	–	64,490	–	**64,490**
Fixed-rate assets	**–**	**64,490**	**–**	**64,490**
Bank overdrafts	(13,218)	–	–	**(13,218)**
Deposits and securities received	–	(297)	–	**(297)**
Borrowings under finance leases	(4,347)	(20,223)	(59,534)	**(84,104)**
Bank borrowings	(1,689)	(12,490)	(18,934)	**(33,113)**
Fixed-rate liabilities	**(19,254)**	**(33,010)**	**(78,468)**	**(130,732)**
Net fixed-rate position	**(19,254)**	**31,480**	**(78,468)**	**(66,242)**

Variable-rate position:

	At December 31, 2006			
(in € thousands)	< 1 year	> 1 year to < 5 years	> 5 years	Total
Cash or cash equivalents	179,650	–	–	**179,650**
Short term deposits	4,642	–	–	**4,642**
Loans and securities	–	–	–	**–**
Variable-rate assets	**184,292**	**–**	**–**	**184,292**
Bank overdrafts	(231,545)	–	–	**(231,545)**
Deposits and securities received	–	–	–	**–**
Borrowings under finance leases	–	–	–	**–**
Bank borrowings	(155,109)	(441,711)	(317,774)	**(914,594)**
Variable-rate liabilities	**(386,653)**	**(441,711)**	**(317,774)**	**(1,146,139)**
Hedges	67,190	218,194	175,521	**460,906**
Net variable-rate position after hedging	**(135,171)**	**(223,517)**	**(142,253)**	**(500,941)**

At December 31, 2005, the group's exposure to the interest rate risk was as follows:

Fixed-rate position:

(in € thousands)	At December 31, 2005 < 1 year	> 1 year to < 5 years	> 5 years	Total
Cash or cash equivalents	–	–	–	**–**
Short term deposits	–	–	–	**–**
Loans and securities	–	50,289	–	**50,289**
Fixed-rate assets	**–**	**50,289**	**–**	**50,289**
Bank overdrafts	–	–	–	**–**
Deposits and securities received	(16,849)	(101)	–	**(16,950)**
Borrowings under finance leases	(3,219)	(721)	–	**(3,940)**
Bank borrowings	(9,498)	(9,792)	(21,505)	**(40,795)**
Fixed-rate liabilities	**(29,566)**	**(10,614)**	**(21,505)**	**(61,685)**
Net fixed-rate position	**(29,566)**	**39,675**	**(21,505)**	**(11,396)**

Variable-rate position:

(in € thousands)	At December 31, 2005 < 1 year	> 1 year to < 5 years	> 5 years	Total
Cash or cash equivalents	218,004	–	–	**218,004**
Short term deposits	14,257	–	–	**14,257**
Loans and securities	–	–	–	**–**
Variable-rate assets	**232,261**	**–**	**–**	**232,261**
Bank overdrafts	(148,591)	–	–	**(148,591)**
Deposits and securities received	–	–	–	**–**
Borrowings under finance leases	–	–	–	**–**
Bank borrowings	(114,821)	(366,503)	(330,148)	**(811,472)**
Variable-rate liabilities	**(263,412)**	**(366,503)**	**(330,148)**	**(960,063)**
Hedges	–	106,272	90,066	**196,338**
Net variable-rate position after hedging	**(31,151)**	**(260,232)**	**(240,081)**	**(531,465)**

At December 31, 2006, the interest rate swap contracts were on the group's borrowings, transforming variable rates into fixed rates. Those contracts break down by maturity as follows:

At 12.31.2006	Notional (in currencies)	Maturity
Currency		
Fixed-rate borrowing swaps		
NOK	351,629,968	11.18.2012
EUR	16,371,313	03.28.2008
EUR	21,278,770	08.10.2009
EUR	13,906,835	10.04.2010
EUR	8,378,571	03.21.2011
EUR	64,458,520	Between 03.30.2011 and 04.14.2011
EUR	12,000,000	03.28.2013
EUR	320,000,000	04.07.2014

The €320 m swap expiring in April 2014 covers the syndicated loan for the same amount (see note 3.14). At the end of December 2006, a portion if this swap is initially deferred over 2007, in order to match with the installment schedule of the loan.

The following table shows the group's net exposure to variable rates before and after risk management, based on the hedges in place and the sensitivity of the group's income before taxes (related to the changes in fair value of the monetary assets and liabilities) to a reasonable change in interest rates; all other variables are constant:

	At December 31, 2006			
(in € thousands)	< 1 year	> 1 year to < 5 years	> 5 years	Total
Variable rate assets	184,292	–	–	**184,292**
Variable rate liabilities	(386,653)	(441,711)	(317,774)	**(1,146,139)**
Net variable rate position before hedging	**(202,361)**	**(441,711)**	**(317,774)**	**(961,847)**
Hedges	67,190	218,194	175,521	**460,906**
Net variable rate position after hedging	**(135,171)**	**(223,517)**	**(142,253)**	**(500,941)**
Sensitivity to a 1% increase in rates before hedging	(2,024)	(4,417)	(3,178)	**(9,618)**
Sensitivity to a 1% increase in rates after hedging	(1,352)	(2,235)	(1,423)	**(5,009)**
Sensitivity to a 1% decrease in rates before hedging	2,024	4,417	3,178	**9,618**
Sensitivity to a 1% decrease in rates after hedging	1,352	2,235	1,423	**5,009**

At December 31, 2006, if interest rates on borrowings had been 1% higher or lower, the group's cost of net debt would have been €5.0 m higher or lower.

At December 31, 2005, the position was as follows:

	At December 31, 2005			
(in € thousands)	< 1 year	> 1 year to < 5 years	> 5 years	Total
Variable rate assets	232,261	–	–	**232,261**
Variable rate liabilities	(263,412)	(366,503)	(330,148)	**(960,063)**
Net variable rate position before hedging	**(31,151)**	**(366,503)**	**(330,148)**	**(727,802)**
Hedging	–	106,272	90,066	**196,338**
Net variable rate position after hedging	**(31,151)**	**(260,232)**	**(240,081)**	**(531,465)**
Sensitivity to a 1% increase in rates before hedging	(312)	(3,665)	(3,301)	**(7,278)**
Sensitivity to a 1% increase in rates after hedging	(312)	(2,602)	(2,401)	**(5,315)**
Sensitivity to a 1% decrease in rates before hedging	312	3,665	3,301	**7,278**
Sensitivity to a 1% decrease in rates after hedging	312	2,602	2,401	**5,315**

At December 31, 2005, if interest rates on borrowings had been 1% higher or lower, the group's cost of net debt would have been €5.3 m higher or lower.

Currency risk

The group's policy is to reduce as far as possible the economic risk related to currency fluctuations over the medium term.
The majority of BOURBON's revenues are generated in US dollars, while a significant portion of its costs is incurred in euros. If BOURBON did not use a strategy to hedge its exposure to the risk resulting from currency fluctuations, its accounts would be impacted by fluctuations in the market exchange rates.
As a result, the group wants to minimize the impact of the dollar volatility on the annual operating income through natural hedging and/or hedging instruments.

Thus, the group has opted for simple hedging instruments, based on forward currency sales and "vanilla" type put options. These instruments are all tied to certain underlying assets resulting from currency service contracts and are validated using realistic budget assumptions. As of December 31, 2006, only a portion of first half 2007 was hedged.

The principal currency risks on operations are as follows:

For the **Offshore Division**, BOURBON invoices a large portion (about 68%) of its services in US dollars. The group has a natural foreign exchange hedge thanks to the payment of expenses in the same currency (representing about 20% of revenues). The policy is to maximize this natural hedge.

The residual risk is partially hedged in the short term using forward US dollar sales and/or currency puts. On the unhedged portion, and over time, the Offshore Division is directly exposed to currency risks, more specifically on the US dollar.

The **Bulk Division**, essentially in US dollars (revenues and costs) is booked in the US dollar functional currency. The margin realized in US dollars is not hedged.

For the **Towage & Salvage** Division, expenses are essentially in the same currency as revenues (mainly euro or CFA franc). Therefore, the currency risk is insignificant.

For the Vietnam **sugar** business, expenses are for the most part in the same currencies as revenues. Currency risk is, therefore, limited to the effect of translation in euros in the BOURBON consolidated statements and to the accounting effects on stockholders' equity.

The group also manages the currency risk arising from long term flows. Thus, in the case of vessel acquisitions in foreign currencies, the policy is to partially hedge the foreign currency risk during the construction period by entering into forward currency purchase contracts.

The policy is to finance these acquisitions in the currency in which the corresponding leases will be paid by the customers; however, in order to avoid accounting exchange differences in the countries outside the euro zone and the US dollar zone (particularly, in Norway, Brazil and Mexico), the entities finance their investments in their functional currency.
As an exception, early in 2004, it was decided to temporarily abandon this policy and to convert most of the loans from US dollars to euros. This was done to recognized the unrealized foreign exchange gains booked in 2003. Since then, most of the new borrowings (outside Norway) have been contracted in euros. When the euro/US dollar parity permits, these borrowings will be converted into US dollars and subsequent acquisitions will be financed in US dollars.

The contribution of the main currencies to the consolidated balance sheet at December 31, 2006 is the following:

	12.31.2006	
(in € thousands)	Assets	Liabilities
EUR	1,488,300	1,756,150
BRL	56,001	19,318
MXP	26,526	9,934
NOK	481,676	402,831
USD	277,082	163,386
VND	66,579	50,543
Other currencies	20,996	14,999
Total balance sheet	**2,417,160**	**2,417,160**

The following table shows the group's monetary assets and liabilities that are exposed to the foreign currency risk, before hedging:

	12.31.2006		
(in € thousands)	Monetary assets	Monetary liabilities	Net position before hedging
BRL	1,672	1,306	365
MXP	1,559	628	931
NOK	47,594	196,165	(148,571)
USD	141,647	132,045	9,602
VND	18,983	2,572	16,412
Other currencies	7,241	5,179	2,062
Total	**218,696**	**337,895**	**(119,199)**

The group negotiates the maturities on its hedging derivative instruments to match them with the maturities of the items hedged (to optimize the effectiveness of the hedge). At December 31, 2006, 17% of the committed group's revenues in foreign currencies (essentially until June 2007) are hedged.

At December 31, 2006, currency derivatives were on flows that were essentially in US dollars (USD) and in Norwegian kroner (NOK) and were as follows:

At 12.31.2006	Notional (in currencies)	Maturity	Average exchange rate
Forward contracts hedging committed future revenues			
Euro / NOK	3,900,000	Between 01/16/07 and 12/28/07	8.4269
NOK / GBP	300,000	01/16/07	12.0765
USD / Euro	15,000,000	Between 01/31/ 07 and 06/29/07	1.2604
USD / NOK	3,900,000	Between 01/31/ 07 and 03/30/07	6.5987
Forward contracts hedging committed future purchases			
USD / Euro	264,391,162	Between 01/05/07 and 12/14/07	0.7722
USD / Euro	219,883,051	Between 01/16/08 and 10/15/08	0.7558
Options hedging future revenues			
USD	2,500,000	01/29/07	0.7937
USD	2,500,000	02/26/07	0.7937
USD	2,500,000	03/28/07	0.7937
USD	2,500,000	04/26/07	0.7937
USD	2,500,000	05/29/07	0.7937
USD	2,500,000	06/27/07	0.7937
Contracts hedging intra-group loans in foreign currencies			
NOK / Euro	275,000,000	03/01/07	0.12615
USD / Euro	1,217,000	03/01/07	1.24360
Cross-currency swap			
Euro / NOK	90,498,677	Between 06/20/16 and 10/26/16	8.12719

The following table shows the sensitivity of the group's pre-tax income (related to changes in the fair value of the monetary assets and liabilities) to a reasonable modification in exchange rates against euro after currency hedging (all other variables held constant):

	12.31.2006					Effect on income	
(in € thousands)	Monetary assets	Monetary liabilities	Net position before hedging	Hedging	Net position after hedging	Of a 1% increase	Of a 1% decrease
BRL	1,672	1,306	365		365	(4)	4
MXP	1,559	628	931		931	(9)	9
NOK	47,594	196,165	(148,571)	90,499	(58,072)	575	(587)
USD	141,647	132,045	9,602		9,602	(95)	97
VND	18,983	2,572	16,412		16,412	(162)	166
Other currencies	7,241	5,179	2,062		2,062	N/S	N/S
Total	**218,696**	**337,895**	**(119,199)**	**90,499**	**(28,700)**	**305**	**(311)**

N.B.: Forward currency hedges on future transactions do not appear in this table insofar as the item hedged is not yet on the balance sheet.

Risk on the price of supplies

The group's exposure to price risk is minimal.

Credit risk

The group maintains commercial relations only with third parties with proven financial stability. The group's policy is to verify the financial health of all customers that wish to obtain credit payment terms. In addition, customer balances are continually monitored and, therefore, the group's exposure to unrecoverable receivables is not significant.

The group has not signed a credit insurance type agreement.

For the credit risk on the group's other financial assets, i.e. cash and cash equivalents, available-for-sale financial assets, and certain derivative instruments, the group works only with top-ranking banks.

Liquidity risk

The group's financing is conducted within the framework of a group policy implemented by the Finance and Administration Department. This policy is to self-finance the investment program, using asset disposals and the generation of operating cash flows, the recurrence of which is ensured by the long-term contract strategy, particularly in the Offshore Division.

Cash management is coordinated at the group's operational headquarters. Financière Bourbon, a general partnership organized as a cash-pooling unit, offers its services to most of the group's operational subsidiaries. Under a cash agreement with Financière Bourbon, those entities benefit from active support in managing their flows, their currency and rate risks, their operational risks, and their short and medium-term debt, in compliance with various laws in force locally.

In 2005, BOURBON took out a syndicated loan for €320 m. As of December 31, 2006, the outstanding loan amount was €315.2 m. The balance of €4.8 m was released during the first quarter of 2007.

In addition, the group holds unused short-term lines representing €95 m as of December 31, 2006.

The schedule of long-term financial debt appears in note 3.14.

In addition to the traditional covenants associated with such a corporate loan, some covenants specific to the €320 m loan require BOURBON to ensure that vessels are financed but not mortgaged be available to the lender. If BOURBON was to exceed certain financial ratios contained in this contract, BOURBON would also require, at the lender's option, to grant mortgages on those same vessels (unmortgaged portion) first and/or on other vessels in the BOURBON fleet, until it re-established those same ratios to the Lender's satisfaction. No early repayment is required under these financial covenants.

The other loans taken out by the group do not contain any contractual provisions, which, if violated, would have a significant impact on the group's financial statements.

Stock risk

The stock portfolio of the group consists of money market funds with a volatility coefficient of less than 0.5. In addition, these investments are made solely for the purpose of managing short-term cash excess. Therefore, the sensitivity of the group's income to any impairment of these assets is negligible. Thus, the group's exposure to stock risk is minimal.

3.19 Financial instruments

As of December 31, 2006, the fair value of derivative instruments breaks down as follows:

(in € thousands)	12.31.2006
Currency hedging derivative instruments	3,627
Rate hedging derivative instruments	16,231
Transaction derivative instruments	–
Instruments booked as assets	**19,858**
Of which:	
< 1 year	2,780
> 1 year	17,078
Total	**19,858**

(in € thousands)	12.31.2006
Currency hedging derivative instruments	4,096
Rate hedging derivative instruments	–
Transaction derivative instruments	–
Instruments booked as liabilities	**4,096**

Interest rate risk

Cash flow hedges

As of December 31, 2006, the group held various swaps to hedge interest rate changes on its variable rate loans. These swap contracts are used to hedge the interest rate risk for the firm commitments.

(in € thousands)	Assets	Liabilities
Fixed rate hedging derivative instruments	16,231	–
Optional rate hedging derivative instruments	–	–
Interest rate hedging	**16,231**	**–**

The terms of the rate swaps were negotiated in order to coincide with the terms of the firm commitments.
The hedges on borrowing future cash flows were deemed highly efficient and an unrealized gain of €16,231 k was recognized in stockholders' equity at December 31, 2006.
Interest on the variable-rate financial instruments is remeasured at regular intervals of less than one year. Interest on fixed-rate financial instruments is set until the instrument maturity. The group's other financial instruments which are not indicated in the tables above do not bear interest and are not, therefore, subject to interest rate risk.

Fair value hedge

Not applicable.

Currency risk

Cash flow hedges

As of December 31, 2006, the group held various forward foreign exchange contracts to hedge future revenues or future purchases on which the group has firm commitments.

(in € thousands)	Assets	Liabilities
Forward foreign exchange contracts	3,030	4,096
Options	597	–
Currency hedging	**3,627**	**4,096**

The terms of the forward foreign exchange contracts were negotiated in order to coincide with the terms of the firm commitments. The hedges on future cash flows related to future purchases and revenues were deemed highly efficient and an unrealized loss of €6,897 k was recognized in stockholders' equity at December 31, 2006.

Fair value hedge

Not applicable.

Hedging of net investments in foreign operations

Not applicable.

Other derivative instruments

The Vindémia shares (residual 30% stake held by BOURBON) are covered by a stockholders' agreement and a stock derivative through a put on Casino. Groupe Casino itself holds a call on BOURBON for the Vindémia shares still held by BOURBON.

The put can be exercised every year between the 45th day after approval of the financial statements for the year N-1 and September 15, in year N. The call may be exercised between the 60th day after approval of the financial statements for the year N-1 and September 15 in year N. Exercise of the put makes the corresponding call void and vice-versa.

The years for exercising the last put on the 30% residual stake are 2007, 2008 and 2009.

The years for exercising the last call on the 30% residual stake are 2008 and 2009.

At December 31, 2006 and December 31, 2005, the group believes that the fair value of Vindémia cannot be determined with sufficient reliability. Therefore, pursuant to IAS 39 governing options on unlisted securities, these derivatives are measured at cost, i.e. for a zero value, at December 31, 2006 and December 31, 2005.

4 SEGMENT REPORTING

Pursuant to IAS 14 "Segment Reporting", the group has opted for the business segment as the primary segment reporting format and the geographic segment as the secondary segment reporting format.

Based on its organization and internal information system, the group has defined five business segments: Offshore Division, Towage & Salvage Division, Bulk Division, Corporate, and Retail business, although it should be pointed out that the group is withdrawing from the Retail business. The principal divisions are defined as follows:

- Offshore Division, a marine service provider in the oil and gas industry, supporting offshore operational and production activities;
- Towage & Salvage Division, which operates in port towage, deep-sea towage and assistance and salvage at sea;
- Bulk Division, which operates in the international maritime freight sector to transport dry bulk products (coal, minerals, cement products, grain, etc.).

In the primary segment reporting format, the following are defined as segment assets:

- goodwill,
- intangible assets and property, plant and equipment,
- investments in associates,
- inventories and work in progress,
- trade and other receivables,
- current financial assets and other current assets.

and the following are segment liabilities:

- trade and other payables,
- tax liabilities,
- other current liabilities.

It should be noted that these segment assets and liabilities are not broken down at the secondary segment reporting format between "France" and "International" because of their mobility (vessels).

Commercial transactions between Divisions are established on a market basis, with terms and conditions identical to those in effect for supplying goods and services to customers outside the group.

4.1 Primary segment information

The segment information for 2006 is as follows:

(in € thousands)	Offshore	Towage & Salvage	Bulk	Corporate	Retail	Eliminations	Total
Revenues (non group sales)	376,572	129,732	169,245	42,091	–	–	**717,640**
Cost of sales and general costs	(191,886)	(88,772)	(130,331)	(30,126)	–	–	**(441,115)**
Other operating expenses and income	441	(22)	10	615	–	–	**1,045**
EBITDA	185,128	40,938	38,924	12,580	–	–	**277,570**
Amort., depreciation/provision (*)	(72,282)	(13,933)	(3,888)	(6,084)	–	–	**(96,187)**
Operating income	112,846	27,005	35,036	6,496	–	–	**181,383**
Share in income/loss of associates net of goodwill	4,042	–	–	–	–	–	**4,042**
(*) Including impairment on asset	–	–	–	–	–	–	**–**
Segment assets	1,555,806	405,877	124,661	705,832	–	(883,419)	**1,908,757**
Non-current segment assets classified as held-for-sale	–	–	–	32,786	99,401	–	**132,187**
Segment liabilities	472,073	154,519	38,161	293,834	–	(799,294)	**159,293**
Segment liabilities directly associated with non-current assets classified as held-for-sale	–	–	–	7,911	–	–	**7,911**
Capital expenditures (**)	399,243	32,149	25,390	5,343	–	–	**462,125**

(**) Capital expenditures on intangible assets and property, plant and equipment excluding assets classified as held-for-sale

For 2005, the breakdown was as follow (including the Retail business classified as held-for-sale):

(in € thousands)	Offshore	Towage & Salvage	Bulk	Corporate	Retail	Eliminations	Total
Revenues (non group sales)	277,227	114,903	182,904	39,427	407,560	–	**1,022,021**
Cost of sales and general costs	(161,673)	(87,029)	(129,849)	(28,578)	(374,584)	–	**(781,713)**
EBITDA	115,554	27,874	53,055	10,849	32,976	–	**240,308**
Amort., depreciation/provision (*)	(57,105)	(12,269)	(2,906)	(8,419)	(10,601)	–	**(91,300)**
Other operating expenses and income	–	–	–	(849)	–	–	**(849)**
Operating income	58,449	15,605	50,149	1,581	22,375	–	**148,159**
Share in income/loss of associates net of goodwill	42	–	–	–	5,073	–	**5,115**
(*) Including impairment on assets	–	–	–	(2,476)	–	–	**(2,476)**
Segment assets	1,187,334	441,083	119,882	432,407	91,314	(583,302)	**1,688,718**
Segment liabilities	315,134	149,587	49,338	159,358	–	(531,521)	**141,896**
Capital expenditures net of disposals	225,191	59,946	27,973	(223,210)	–	–	**89,900**

4.2 Secondary segment information

The breakdown of revenues by geographical area for fiscal year 2006 was as follows:

(in € thousands)	France	International	TOTAL
Offshore	10,616	365,956	376,572
Towage & Salvage	110,102	19,630	129,732
Bulk	27,089	142,156	169,245
Corporate	5,142	36,949	42,091
Total	**152,949**	**564,691**	**717,640**

Taking into account discontinued operations, revenues for 2005 were as follows:

(in € thousands)	France	International	TOTAL
Offshore	10,513	266,714	277,227
Towage & Salvage	99,003	15,900	114,903
Bulk	33,522	149,382	182,904
Corporate	3,388	36,039	39,427
Total	**146,426**	**468,035**	**614,461**

4.3 Additional segment information

Offshore revenues

(in € thousands)	2006	2005
Europe	71,247	62,307
Africa	262,441	182,141
Americas	33,933	30,401
Asia	8,951	2,378
Total	**376,572**	**277,227**

5 OTHER INFORMATION

5.1 Contractual obligations and other off-balance sheet commitments

(in € thousands)	12.31.2006	12.31.2005
Pledges, mortgages and collateral (see note 3.14)	578,383	684,829
Endorsements and guarantees given	134,596	28,760
Total commitments given	**712,979**	**713,589**
Endorsements and guarantees received	–	–
Total commitments received	**–**	**–**

Contractual obligations are as follows:

		Payment due per period		
(in € thousands)	Total	< 1 year	2 to 5 years	> 5 years
Finance leases	84,104	4,347	20,223	59,534
Operating leases	3,051	339	1,356	1,356
Balance payable on orders for vessels under construction	777,862	376,799	401,063	–
Total	**865,017**	**381,485**	**422,642**	**60,890**

The presentation above does not omit any significant off-balance sheet commitment.

5.2 Net earnings per share

5.2.1 Basis earnings per share

The determination of the weighted-average number of shares of common stock outstanding during each period is presented below:

	12.31.2006	12.31.2005
Weighted-average number of shares over the period	50,125,269	49,375,434
Weighted-average number of treasury shares held over the period	(30,952)	(15,512)
Weighted-average number of shares outstanding during the period	**50,094,317**	**49,359,922**

The weighted-average number of shares outstanding during fiscal year 2006 takes into account the weighted-average number of stock options exercised during the period.

The weighted-average number of shares outstanding in fiscal 2005 was adjusted to take into account the two-for-one stock split that took place on June 1, 2006. It also takes into account the weighted average number of stock options that were exercised during the year and which were not yet capitalized as of December 31, 2005. The shares created following the exercise of options were subject to a capital increase approved by the Board of Directors on March 20, 2006.

For each period presented, the basis earnings per share were as follows:

	12.31.2006	12.31.2005
Weighted-average number of shares used in the calculation of basis earnings per share	50,094,317	49,359,922
Net income (in € thousands)		
Consolidated, group share	152,891	205,039
Consolidated, group share – excluding income from discontinued operations	145,015	188,212
Net income from discontinued operations	7,876	17,071
Consolidated, group share – excluding net gains on equity interests sold	149,071	110,943
Consolidated, group share – excluding net gains on equity interests sold and net income from discontinued operations	141,195	93,872
Basis earnings per share (in €)		
Consolidated, group share	3.05	4.15
Consolidated, group share – excluding income from discontinued operations	2.89	3.81
Net income from discontinued operations	0.16	0.35
Consolidated, group share – excluding net gains on equity interests sold	2.98	2.25
Consolidated, group share – excluding net gains on equity interests sold and net income from discontinued operations	2.82	1.90

5.2.2 Diluted earnings per share

Pursuant to IAS 33, the number of shares used to calculate diluted earnings per share takes into account the diluting effect of the exercise of stock options, determined using the "share buyback" method. The weighted average number of shares used to calculate basis earnings per share is, therefore, increased by dilutive potential ordinary shares..

Diluted earnings per share are determined as follows:

Number of potential shares:

	12.31.2006	12.31.2006
Weighted-average number of shares outstanding during the period	50,094,317	49,359,922
Weighted-average number of dilutive stock options during the period	408,058	850,368
Weighted average number of potential shares	**50,502,375**	50,210,290

Pursuant to IAS 33, the determination of diluted earnings per share for 2005 did not take into account the stock option plans authorized by the Board of Directors on March 8, 2005 and December 5, 2005 because those options had an anti-dilutive effect.

Diluted earnings per share:

	12.31.2006	12.31.2005
Weighted-average number of shares used in the calculation of diluted earnings per share	50,502,375	50,210,290
Net income (in € thousands)		
Consolidated, group share	152,891	205,039
Consolidated, group share – excluding income from discontinued operations	145,015	188,212
Net income from discontinued operations	7,876	17,071
Consolidated, group share – excluding net gains on equity interests sold	149,071	110,943
Consolidated, group share – excluding net gains on equity interests sold and net income from discontinued operations	141,195	93,872
Diluted earnings per share (in €)		
Consolidated, group share	3.03	4.08
Consolidated, group share – excluding income from discontinued operations	2.87	3.75
Net income from discontinued operations	0.16	0.34
Consolidated, group share – excluding net gains on equity interests sold	2.95	2.21
Consolidated, group share – excluding net gains on equity interests sold and net income from discontinued operations	2.80	1.87

5.3 Workforce and payroll at December 31, 2006

The group's workforce is as follows:

Workforce	12.31.2006	12.31.2005
Managers	269	242
Employees and workers	1,298	1,002
Seamen	2,806	2,404
– Officers	*1,140*	*928*
– Crew	*1,666*	*1,476*
Total	**4,373**	**3,648**

The change in payroll was as follows:

(in thousands euros)	12.31.2006	12.31.2005
Personnel expenses	157,442	134,148

5.4 Events after the balance sheet date

Second Vindémia put

BOURBON still holds a 30% interest in the Vindémia capital, for which it holds options to sell the share to Groupe Casino in 2007, 2008 and 2009 (see notes 2.2 et 3.19).

When releasing its annual financial statements on March 15, 2007, Groupe Casino announced a valuation of the Vindémia Put, which could not be determined on the basis of the closeout of the Vindémia financial statements for 2006, on which the Supervisory Board had not yet made its required decision.

Believing that the difference in the valuation of this strike price is "significant enough", BOURBON reacted to the announcement of this valuation immediately by issuing a press release.

5.5 Related-party transactions

Relations with Financière du Pladen

The Jaccar company is a 23.75% stockholder in BOURBON, which in turn holds 100% of Bourbon Maritime. During the year, Bourbon Maritime sold the shares it held in the Piriou company to Financière du Pladen, which is 39.24% held by Jaccar Holdings, a wholly owned subsidiary of Jaccar. The sale price of the Piriou shares was €4.5 m.

Relations with Sinopacific

The Chairman and Chief Executive Officer of BOURBON is an equal partner in the naval construction company Sinopacific, through Jaccar Holdings, a wholly-owned subsidiary of Jaccar.
In 2006, BOURBON, through one of its subsidiaries Bourbon Supply Investissements, acquired nine vessels from the Sinopacific group for a total amount of €105,910 k. In addition, at December 31, 2006, the amount of the current orders is for fifty-eight vessels and totals €670,374 k, which generated advances on orders in the amount of €183,392 k.

Relations with Piriou and West Atlantic Shipyard

The Chairman and Chief Executive Officer of BOURBON is indirectly associated in the Piriou naval construction company and its subsidiary West Atlantic Shipyard, through Financière du Pladen, which is held (39.24%) by Jaccar Holdings, a wholly owned subsidiary of Jaccar.
In 2006, BOURBON, through its subsidiaries Bourbon Supply Investissements and Bourbon Offshore Interoil Shipping Navegacao Lda, acquired three vessels from these two companies for a total of €8,587 k. At December 31, 2006, the amount of the orders in progress placed through the subsidiaries Bourbon Supply Investissements, Bourbon Offshore Interoil Shipping Navegacao Lda and Les Abeilles SAS, for twenty vessels and totaled €77,313 k, having generated advances on orders in the amount of €20,705 k.

Relations with SEAS

The Chairman and Chief Executive Officer of BOURBON is directly associated in the naval construction company SEAS, which is wholly owned by Jaccar Holdings, which is itself a wholly owned subsidiary of Jaccar.
At December 31, 2006, current orders placed by BOURBON through its subsidiary Bourbon Offshore Craft were for four vessels and totaled €4,782 k, having generated advances on orders in the amount of €401 k.

5.6 Executive compensation

Compensation for the corporate officers is set by the Board of Directors on the recommendation of the Compensation Committee.

For the year 2006, compensation for corporate officers who were in office for most of the year was as follows (excluding directors' fees):

(in € thousands)	2006
Fixed compensation	
Salaries	389
Services	660
Variable compensation (*)	903
TOTAL	**1,952**

(*) Includes €153 k which will be paid in 2007 for 2006

5.7 Scope of consolidation

5.7.1 List of fully consolidated companies

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2006	2005	2006	2005	
BOURBON	Parent Company		Parent Company		France (Paris)
Abeille Cilaos	100	100	99.95	99.95	France (Reunion)
Abeille Mafate	100	100	99.95	99.95	France (Reunion)
Aqua Service Réunion	51	51	51	51	France (Reunion)
Avracs	100	100	100	100	France
Babor	100	100	100	100	France
Bourbon Assistance	100	100	100	100	France (Reunion)
Bourbon Ben Luc	100	100	100	100	Vietnam
Bourbon Brazil Participacoes	100	100	100	100	Brazil
Bourbon Capital	100	100	100	100	Luxembourg
Bourbon Capital Elec USA	100	–	100	–	United States
Bourbon Capital Holdings USA	100	100	100	100	United States
Bourbon Capital USA	100	100	100	100	United States
Bourbon Interoil Nigeria Ltd	40	40	40	40	Nigeria
Bourbon Logistics Indonesia	95	–	95	–	Indonesia
Bourbon Management (formerly CFG)	100	100	100	100	France
Bourbon Maritime	100	100	100	100	France
Bourbon Offshore Asia	51	–	51	–	Singapore
Bourbon Offshore Associates	100	100	100	100	United States
Bourbon Offshore Crafts	100	100	100	100	France
Bourbon Offshore Gaia	50.8	50.8	50.8	50.8	France
Bourbon Offshore Greenmar	100	100	100	100	Switzerland
Bourbon Offshore Holding	100	100	100	100	France
Bourbon Offshore I AS	75	75	75	75	Norway
Bourbon Offshore I KS	80.26	80.26	75	75	Norway
Bourbon Offshore II AS	100	75.5	100	75.5	Norway
Bourbon Offshore II KS	100	77.95	100	75.5	Norway
Bourbon Offshore III AS	80	80	80	80	Norway
Bourbon Offshore III KS	85.52	85.52	80	80	Norway
Bourbon Offshore Interoil Shipping-navegacao Lda	55	55	55	55	Portugal (Madeira)
Bourbon Offshore Norway	100	100	100	100	Norway
Bourbon Offshore Surf	100	100	100	100	France
Bourbon Offshore Triangle	70	–	70	–	Egypt
Bourbon Supply Investissements	100	100	100	100	France
Cador	100	100	100	100	France
Challenge Hypermarket	50	50	50	50	Mauritius
Chambon Offshore International	100	100	100	100	France
Cogerem EIG	100	100	99.98	99.98	France
Compagnie Financière de Bourbon	51	51	51	51	France (Reunion)
Deepwaters Marine Eurofinance	100	100	100	100	United States

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2006	2005	2006	2005	
Diamant Express	–	97.93	–	97.93	France
Domaines de la Convenance	99.99	99.99	99.99	99.99	France (Reunion)
DTI Océan Indien	100	100	100	100	Mauritius
Eidsurf	–	51	–	51	Norway
Elbuque Shipping Lda	100	100	51	51	Portugal (Madeira)
Espace Bourbon Thang Long	65	65	65	65	Vietnam
Ex Commodo, SGPS Sociedade Unipessoal Lda	100	100	100	100	Portugal (Madeira)
Financière Bourbon	100	100	100	100	France
Fipargest	100	100	100	100	France (Reunion)
Flash Light - Exploracao de barcos Lda	100	100	51	51	Portugal (Madeira)
Fructidor	100	100	100	100	France
Gestion SB EIG	92.86	92.86	92.86	92.86	France (Reunion)
EIG Abeille Bourbon	99	99	99	99	France
EIG Abeille Liberté	99	99	99	99	France
EIG Abeille Nantes Saint-Nazaire 2004	100	100	100	100	France
EIG Abeilles Le Havre 2003	100	100	100	100	France
EIG AHTS 256 (Luzolo)	100	100	100	100	France
EIG AHTS 279 (Bourbon Aladin)	100	100	100	100	France
EIG AHTS 280 (Bourbon Apsara)	100	100	100	100	France
EIG AHTS 281 (Bourbon Alexandre)	100	100	100	100	France
EIG AHTS 610 Bourbon Sagitta	100	–	100	–	France
EIG AHTS Argonaute 2004	100	100	100	100	France
EIG FSIV 252 Kemba	100	100	100	100	France
EIG FSIV 253 Surf Express	100	100	100	100	France
EIG FSIV 254 Bourbon Express	100	100	100	100	France
EIG FSIV 255 Bourbon Oceane	100	100	100	100	France
EIG N'DUVA	100	100	100	100	France
EIG PSV 114 (Bourbon Helios)	100	100	100	100	France
EIG PSV 115 (Bourbon Hermes)	100	100	100	100	France
EIG PSV 116 (Bourbon Hera)	100	100	100	100	France
EIG PSV Antenor 2004	100	100	100	100	France
EIG PSV Asterie 2004	100	100	100	100	France
EIG Remorqueurs Offshore 2003 (Nemed)	100	100	100	100	France
EIG Surfer 2003	100	100	100	100	France
EIG Surfer 2004	100	100	100	100	France
EIG Surfer 2005	100	100	100	100	France
EIG Surfer 2005 Bis	100	100	100	100	France
EIG Surfer 2006	100	–	100	–	France
EIG Surfer 2006 Bis	100	–	100	–	France
EIG VS 4501 (Athena)	100	100	100	100	France
Grena Navegacao Lda	100	100	100	100	Portugal (Madeira)
H.S.O	100	100	100	100	France
Handy Bulk AG	100	100	100	100	Switzerland

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2006	2005	2006	2005	
Handy Bulk AG	100	100	100	100	Switzerland
Handy Shipping AG	99.95	99.95	99.95	99.95	Switzerland
Ivoirienne de remorquage et de sauvetage	50.99	50.99	50.99	50.99	Ivory Coast
Jade Navegacao Lda	100	100	100	100	Portugal (Madeira)
La Petrussienne	50.8	50.8	25.9	25.9	Ivory Coast
Lastro Companhia Internacional de Navegacao Lda	100	100	100	100	Portugal (Madeira)
Latin quarter Servicos Maritimos Internacionais Lda	100	100	51	51	Portugal (Madeira)
Les Abeilles	100	100	100	100	France
Les Abeilles Bordeaux	99.84	99.84	99.84	99.84	France
Les Abeilles Boulogne	100	100	100	100	France
Les Abeilles Brest	100	100	100	100	France
Les Abeilles Cameroun	98	98	98	98	Cameroon
Les Abeilles Côte d'Ivoire	99.6	99.6	99.6	99.6	Ivory Coast
Les Abeilles Dunkerque	100	100	100	100	France
Les Abeilles International	100	100	100	100	France
Les Abeilles La Réunion	95.41	95.41	95.41	95.41	France (Reunion)
Les Abeilles La Rochelle	100	100	100	100	France
Les Abeilles Le Havre	99.88	99.88	99.88	99.88	France
Les Abeilles Marseille-Fos (formerly Société de remorquage portuaire et d'assistance en méditerranée)	100	100	100	100	France
Les Abeilles Saint-Nazaire	100	100	100	100	France
Les Abeilles Tanger Med	99.97	–	99.97	–	Morocco
Les Villas du Lagon	100	100	100	100	France (Reunion)
Mahe Cruise Ltd	–	79.99	–	79.99	Seychelles
Mastshipping Shipping Lda	100	100	51	51	Portugal (Madeira)
Motel Les Brisants	50	50	50	50	France (Reunion)
Navegaceano Shipping Lda	100	100	51	51	Portugal (Madeira)
O.D.B.	100	100	100	100	France
Offshore Structured Asset Finance	100	100	100	100	United States
Onix Investimentos e Servicos Lda	100	100	100	100	Portugal (Madeira)
Opale Shipping	–	100	–	100	France (Guadeloupe)
Paris Shipping & Chartering	100	100	100	100	France
Placements Provence Languedoc	100	100	100	100	France
Recif SAS	99.12	99.12	98.45	98.45	France (Reunion)
Sagrim	74.97	74.97	74.97	74.97	Madagascar
SCI Claire Fontaine	100	100	100	100	France (Reunion)
Sehb Le Récif	99.79	99.79	98.75	98.75	France (Reunion)
Sesac	100	100	100	100	France
Setaf	100	100	100	100	France
Setaf Saget	100	100	100	100	France
Setapar	100	100	100	100	France
Sinvrac	100	100	100	100	France
Société Mahoraise de remorquage de sauvetage et de lamanage	100	100	100	100	Mayotte

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2006	2005	2006	2005	
Société nouvelle Arpec	100	100	100	100	France
Somarsal Marine Service (SMS)	100	100	100	100	France (Mayotte)
Sonasurf Internacional Shipping Lda	51	51	51	51	Portugal (Madeira)
Sonasurf Jersey	100	100	51	51	Jersey
Sopade (Sté participation développement SAS)	100	100	100	100	France (Reunion)
Sucrerie de Bourbon Gia Lai	51	51	51	51	Vietnam
Sucrerie de Bourbon Madagascar	100	100	100	100	Madagascar
Sucrerie de Bourbon Tay Ninh	100	100	100	100	Vietnam
Surf Viking AS	100	–	100	–	Norway
Tribor	100	100	100	100	France
Union des remorqueurs de Dakar	99.95	99.95	99.95	99.95	Senegal

5.7.2 List of proportionately consolidated companies

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2006	2005	2006	2005	
Bourbon Gulf	49	–	49	–	Qatar
Delba Maritima Navegacao	50	50	50	50	Brazil
Delba Operadora de Servicios Ltda	50	–	50	–	Brazil
EPD Asia Group Ltd	50	–	50	–	United States
EPD Yangzhou Ltd	50	–	50	–	China
Naviera Bourbon Tamaulipas	49	–	49	–	Mexico
Servicios y Apoyos	49	–	49	–	Mexico
Sonasurf Angola	50	50	50	50	Angola
Toesa	50	–	50	–	Uruguay

5.7.3 List of companies consolidated using the equity method

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2006	2005	2006	2005	
Rigdon Marine Corporation	40.26	40.26	40.26	40.26	United States
Rigdon Marine LLC	24.5	24.5	24.5	24.5	United States
Agence rialto	30	30	30	30	France (Reunion)
Austral d'Investissement	30	30	30	30	Mauritius
Bourbon Distribution Mayotte	30	30	21	21	France (Mayotte)
Carmart	30	30	30	30	Mauritius
Cie Mauricienne d'Hypermarché Ltd	30	30	23.98	23.98	Mauritius
Distri-Food	30	30	22.8	22.8	France (La Réunion)
Espace Bourbon An Lac	30	30	24	24	Vietnam
Espace Bourbon Dong Nai	30	30	19.5	19.5	Vietnam
Espace Bourbon Hai Fon	30	–	30	–	Vietnam
Fim Colimo	30	30	30	30	France (Reunion)
Grains du Capricorne	30	30	30	30	France (Reunion)
Home City	30	30	30	30	France (Reunion)
Magma	30	30	21	21	France (Reunion)
Mayotte Distribution	30	30	20.98	20.98	France (Mayotte)
Ortem	30	30	23.98	23.98	Mauritius
S2FOI	30	30	22.8	22.8	France (Reunion)
Salaison de Bourbon	30	30	26.78	26.78	France (Reunion)
Sapmer Distribution de marques	30	30	30	30	France (Reunion)
Saprim	30	30	29.76	29.76	France (Reunion)
SCI Armagnac	30	30	29.7	29.7	France (Reunion)
SCI Badamier	30	30	30	30	France (Reunion)
SCI des Centres commerciaux	30	30	30	30	France (Reunion)
SCI du Chaudron	30	30	30	30	France (Reunion)
SCI Jacaranda	30	30	30	30	France (Reunion)
SCI Kerveguen	30	30	29.7	29.7	France (Reunion)
SCI Ligne du Paradis	30	30	29.7	29.7	France (Reunion)
SCI Omega	30	30	30.07	30.07	France (Mayotte)
SCI Timur	30	30	30	30	France (Reunion)
SCI Toscane	30	30	21.01	21.01	France (Reunion)
SCI Vava Industrie	30	30	29.7	29.7	France (Reunion)
SCIM3	30	30	21	21	France (Reunion)
Score Digue	30	30	29.94	29.94	Madagascar
Score Madagascar	30	30	29.39	29.39	Madagascar
Selata(n) Indah	30	30	30	30	France (Mayotte)
SEMS SA	30	30	29.76	29.76	France (Reunion)
Sicre	30	30	30	30	France (Reunion)
SNIE Distribution	30	30	21	21	France (Mayotte)
Société de restauration rapide de la Réunion – S3R	30	30	30	30	France (Reunion)
Société des Hypermarchés bénédictins	30	30	30	30	France (Reunion)

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2006	2005	2006	2005	
Sodexmar	30	30	30	30	France (Reunion)
Sodimar	30	30	30	30	France (Reunion)
Sofimex	30	30	30	30	France
Sogim	30	30	30	30	France (Reunion)
Sogramo	30	30	30	30	France (Reunion)
Somags	30	30	30	30	Mauritius
Sorecom	30	30	30	30	France (Reunion)
Soretravi	30	30	30	30	France (Reunion)
Sormac	30	30	30	30	France (Reunion)
Spar Mauritius	30	30	30	30	Mauritius
SSTIC – Prestations informatiques	30	30	30	30	France (Reunion)
Transit SNIE	30	30	20.89	20.89	France (Mayotte)
Usine de Traitement de Viande – UTV	30	30	21	21	France (Mayotte)
UTV Investissement SNC	30	30	21	21	France (Mayotte)
Vindémia	30	30	30	30	France (Reunion)
Wheathervane Ltd	30	30	30	30	Mauritius
Zoom Madagascar	–	30	–	29.39	Madagascar

Statutory Auditors' Report on the consolidated financial statements for the year ended December 31, 2006

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

To the Stockholders,

Following our appointment as auditors by your stockholders' meeting, we have audited the accompanying consolidated financial statements of BOURBON for the year ended December 31, 2006.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2006 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the European Union.

II. Justification for our assessments

In accordance with the requirements of article L 823-9 of the French Commercial Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Note 1.5.6 sets forth the accounting methods for the recognition and amortization of the vessels.

In our assessment of the accounting rules and principles used by your company, we have verified the appropriate nature of the accounting methods described above and the information provided in the notes to the financial statements.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

We have also verified the information given in the Group's management report in accordance with professional standards applicable in France. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Lyons and Marseilles, April 24, 2007

The Statutory Auditors

EurAAudit C.R.C. **Cabinet Rousseau Consultants**	**Deloitte & Associés**
Jean-Marc ROUSSEAU	Vincent GROS

Report of the Chairman of the Board of Directors

Contents

Report of the Chairman of the Board of Directors on the modus operandi of the Board of Directors and on internal control procedures

To our Stockholders,

Pursuant to the provisions of paragraph 6 of article L 225-37 of the French Commercial Law "Code de Commerce", I hereby submit my report on the following:
• the conditions for the preparation and organization of the work of your Board of Directors for the year ended December 31, 2006;
• the internal control procedures established by the company;
• and the scope of the powers of the Chairman and Chief Executive Officer

1. CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

1.1 Composition of the Board of Directors

The Board of Directors is currently composed of nine members:
• Mr. Jacques d'Armand de Chateauvieux: Chairman of the Board and Chief Executive Officer,
• Mr. Christian Munier: Member of the Board and Executive Vice President until June 30, 2006,
• Mr. Christian d'Armand de Chateauvieux,
• Mr. Henri d'Armand de Chateauvieux,
• Mr. Guy Dupont,
• Mr. Marc Francken,
• Ms. Victoire de Margerie,
• Ms. Dominique Sénéquier,
• Mr. Roger Wright.

Most of the members of the Board of Directors are corporate leaders in the fields of industry, banking, trade and shipping.

Each Director holds at least 300 shares of BOURBON stock, as required under the bylaws.

In addition, given the terms for obtaining tax approval for the CBo Territoria deal, the BOURBON Directors and the Jaccar company have accepted a three-year restriction on the transferability of their BOURBON and CBo Teritoria shares held as of December 16, 2004.

Evaluating the independence of the Directors

BOURBON is in compliance with the corporate governance system in effect and takes into account the recommendations of the Viénot and Bouton reports. In particular, the Board of Directors includes a large percentage of independent Directors.

The Board of Directors, in its March 19, 2007 meeting, examined the qualifications of the BOURBON Directors in terms of their independence under the definition and the criteria selected by the October 2003 AFEP-MEDEF report on the corporate governance of listed companies.

The independence criterion adopted being the lack of any significant relationships with the company, its group or its management that could compromise the Director's freedom of judgment, the Board of Directors has concluded that:
• Ms. Victoire de Margerie,
• Mr. Guy Dupont,
• Mr. Marc Francken,
• Mr. Roger Wright
qualify as independent Directors.

Situation regarding the corporate officers

To the company's knowledge, in the past five years, no corporate officer:
– has been found guilty of fraud;
– has been involved in a bankruptcy, receivership or liquidation;
– has been found guilty of any offense or been subject to any official public sanction issued by any statutory or regulatory authority;
– has ever been prevented by a court of law from acting as a member of any administrative, management or supervisory body of any issuer, or from participating in the management or conduct of the business of any issuer.

In addition, to the company's knowledge, no corporate officer owns any equity capital or voting rights above 5% aside from Jacques d'Armand de Chateauvieux, who owns more than 20% of the equity in the company through the Jaccar company.

Furthermore, concerning potential conflicts of interest, no corporate officer has ever been subject to any arrangement or agreement with the principal stockholders, customers, suppliers or anyone else under which he would have been selected as a member of the Board or as a member of the management, independently of any related-party agreements.

To date there are no service contracts connecting any Director or member of the management to the company or to any of its subsidiaries that provide for benefits to be granted at the end of such a contract.

1.2 Powers of the Board of Directors

1.2.1 Principles

The Board of Directors sets the guidelines for the company's business and ensures that they are implemented in accordance with the bylaws and with existing laws and regulations.

The Board of Directors carries out any controls or audits deemed appropriate by it.

Directors must each receive the information necessary to perform their mandate and may obtain from the management any and all documents deemed necessary by them.

1.2.2 Organization of the work of the Board of Directors

The Chairman organizes and manages the work of the Board of Directors, reports on it to the stockholders' meeting, and carries out its decisions. He sees to it that the company's governing bodies are able to operate smoothly and ensures that the Directors are able to perform their mission.

The Chairman of the Board of Directors and Chief Executive is assisted at December 31, 2006 by two Executive Vice Presidents, Mr. Christian Lefèvre and Mr. Laurent Renard, who are not Directors.

The group's Executive Committee, which consists of BOURBON's Chief Executive Officer and its Executive Vice Presidents, meets regularly and in particular before every meeting of the Board of Directors. This committee prepares the decisions of the Board of Directors concerning strategic guidelines, in particular investments and the annual operating budget.

1.3 Meetings of the Board of Directors

The Board of Directors meets as often as warranted by the interests of the company. The minutes of the meetings of the Board of Directors are drafted after every meeting and sent without delay to all the Directors. The minutes are generally subject to their express approval at the following Board meeting.

The statutory auditors are invited to the meetings that close the accounts.

During the year ended, four meetings of the Board of Directors were held – on March 20, September 11, October 16 and December 4, 2006, at 33, rue du Louvre in Paris.

The attendance rate for all the Directors was 86.1%.

1.4 Evaluating the work of the Board of Directors

In accordance with a decision made at its March 20, 2006 meeting, during the second half of 2006, the Board of Directors conducted a formal self-evaluation of its operations, based on a questionnaire approved by the Board.

The self-evaluation questionnaire dealt with three major themes:
• the general organization of the Board meetings,
• the effectiveness of the Board meetings,
• the Directors (each Director by him or herself/self-evaluation, administration, skills and training).

As a follow-up to the responses and observations by the members of the Board of Directors, some decisions were adopted to improve the operation of the Board even further.

The Board of Directors is soon planning to draft its own internal regulations.

1.5 The specialized committees of the Board of Directors

The Board of Directors has two specialized committees.

1.5.1 The Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in order to ensure the quality of internal control and the reliability of the information provided to stockholders and to the financial markets.

As of now, the committee is composed of three people:
- Ms. Victoire de Margerie, Chairperson,
- Ms. Dominique Sénéquier,
- Mr. Roger Wright.

The Audit Committee met three times in 2006. The attendance rate at the meetings was 78%.

The committee dealt mainly with the following issues, among others:
- review of the financial statements,
- review of cartography of risks,
- management of foreign exchange risk.

1.5.2 The Compensation Committee

The duties of this committee are as follows:
- to make any recommendations to the Board of Directors involving the Chairman's compensation and pension, as well as those of the other corporate officers, as the case may be;
- to examine proposals involving the introduction of stock options or stock purchase plans authorized by the combined annual and special stockholders' meeting;
- to accomplish any specific missions entrusted to it by the Board of Directors.

As of now, the Compensation Committee is composed of three people:
- Mr. Marc Francken, Chairman,
- Mr. Henri d'Armand de Chateauvieux,
- Ms. Dominique Sénéquier.

The committee met once in 2006 with a 100% attendance rate.

Of all the points subject to deliberation by the Board of Directors, the Board approved the proposals made during the year by the Compensation Committee, in particular those relating to the method and amount of compensation for the Executive Vice Presidents.

2. INTERNAL CONTROL PROCEDURES

2.1 Objectives in terms of internal control

In accordance with the results of the work of the group established under the auspices of the AMF (*Autorité des Marchés Financiers*), the internal control system adopted by BOURBON is aimed at ensuring the following:
- compliance with laws and regulations;
- application of the instructions and guidelines set by management;
- the proper operation of internal processes, particularly as they contribute to safeguarding its assets;
- the reliability of financial data;

and, in general, contributes to the control of its activities, effectiveness of its business operations and the efficient use of its resources.

Improving and maintaining a satisfactory level of internal control are a common concern shared by all line and staff managers; implementing an effective internal control system is an integral part of management's responsibilities.

By helping to prevent and control the risks of failing to achieve the objectives set by BOURBON, the internal control system plays a key role in the conduct and management of the group's different activities.

In this way, the internal control system adopted by BOURBON involves the following:
- a structure that includes a clear definition of responsibilities, with adequate resources and skills, backed by procedures, information systems and appropriate tools;
- dissemination in-house of relevant, reliable information, the knowledge of which helps all employees to perform their duties;
- a system aimed at identifying and analyzing the principal identifiable risks as regards the company's objectives and one that provides procedures to be used to manage such risks;
- control activities designed to reduce the risks likely to affect the achievement of the objectives;
- oversight of the internal control system.

However, no matter how well designed and applied it is, internal control, like any control system, cannot provide an absolute guarantee that the risks targeted by it will be totally eliminated.

2.2 Control environment

The control environment is an important factor in the internal control process in that it determines the level of staff awareness of the need for control. Internal control is a matter that affects everyone at BOURBON, from top management on down.

2.2.1 General organization of internal control

BOURBON's operational control is decentralized, which implies strong central control even though the managers in the field have the primary responsibility for internal control.

The BOURBON Executive Committee identifies and handles the major issues and validates the operating and financial objectives. It sees to it that the strategy is carried out and reviews the options for successfully implementing it, especially in the areas of safety, innovation, human resources and cost control. In carrying out its oversight responsibilities over the internal control system, the Executive Committee is backed by the following departments:

- the **corporate accounting department**,
- the **corporate treasury and management control department**,
- **the corporate legal department**.

In addition, the **Management Committee** meets periodically for quarterly performance reviews involving a follow-up of operating activities, progress reports on projects, as well as results and prospects for the future. Aside from the members of the Executive Committee, this committee includes department heads, managers of the main operating subsidiaries and Corporate management. The meetings of the Management committee also enable the company to assess the progress of BOURBON's inter-company projects; they also provide an opportunity to the different business lines to exchange information and feedback.

Lastly, in each Division, in addition to involvement by management, the administrative and financial managers are an integral part of the internal control process.

2.2.2 Internal control procedures

General procedures

In its different businesses, BOURBON ensures that at all times its operations are conducted without danger to the health and safety of its employees and sub-contractors. At the same time, BOURBON aims to satisfy its customers, its partners and its employees. For that reason, a "Quality, Health, Safety and Environment" charter was established and adopted on the vessels, at the bases and at the administrative offices. Following the fundamental principles set forth in the charter, each Division is in charge of the proper implementation and monitoring of QHSE (Quality, Health, Safety and Environment) performances on its vessels and at its sites.

In connection with the quality and/or safety certification (ISO standards and ISM code) of oilrig supply/assistance operations and port towage businesses, manuals of procedures and instructions are in effect in different areas: operations, fitting, commercial, procurement, disputes, technical, emergencies, safety, etc.

These manuals form the basis for the operational control of the businesses. Annual in-house quality/safety audits are conducted regularly under the authority of the quality/safety assurance managers to make sure that they are properly applied.

External audits by the competent authorities are also conducted in accordance with an annual or long-term auditing plan. Specific procedures are also in effect to evaluate, on an on-going basis, the proper operation of the system put in place.

Concerning the Bulk Division, charter operations and operations involving the bulk carriers are conducted according to precise internal operating rules and audited regularly. Every charter agreement is monitored by a structured "operations" department, which checks to make sure the agreement is properly implemented.

In addition, a manual of general policies and procedures is gradually developed and distributed. It deals mainly with the financial, accounting and legal factors involved in each process. In addition to formally stating and harmonizing the policies and procedures, the purpose of the manual is to define the principles and rules to be applied by all BOURBON companies. It describes the roles and responsibilities of the different parties involved in each process, the information flows, the operating procedures as well as the audits to be conducted and the levels of approval required.

Among the principal topics addressed, investments as well as dealing with customer bids are key factors given BOURBON's business activities.

Internal control procedures related to the drafting and treatment of accounting and financial information

The reliability of the accounting and financial information published is backed by a set of systems, rules, procedures and audits as well as by documentation and the gradual formalization of procedures.

This mainly involves the following:

- budgets designed by the different group entities and the monitoring of their implementation at the operational level and by the group's management control unit;
- procedures for consolidating the financial statements in accordance with the rules set and approved by the management. The semi-annual and annual consolidated financial statements are presented to the Audit Committee prior to approval by the Board of Directors;
- procedures for drafting the annual report to ensure accuracy and consistency and compliance with applicable laws and regulations and the quality of the financial information.

2.3 Managing internal control

The internal control systems themselves are subject to controls, both continuously by the management and through spot evaluations by bodies with neither direct authority over nor direct responsibility for the operations.

2.3.1 The Audit Committee

The responsibilities of and the work carried out by the Audit Committee are described in subsection 1.5.1 of this report.

2.3.2 The Steering Internal Control Committee

The purpose of this committee is to manage the quality of internal control within BOURBON and to supervise internal auditing activities, i.e.: approving the annual auditing plan, reviewing the reports issued and following up on the recommendations as implemented, reviewing and evaluating the internal control procedures, risk management system and internal auditing operations.

Composed of the two Executive Vice Presidents and the managers from the BOURBON operating Divisions, the Steering Internal Control Committee met twice in 2006.

2.3.3 Internal Audit Department

The BOURBON internal audit department was established in 2002. It is currently staffed by four auditors.

The responsibility of the internal audit department is to evaluate on an on-going basis the proper operation and efficiency of the BOURBON internal control system in order to obtain reasonable assurance regarding the control of risks. The scope of the department's authority extends to all BOURBON subsidiaries and businesses. The internal audit department carries out its duties totally independently from the other audited units, and in accordance with the IIA (Institute of Internal Auditors) code of ethics.

An internal audit charter was established to define and explain widely within BOURBON what an internal audit is, i.e., the mission, organization and place in the hierarchy, powers and responsibilities, rules of conduct, skills and methodology.

Internal audit engagements are carried out in accordance with an annual plan approved by the Steering Internal Control Committee. The annual auditing plan is prepared on the basis of a prior analysis aimed at pinpointing the group's internal and external environment in order to evaluate the risks, activities, processes and critical functions. This auditing plan takes into account BOURBON's growth, in particular globally.

The internal audit department has a methodology that allows it to reach conclusions resulting in recommendations that are adopted in cooperation with the person audited, and implementation is followed up after the audit engagement.

The internal audit department investigates regularly to make sure the foregoing general policies and procedures are applied.

2.3.4 The Statutory Auditors

On December 31 of every year, the BOURBON financial statements and those of its subsidiaries are examined by the statutory auditors.

Their work provides the group with a reasonable assurance as to the reliability and accuracy of the accounting and financial information produced. They examine the internal audit to identify and evaluate the risk of material misstatements in the accounts and to design and implement their auditing procedures.

2.4 Cartography of risks and risk management

BOURBON's objective is to make certain that the entire internal control system can, as far as possible, prevent any risks to which it is exposed. In this spirit, in 2005, under the auspices of the Steering Internal Audit Committee, steps were taken to design a "cartography of risks".

A dedicated team was established for each division: Offshore, Towage & Salvage and Bulk, as well as at a functional level at corporate headquarters. An inventory of risks was prepared as thoroughly as possible, along with the associated controls, and then categorized by type. On a case-by-case basis, probabilities of occurrence and of potential impact were evaluated. Thus the risks inventoried were ranked based on their possible frequency (from frequent to improbable) and their impact (negligible to catastrophic, which would require an action plan to be implemented immediately by a crisis unit).

The management of each Division is responsible for forwarding the cartography to the different units, as well as action plans, control and follow-up procedures.

The cartography of risks was updated in 2006 and was presented to the Audit Committee as well as to the Board of Directors at its December 4, 2006 meeting.

On the recommendation of the Audit Committee, the cartography of risks will be updated regularly and discussed in the Executive Committee and then presented to the Audit Committee twice a year and to the Board of Directors annually.

The type and ranking of these risks are considered strategic and confidential. Nevertheless, the principal risks and the methods for managing them are discussed under "Risk Management" in the Management Report.

2.5 Conclusion

These different actions are meant to establish an increasingly high degree of command over internal control in the BOURBON entities.

The control environment and the control system described above are not static and BOURBON's management is attentive to changes in this area and seeks regular improvement in its internal control system.

3. POWERS OF THE CHIEF EXECUTIVE OFFICER

No limitation has been placed on the powers of the Chairman and Chief Executive Officer. The Executive Vice Presidents have the same powers as the Chief Executive Officer, pursuant to the bylaws and the decision to appoint them.

Chairman of Board of Directors

Statutory Auditors' report prepared pursuant to article L 225-235 of the French Commercial Code on the report of the Chairman of the Board of Directors of the BOURBON Company concerning the internal control procedures for the preparation and treatment of the accounting and financial information

This is a free translation of the original French text for information purpose only.

To the Stockholders,

As statutory auditors of BOURBON and pursuant to the provisions of article L 225-235 of the French Commercial Code, we present our report on the report prepared by the Chairman of your company as required by article L 225-37 of the French Commercial Code for the year ended December 31, 2006.

It is the responsibility of the Chairman to report on the conditions for the preparation and organization of the Board's work and the internal control procedures established within the Company.

Our duty is to inform you of our observations on the information provided in the Chairman's report on the internal control procedures for the preparation and treatment of the accounting and financial information.

We have conducted our work in accordance with generally accepted practices in France. Those practices require us to exercise due care in assessing the accuracy of the information provided in the Chairman's report on the internal control procedures for the preparation and treatment of accounting and financial information. This work includes:

– a review of the objectives and the general organization of internal control, as well as the internal control procedures for the preparation and treatment of the accounting and financial information presented in the Chairman's report, and
– a review of the work underlying the information in the report.

Based on our examination, we have no comment on the information given concerning the company's internal control procedures for the preparation and treatment of the accounting and financial information contained in the report by the Chairman of the Board prepared pursuant to the provisions of the last paragraph of article L 225-37 of the French Commercial Code.

Lyons and Marseilles, April 24, 2007

The Statutory Auditors

EurAAudit C.R.C.
Cabinet Rousseau Consultants

Jean-Marc ROUSSEAU

Deloitte & Associés

Vincent GROS

Other

Legal and financial information

Contents

General information on BOURBON SA and its capital

1. INFORMATION ABOUT THE COMPANY

Corporate name: BOURBON.
Corporate office: 33 rue du Louvre – 75002 Paris.
Date of incorporation of the company: December 2, 1948.
Nationality: French.
Legal form: Incorporated company ("Société anonyme") with a Board of Directors, governed by the law of July 24, 1966 concerning commercial companies.
Term: the company was incorporated for 99 years and expires on December 2, 2066 except if dissolved early or extended (harmonization of the bylaws pursuant to the law of July 24, 1966, special stockholders' meeting of January 19, 1966).
Trade Register: Paris 310 879 499.
Location where the corporate documents and records may be consulted: the bylaws, financial statements and reports and minutes of stockholders' meetings may be consulted at the corporate office at the address indicated above.

1.1 Corporate purpose (article 2 of the bylaws)

The purpose of the company is:
• the creation, ownership, acquisition, sale, lease, development, operation, management, rental, control, organization and financing of all industrial, commercial, agricultural, real estate or other types of property, companies or businesses;
• the acquisition of equity interests and the management of interests related to any and all marine business activities, either directly or indirectly;
• the manufacture, packaging, import, export, commission, representation, transit, deposit and shipping of any and all products, merchandise, items and commodities of any kind of any origin;
• the acquisition, purchase, operation, sale or licensing of all patents and manufacturing trademarks;
• the acquisition of an interest through contribution, merger, participation, subscription of shares, units or bonds or in any other manner, in all businesses or companies related directly to the aim of the company and in general in all businesses, companies or work that may attract customers to its corporate activity or stimulate operations in which they would have an interest;
• and generally all industrial, commercial, financial, agricultural, real estate and other types of property operations that may be related directly to the aim of the company, the various components of which have been specified above.

Fiscal year: From January 1 to December 31 of each year.

1.2 Stockholders' meetings (article 19 of the bylaws)

Stockholders' meetings shall be called and shall deliberate under the conditions set by law and regulations. They shall be held in any location specified in the meeting notice.

Any stockholder, however many shares he or she owns, may participate in the meetings in person or by proxy, provided they give proof of identity and proof of ownership of registered shares in the form of registration in the share register, or they must file at the locations cited in the meeting notice a certificate from the authorized broker certifying that the shares registered in the account are not available for transfer until the date of the meeting. These formalities must be completed no later than five days before the date of the stockholders' meeting.

However, the Chairman of the Board of Directors shall always have the option of accepting as a general rule proof of registered shares and of the filing of the aforementioned certificates within a time period that differs from the period stipulated above.

In the absence of the Chairman of the Board, unless otherwise specified, the meeting shall be chaired by the Director specifically appointed by the Board. If no Director has been appointed, the stockholders' meeting shall elect a Chairman for the meeting.

1.3 Ownership thresholds

The bylaws do not stipulate specific requirements for ownership thresholds. Pursuant to article L 233-7, I - paragraphs 1 and 2 of the French Commercial Law "*Code de commerce*" (amended by Law 2005-842 of July 26, 2005),
• when the stock of a Company with its corporate office in the French Republic is admitted for trading on a registered market or on a financial instruments market admitting for trading stocks that can be registered in an account with an authorized intermediary under the conditions set forth by article L 211-4 of the French Monetary and Financial Code ("*Code monétaire et financier*"), any individual or legal entity, acting alone or with others, who owns a number of shares representing more than one twentieth, one tenth, three twentieths, one fifth, one fourth, one third, half, two thirds, eighteen twentieths or nineteen twentieths of the capital and/or voting rights in the Company, shall inform the Company of the total number of shares or voting rights owned before a deadline set by the Council of State from the time the threshold is crossed;

• the information cited in the foregoing paragraph shall also be given before the same deadlines whenever the percentage of capital or voting rights owned falls below the threshold cited in that paragraph;
• the person required to provide the information referred to in the first paragraph shall specify the number of shares owned that give access in the future to the capital and voting rights attached thereto.

Failure to meet this obligation shall result in the sanctions described in article L 233-14 of the French Commercial Law.

1.4 Appropriation and distribution of earnings (articles 24 and 25 of the bylaws)

The income statement summarizing income and expenses for the year shows the profit or loss for the year after deduction of depreciation, amortization and provisions.

At least 5% of the earnings for the year minus any prior losses shall be used to fund the legal reserve. This withdrawal shall cease to be mandatory when the legal reserve fund equals one tenth of the capital stock; it shall resume when the legal reserve falls below one tenth of the capital for any reason.

Distributable earnings consist of the profit for the year less prior losses and sums placed in reserve as required by law and the bylaws, plus any retained earnings.

The annual stockholders' meeting may withdraw from these earnings any sums it deems appropriate to be carried forward to the following year or to be placed in ore or more general or special reserves, the use of or allocation to which to be determined by it. The balance, if any, is divided among all shares. Dividends are first taken from the distributable earnings for the year.

The stockholders' meeting may also decide to distribute sums taken from the reserves at its disposal, and must expressly note the reserve items from which these sums are taken.

Excluding the case of a capital reduction, no distribution may be made to stockholders when the stockholders' equity is or would become, after any distribution, less than the amount of the capital plus reserves which may not be distributed under the law or bylaws. The revaluation reserve may not be distributed. It may be capitalized in whole or in part.

The loss, if any, is carried forward after approval of the financial statements by the stockholders and is charged against the profits from subsequent years until it is extinguished.

The stockholders' meeting has the option of granting to each stockholder for all or part of the dividend paid out an option between payment of the dividend in shares, subject to the legal conditions, or in cash.

The procedures for payment of the dividends in cash shall be set by the stockholders' meeting or by the Board of Directors.

Cash dividends must be paid within a maximum period of nine months after the close of the financial year unless this deadline is extended by court order.

However, when a balance sheet prepared during or at the end of the year and certified by a statutory auditor shows that the Company has earned a profit since the end of the previous year and after the required depreciation, amortization and provisions, and after deduction of any prior losses and sums to be placed in reserve as required by the law or bylaws, interim dividends may be paid before approval of the financial statements for the year. The amount of such dividends may not exceed the amount of the profit as shown.

A request for payment of the dividend in shares must be made within a time period set by the stockholders' meeting, which may not exceed three months from the date of the meeting.

No return of dividends may be required of stockholders, except where the distribution was made in violation of the law and the Company establishes the fact that the beneficiaries were aware of the illegal nature of this distribution at the time, or could not have been unaware of it given the circumstances. Any action for recovery after payment of such dividends is subject to a three-year statute of limitations.

Any dividends not claimed within five years of payment are time-barred.

The annual stockholders' meeting may, on the recommendation of the Board of Directors, decide to pay the dividend in-kind.

2. INFORMATION ABOUT THE CAPITAL STOCK

The Company was listed for trading on the *second marché* of the Paris Stock Exchange on October 20, 1998.

Since February 2, 2004, BOURBON has been classified by Euronext in the "Oil Services" sector.

The BOURBON share was admitted to the SBF 120 index on September 1, 2005. It was admitted for trading on Euronext Paris, as from January 12, 2006, in capitalization compartment A of Eurolist Paris.

As from March 28, 2006, the BOURBON share was included in the Deferred Settlement Service (SRD).

2.1 Capital stock

After the Board of Directors' meeting of March 19, 2007, the BOURBON capital amounts to 31,884,382. It is divided into 50,195,528 shares, fully paid-up.

As of December 31, 2006 (and after the June 1, 2006 two-for-one split), i.e.
- the total number of shares comprising the capital was 50,195,528;
- the number of voting rights was 50,151,592.

These figures are adjusted as necessary every month in accordance with the "Transparency Directive." This information is available on the Company's website www.bourbon-online.com under the heading "Finance" – "Regulated information".

During 2006, more than 32.9 million BOURBON shares were traded (twice as many as in 2005).

The Company's market capitalization amounted to € 2,090 million at December 31, 2006, for a latest price listed of € 41.63.

According to the criteria "number of shares traded", "capital", "rotation rate" and "market capitalization", in 2006, depending on the month, BOURBON ranked between number 60 and number 85 among the companies listed on Eurolist Paris.

As of December 31, 2006, there were 851 employee stockholders holding stock through the FCPE "Bourbon Expansion" for 474,107 shares, or 0.94% of the capital.

In the special stockholders' meeting of August 23, 2004, double voting rights were eliminated. There is also no limitation on the voting right.

2.2 Option plans for new stock

- **The combined annual and special stockholders' meeting of May 25, 2000** granted authority to the Board of Directors to grant options giving rights either to subscribe to new shares issued by the company in a capital increase on one or more occasions for a period of five years, or to purchase existing shares in the company from the buybacks made by the company, subject to legal requirements. This authorization expired on May 24, 2005. It contained the following terms for application:

The beneficiaries of the operation may be some or all the employees or some categories of employees, or the corporate officers as defined by law, both of the Company and of affiliated French or foreign companies, as this term is defined by article 208-4 of the law of July 24, 1966 concerning commercial companies. The total number of options that may be granted by the Board of Directors under this authority may not give rights to subscribe to or to purchase new or outstanding shares equal to more than 5% of the capital on the implementation date of this authority, subject to all legal limits on the allotment. The authority granted for stock options includes an express waiver by stockholders of their preemptive subscription rights.

The purchase price of new and/or existing shares for the beneficiaries shall be set on the date the options are granted by the Board of Directors and may be neither less than 95% of the average opening price of the shares on the Second Marché of the Paris Stock Exchange during the twenty trading days preceding the date the options on new and/or outstanding shares are granted, nor less than 95% of the average purchase price of the shares held by the Company under articles 217-1 and/or 217-2 of the law of July 24, 1966.

No stock purchase or subscription option may be granted less than twenty trading days after detachment of a coupon giving the right to a dividend or a capital increase.

The stockholders' meeting grants full powers to the Board of Directors to set the other terms and conditions and procedures for awarding the options and exercising them including the power to:
- set the conditions under which the options are to be granted and to define the list or categories of beneficiaries;
- set the seniority requirements to be met by the beneficiaries;
- decide on the conditions under which the price and the number of shares may be adjusted, particularly in the cases described in articles 174-8 to 174-16 of the decree of March 23, 1967;
- set the exercise period(s) of the options thus granted, provided that the term of the options does not exceed a period of six years from the date they are granted;

• provide for the option of temporarily suspending the exercise of options for a maximum period of three months in the event of financial transactions involving the exercise of a right attached to the shares.

Plan No. 1

Using the authority granted by the combined annual and special stockholders' meeting of May 25, 2000, the Board of Directors' meeting of September 10, 2001 decided to grant as of October 9, 2001, options giving the right to subscribe to new shares in the Company to be issued in a capital increase up to a total maximum amount of 571,500 euros, representing 150,000 new shares with a par value of 3.81 euros.

These options were granted under the conditions set by the annual and special stockholders' meeting at a price of 43.10 euros, or 95% of the average of the 20 trading days immediately preceding October 9, 2001, rounded up to the nearest tenth of a euro.

These stock options may be exercised from October 9, 2005, the start of the fifth year of allotment, until October 8, 2007, the end of the sixth year of allotment.

Following the allotment of one scrip issue for 11 existing shares in June 2002, then one share for six in June 2004 followed by the 3-for-1 stock split on August 30, 2004, the number of stock options increased to 572,756 and the price was adjusted accordingly to 11.29 euros. Finally for options not exercised before June 1, 2006, the date of the 2-for-1 split after the annual and special stockholders' meeting of May 23, 2006, the number and price were adjusted accordingly at 5.645 euros per share.

Plan No. 2

Using the authority granted by the annual and special stockholders' meeting of May 25, 2000, the Board of Directors' meeting of September 8, 2003 decided to grant 32,000 new options, as of September 8, 2003, for new shares in the Company to be issued in a capital increase, in a total nominal amount of 121,920 euros corresponding to 32,000 new shares with a par value of 3.81 euros.

These options were granted under the conditions set by the special stockholders' meeting at the price of 63.9 euros, corresponding to 95% of the average of the prices quoted at the end of the 20 trading sessions preceeding September 8, 2003.

These stock options may be exercised from September 8, 2007, the start of the fifth year of allotment, and until September 7, 2009, the end of the sixth year of allotment.

The number of options and the price were adjusted for transactions conducted on the capital after allotment, thus after the allotment of one scrip issue for six existing shares in June 2004, followed by the 3-for-1 stock split on August 30, 2004, and by the 2-for-1 stock split on June 1, 2006, the number of stock options increased to 224,000 and the price was adjusted to 9.13 euros.

They must be fully paid up in cash at the time of subscription and will be issued with rights as of the first day of the year in which the option is exercised and with entitlement to the entire dividend paid for that year. The beneficiaries of these options are the corporate officers and the employees directly involved in successfully meeting the five-year objectives.

Plan No. 3

Using the authority granted by the annual and special stockholders' meeting of May 25, 2000, the Board of Directors' meeting of March 8, 2005 decided to grant 150,000 new options for new shares in the Company to be issued in a capital increase in a total nominal amount of 190,500 euros corresponding to 150,000 new shares with a par value of 1.27 euros each. Under this authority, 127,000 stock options were granted.

These options were granted under the conditions set by the special stockholders' meeting at the price of 42.17 euros corresponding to a price slightly above 95% of the average of the prices quoted at the end of the 20 trading sessions preceding March 8, 2005.

These options may be exercised from March 8, 2009, the start of the fifth year of allotment, and until March 7, 2011, the end of the sixth year of allotment.

The number of stock options and the price will be adjusted for transactions conducted on the capital after allotment. They must be fully paid up in cash at the time of subscription and will be issued with rights as of the first day of the year in which the option is exercised, and with entitlement to the entire dividend paid for that year. The beneficiaries of these options are the corporate officers and the employees directly involved in successfully meeting the five-year objectives. Following the two-for-one stock split on June 1, 2006, the number of options corresponding to Plan No. 3 increased to 254,000 and the price was adjusted to 21.085 euros.

On the Chairman's recommendation, the Board of Directors' meeting of December 5, 2005 decided to add a rider to the BOURBON stock option plan of March 8, 2005 maintaining the employees of former BOURBON subsidiaries or sub-subsidiaries as recipients of the BOURBON stock options. These are subsidiaries or sub-subsidiaries sold in connection with the restructuring of the group and its shift in focus to the marine business.

Employees of the BOURBON subsidiaries or sub-subsidiaries that are no longer consolidated within BOURBON will continue to enjoy these rights as long as they are employed with those companies.

• **The combined annual and special stockholders' meeting of June 7, 2005** granted authority to the Board of Directors in its twenty-first special resolution to grant, one or more times, to some or all of the employees or to some categories of employees or the corporate officers, as defined by law, of the Company or of any affiliated companies pursuant to article L 225-180 of the French Commercial Law, options entitling the holder to subscribe for new stock in the Company and/or to purchase existing shares in the Company from purchases made by it.

The Board of Directors may use this authority one or more times during a period of thirty-eight months from the time of the meeting.

The total number of options granted under this authority and not yet exercised may not entitle the holder to subscribe for or to buy a number of shares greater than 5% of the capital stock in the Company after the meeting.

The exercise period for the options may not exceed six years from the date the options are allotted by the Board of Directors.

The decision in question entails the express waiver by the recipients of the stock options of their pre-emptive right to the shares issued as the options are exercised.

The subscription or purchase price of the shares under option shall be set by the Board of Directors on the day the options are allotted, as required by law, but with the exception of the application of any discount, the subscription price shall be determined based on the average prices quoted in the 20 trading sessions preceding the day the shares under option are allotted.

This price may not be changed unless the Company carries out a financial transaction during the option exercise period. In that case, the Company will adjust the price or the number of the shares, as required by law.

All powers were given to the Board of Directors, acting under the foregoing conditions, to grant the foregoing stock options, to set the terms and conditions thereof, in accordance with the law and the bylaws, to designate the beneficiaries, to take due note of the capital increase(s) carried out under this authority, to withhold from the amount of any premiums related to the capital increases the cost of such transactions, to carry out any and all related formalities and to amend accordingly the article of the bylaws setting the amount of the capital.

Plan No. 4

Using the authority granted by the annual and special stockholders' meeting of June 7, 2005, the Board of Directors' meeting of December 5, 2005 decided to grant 300,000 new stock options to be issued in a capital increase in a total nominal amount of 381,000 euros corresponding to a par value of 1.27 euro each. These options were granted under the conditions set by the special stockholders' meeting at the price of 65.50 euros, corresponding to a price slightly above 95% of the average of the prices quoted at the end of the 20 trading sessions preceding December 5, 2005.

These options may be exercised from December 5, 2009, the start of the fifth year of allotment, and until December 4, 2011, the end of the sixth year of allotment.

The number of options and the price will be adjusted for transactions conducted on the capital after allotment. They must be fully paid up in cash at the time of subscription and will be issued with rights as of the first day of the year in which the option is exercised, and with entitlement to the entire dividend paid for that year. The beneficiaries of these options are the corporate officers and the employees directly involved in successfully meeting the five-year objectives. Following the two-for-one stock split on June 1, 2006, the number of options corresponding to Plan No. 4 increased to 600,000 actions and the price was adjusted at 32.75 euros.

Plan No. 5

Using the authority granted by the annual and special stockholders' meeting of June 7, 2005, the Board of Directors' meeting of December 4, 2006 decided to grant 43,200 new stock options in the Company to be issued in a capital increase in a total nominal amount of 27,432 euros, corresponding to 43,200 new shares with a par value of 0.635 euro each. These options were granted under the conditions set by the special stockholders' meeting at the price of 40.05 euros, corresponding to a price slightly above 95% of the average of the prices quoted at the end of the 20 trading sessions preceding December 4, 2006.

These options may be exercised from December 4, 2010, the start of the fifth year of allotment, and until December 3, 2012, the end of the sixth year of allotment.

The number of stock options and the price will be adjusted for any transactions conducted on the capital after allotment. They must be fully paid up in cash at the time of subscription and will be issued with rights as of the first day of the year in which the option is exercised, and with entitlement to the entire dividend paid for that year. The beneficiaries of these options are the corporate officers and the employees directly involved in successfully meeting the five-year objectives.

• Capital increases already carried out

Fiscal year 2005

On October 9, 2005, after the fourth year following the allotment date, the exercise period for the first stock option plan began for options allotted under the authority granted to the Board of Directors by the annual and special stockholders' meeting of May 25, 2000 (Board of Directors' meeting of September 10, 2001).

The exercise of these options by the recipients generated successive capital increases noted as a whole at the first meeting of the Board of Directors for the year 2006, or in the Board meeting of March 20, 2006.

This resulted in the following:
• on the one hand, as of December 31, 2005, 433,577 new shares were subscribed, representing an increase in the capital in the amount of 550,819.38 euros, thus raising the Company's capital to the sum of 31,818,083.53 euros. The subscription premium amounted to 4,344, 264.95 euros.

• on the other hand, for the period between January 1, 2006 and the date of the Board meeting noting the successive capital increases (March 20, 2006), the stock options continued to be exercised, and 11,228 new shares were subscribed, representing an increase in the capital stock of 14,264.13 euros, raising the Company's capital as of that date to the sum of 31,832,347.66 euros, the additional paid-in capital amounted to 112,499.99 euros.

The Board of Directors' meeting of March 20, 2006 therefore noted that BOURBON's statutory capital, rounded down to the nearest whole number, was set at 31, 832,347 euros, and accordingly decided to amend article 7 of the Company's bylaws.

Fiscal year 2006

The exercise by the recipients of the stock options received under the first option plan granted under the authority given to the Board of Directors by the annual and special stockholders' meeting of May 25, 2005 (Board of Directors' meeting of September 10, 2001) continued to generate a capital increase in the Company during fiscal year 2006.

At its first meeting of the year 2007, i.e. during the March 19, 2007 Board meeting, the Board of Directors noted the capital increase that occurred between March 20, 2006 (the date of the last acknowledgement of an increase by the Board of Directors) and December 31, 2006.

As a result, between March 20, 2006 and December 31, 2006, 81,918 new shares were issued at a price of 5.645 euros, adjusted for any transactions conducted on the capital after the annual and special stockholders' meeting of May 23, 2006 doubling (from June 1, 2006), the number of shares comprising the capital. This new share issue represents an increase in the Company's capital of 52,034.60 euros, thus raising the Company's capital from 31,832,347.66 euros to 31,884,382.26 euros. The additional paid-in capital amounted to 410,392.52 euros.

The Board of Directors, in its March 19, 2007 meeting, noted that BOURBON's statutory capital, rounded down to the nearest whole number, was set at 31,884,382 euros, and therefore decided to amend article 7 of the Company's bylaws accordingly.

Article 7 – Capital stock
The capital stock is set at 31,884,382 euros. It is divided into 50,195,528 shares. The shares are all in the same class.

2.3 Potential capital dilution as of December 31, 2006

As of December 31, 2006, 50,195,528 shares of BOURBON stock were outstanding. The stock options not yet exercised and not cancelled will result in capital dilution when exercised.

There is no other form of potential capital.

2.4 Information on stock options

Date of stockholders' meeting	May 25, 2000			June 7, 2005		
	Plan No.1 (1)	Plan No.2 (1)	Plan No.3 (1)	Plan No.4 (1)	Plan No.5	Total
Date of Board meeting	Sept. 10, 2001	Sept. 8, 2003	Mar. 8, 2005	Dec. 5, 2005	Dec. 4, 2006	
Total number of shares that can be subscribed or purchased by specifying:	1,145,512	224,000	300,000	600,000	43,200	–
the number that can be subscribed or purchased by – corporate officers	263,456	49,000	80,000	120,000	–	–
– the top ten employee optionees	329,128	151,900	162,000	124,000	19,800	–
Start date for exercising options	10.09.2005	09.08.2007	03.08.2009	12.05.2009	12.04.2010	–
Expiration date	10.08.2007	09.07.2009	03.07.2011	12.04.2011	12.03.2012	–
Subscription or purchase price	€5.65	€9.13	€21.09	€32.75	€40.05	–
Number of shares subscribed as of 12.31.2006	971,528	–	–	–	–	–
Options cancelled as of 12.31.2006	134,406	33,600	46,000	59,600	–	–
Options remaining as of 12.31.2006	39,578	190,400	254,000	540,400	43,200	1,067,578

(1) Figures adjusted following the different transactions since the plans were allotted.

Should the 1,067,578 options be exercised, the potential capital dilution would be a maximum of 2.08%, or 1,067,578/ (50,195,528 + 1,067,578).

2.5 Changes in the capital over the past five years

Date	Operation	Share issues: Amount of capital increase (€)	Share issues: Number of shares	Share issues: Issue and merger premium	Total amount of capital	Total number of shares
06/21/2002	Allotment of 1 new share for 11 old shares	2,116,446	555,319	–	25,397,351	6,663,828
06/21/2002	Exercise of 9,100 stock warrants (BSA) at the price of € 57.93	41,619	10,920	492,480	25,438,970	6,674,748
09/06/2002	Exercise of 297,710 BSA at the price of € 57.93	1,361,568	357,252	16,111,702	26,800,538	7,032,000
06/28/2004	Allotment of 1 new share for 6 old shares	4,466,726	1,172,000	–	31,267,264	8,204,000
08/23/2004	Merger-consolidation Sté Financière Jaccar	9,472,434	2,485,401	39,393,233	40,739,698	10,689,401
08/23/2004	Capital reduction by canceling the securities received	(9,472,434)	(2,485,401)	(39,393,233)	31,267,264	8,204,000
08/30/2004	3-for-1 stock split	–	–	–	31,267,264	24,612,000
12/31/2005	Exercise of stock options (October 2005 to December 2005)	550,819	433,577	4,344,265		25,045,577
03/20/2006	Exercise of stock options (January 1 to March 20, 2006)	14,264	11,228	112,500	31,832,347	25,056,805
05/31/2006	Exercise of stock options (March 21, 2006 to May 31, 2006)	5,632	4,433	44,417	31,837,979	25,061,238
06/01/2006	2-for1 stock split	–	–	–	–	50,122,476
12/31/2006	Exercise of stock options (June 1 to December 31, 2006)	46,403	73,052	365,976	31,884,382 (1)	50,195,528

(1) Capital increase related to the options exercised, amended only on March 19, 2007.

The number of shares comprising the capital stock and the number of voting rights are adjusted monthly as necessary in accordance with the “Transparency Directive”. This information is available on the Company’s website, www.bourbon-online.com under the heading “Finance” – “Regulated information”.

2.6 Significant transactions affecting the distribution of capital over the past three years

On April 23, 2004, Schroders reported it had fallen below the 5% threshold for capital and voting rights.

On August 23, 2004, the Company Financière Jaccar, following the merger-consolidation with BOURBON, reported that it had fallen below the threshold by 20% to 0%; at the same time, Jaccar reported it had exceeded the threshold by going from 0% to 10%, and the Company Bearing Venture Capital exceeded the threshhold by 5 %. Then on September 16, 2004, Jaccar reported it had moved from 10% to 20%. On October 21, 2004, the Company Bearing Venture Capital announced it had fallen below the 5% threshold. Lastly, Gebema (part of the Gevaert group) said in turn that it had dropped below 5%.

Jaccar reported the acquisition of 985,114 shares on June 27, 2005 and 100,000 shares on June 13 and 14, 2006. Thus its stake amounted to 23.75% as of December 31, 2006.

On October 10, 2006, Schroders reported it had exceeded the 5% threshold, with 2,523,062 shares on that date.

Lastly, on April 17, 2007, after a sale of shares, Schroders reported it had again fallen below the 5% threshold for capital and voting rights, and that it held on that date 2,420,812 shares.

Thus as of the registration date of the "2006 Registration Document", and to the Company's knowledge, only one stockholder, Jaccar, owned more than 5% of the capital and voting rights.

Furthermore, Jaccar reported that it "[was] acting alone, reserving the option of stopping or continuing its purchases depending on the circumstances and market positions and [was] not planning to acquire control of BOURBON".

2.7 Changes in the stockholder base

	Position at 12.31.06			Position at 12.31.05			Position at 12.31.04		
Stockholder	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Jaccar (*)	11,919,960	23.75	23.77	5,909,980	23.60	23.60	4,924,866	20.01	20.02
Schroders	2,523,062	5.03	5.03	–	–	–	–	–	–
Treasury stocks	43,936	0.09	–	660	0.00	–	7,914	0.03	–
Employees	474,107	0.94	0.94	237,888	0.95	0.95	211,000	0.86	0.86
Public	35,234,463	70.19	70.26	18,897,049	75.45	75.45	19,468,220	79.10	79.13
TOTAL	**50,195,528**	**100.00**	**100.00**	**25,045,577**	**100.00**	**100.00**	**24,612,000**	**100.00**	**100.00**

(*) Jaccar: family of Jacques d'Armand de Chateauvieux.

2.8 Distribution of capital and voting rights as of December 31, 2006

Total number of shares (December 31, 2006)	50,195,528
Total number of voting rights (December 31, 2006)	50,151,592
Approximate number of stockholders (TPI stockholder identification procedure at February 7, 2007)	35,000
Stockholders owning 5% or more of the capital or voting rights (December 31, 2006)	
– more than 20%	Jaccar
– more than 10%	None
– more than 5%	Schroders

To the Company's knowledge, there are no other stockholders owning, either directly or indirectly, or together 5% or more of the capital and voting rights.

Percentage of capital and voting rights held by all the members of the Board of Directors:
- capital: 29.5%
- voting rights: 29.5%

As of December 31, 2006, the Company held 43,936 shares or 0.09% of the capital.

In addition, as of that same date, 851 employees owned 0.94% of the capital with 474,107 shares.

Since December 31, 2004, there has been a stockholders' agreement stipulating a collective pledge to retain shares of BOURBON stock ("Loi Dutreil", article 885 I of the French General Tax Code "Code Général des Impôts") involving 27.17% of the capital.

This agreement, which is tax-related in nature, does not under any circumstances represent a "collective action" to implement a voting policy or a BOURBON management policy.

It does not contain any preferred terms for sales.

2.9 Price trend in euros over 18 months

Date	High	Low	Volume	in € m
2005				
September	35.78	29.10	1,396,988	90.80
October	36.98	31.83	1,522,743	102.62
November	35.58	33.43	914,406	62.71
December	37.10	34.53	1,080,981	77.44
2006				
January	44.45	36.00	995,311	79.92
February	46.60	39.00	1,481,357	128.56
March	46.95	42.83	1,549,390	140.33
April	51.95	44.05	1,176,470	113.17
May	53.25	41.10	3,778,367	358.63
June	45.90	34.00	4,191,199	165.53
July	43.10	38.22	1,797,490	73.88
August	43.60	38.15	3,363,553	136.00
September	40.98	36.81	3,465,685	133.16
October	45.00	36.21	3,616,462	144.79
November	44.29	40.20	3,875,941	164.53
December	42.18	39.73	3,599,883	147.35
2007				
January	43.19	39.44	3,611,655	149.93
February	48.70	42.90	2,983,584	137.82

2.10 Dividends

Closing date	Net dividend/ share	Dividend Tax credit/ share	Gross dividend/ share	Total payout in thousands €
December 31, 2002	1.08	0.54	1.62	7,595
December 31, 2003 (1)	1.40	0.70	2.10	9,845
December 31, 2004 (2)	0.56	–	0.56	13,783
December 31, 2005 (3)	1.00	–	1.00	25,046
December 31, 2006 (4)	0.60	–	0.60	30,117

(1) 7,032,000 shares.
(2) 24,612,000 shares.
(3) 25,045,577 shares.
(4) 50,195,528 shares.

Trademarks, licenses, patents, real properties, plant and equipment

1. TRADEMARKS, LICENSES, PATENTS

The BOURBON Company has filed its logo, including the graphic features. It has also protected its trademarks, i.e. BOURBON, Bourbon Offshore, Les Abeilles, Setaf Saget and Setaf for the products and services concerned.

2. PROPERTY, PLANT AND EQUIPMENT

BOURBON generally owns its operating resources, with the exception of those of the Bulk Division.

The group's tangible assets consist mainly of vessels representing nearly 94% of the line item (excluding fixed assets in progress and prepaid expenses).

At year-end 2006, the fleet owned by the **Offshore Division** included 113 crewboats and 73 supply vessels.

Aside from the five intervention and assistance tugs, the **Towage & Salvage** Division operates 62 harbor tugs, in France and abroad.

Lastly, the **Bulk Division** fully owns six bulk carriers for its solid bulk shipping business.

A summary of BOURBON's property, plant and equipment and the principal related expenses (amortization, depreciation and provisions) appears in note 3.3 of the notes to the consolidated financial statements (page 57).

Annual information document

BOURBON PRESS RELEASES FROM JANUARY 1, 2006 THROUGH DECEMBER 31, 2006

The press releases or publications below are available on the AMF website, www.amf-france.org, and/or on the website www.bourbon-online.com (under the heading "Press Releases").

Date	Description
January 13, 2006	Admission of BOURBON to compartment A and eligibility for Deferred Settlement Service (SRD).
January 18, 2006	BOURBON invests in US offshore oil and gas marine services by making USD 9.1 million equity investment in Rigdon Marine.
February 10, 2006	BOURBON (new scope): 2005 revenues up sharply at 614.4 million euros, or +19.1 %
February 28, 2006	Horizon 2010 : BOURBON positions itself to become the market leader in offshore oil and gas marine services.
March 17, 2006	Annual assessment of the liquidity contract with CM CIC Securities
March 23, 2006	2005 Annual results
April 24, 2006	BOURBON orders 56 platform supply vessels for its offshore oil and gas services
April 25, 2006	Amount of Statutory Auditors' fees
April 27, 2006	BOURBON orders 12 new harbor tugs
May 10, 2006	First quarter 2006 revenues
May 24, 2006	Annual and Special Shareholders' Meeting of May 23, 2006
June 23, 2006	For fair competitive conditions in the Port of Le Havre
June 26, 2006	BOURBON announces the commissioning of the Bourbon Orca, an advanced technology vessel for the modern offshore oil and gas sector
August 10, 2006	First half 2006 revenues
August 11, 2006	Midyear assessment of the liquidity contract with CM CIC Securities
September 13, 2006	First half 2006 results
October 24, 2006	Les Abeilles Le Havre maintains its fleet and quality standards whilst adopting an aggressive marketing policy
November 3, 2006	Under completely safe conditions Les Abeilles International carries out the delicate operation of pumping fuel oil from MV Rokia Delmas container vessel, which ran aground off the coast of the Island of Ré
November 9, 2006	Third quarter 2006 revenues

STRATEGIC AND FINANCIAL PRESENTATIONS (SLIDESHOWS)

Documents available on the website www.bourbon-online.com (under the heading "Slideshows").

Date	Description
February 28, 2006	Slideshow Horizon 2010 Strategy
March 23, 2006	Slideshow 2005 Annual results
May 23, 2006	Slideshow annual and special stockholders' meeting of May 23, 2006
September 13, 2006	Slideshow First-half 2006 results

REGISTRATION DOCUMENT

The Registration Document is available on the AMF website, www.amf-france.org, and on the website, www.bourbon-online.com (under the heading "Annual Reports").

Date	Description
May 15, 2006	Registration Document/Annual Report 2005

DECLARATIONS

Information available on the AMF website, www.amf-france.org.

Monthly declarations of purchases and sales by the companies of their own shares

Date	Description
January 16, 2006	Declaration of purchases/sales of own shares
February 13, 2006	Declaration of purchases/sales of own shares
March 13, 2006	Declaration of purchases/sales of own shares
April 18, 2006	Declaration of purchases/sales of own shares
May 22, 2006	Declaration of purchases/sales of own shares
June 12, 2006	Declaration of purchases/sales of own shares
July 17, 2006	Declaration of purchases/sales of own shares
August 21, 2006	Declaration of purchases/sales of own shares
September 18, 2006	Declaration of purchases/sales of own shares
October 9, 2006	Declaration of purchases/sales of own shares

Declarations by executives of transactions involving the Company's stock

Date	Description
June 27, 2006	Declarations by executives

Thresholds crossed

Date	Description
October 20, 2006	Threshold crossed

Information published in the Legal Gazette [BALO]

The information published in the *"Bulletin des annonces légales obligatoires (BALO)"* is available on the official website: balo.journal-officiel.gouv.fr.

Date	Description
March 1, 2006	Revenues 2005
March 31, 2006	BOURBON doubles its net income group share to 205 million euros
April 21, 2006	Invitation to the annual and special stockholders' meeting of May 23, 2006
May 10, 2006	Annual financial statements as of December 31, 2005
May 15, 2006	First quarter 2006 revenues
May 26, 2006	Correction to the annual financial statements
June 2, 2006	Voting rights for the May 23, 2006 annual meeting
June 7, 2006	Amendment to the bylaws
June 14, 2006	Number of voting rights after the two-for-one stock split
June 23, 2006	Notice of non-modification of the annual financial statements at December 31, 2005
August 11, 2006	First half 2006 revenues
October 23, 2006	First-half financial statements at June 30, 2006
November 15, 2006	Third quarter 2006 revenues

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