MORE THAN A BUSINESS, AN ATTITUDE OF MIND

BOURBON

Building together a sea of trust

CONTENTS

A MAJOR INTERNATIONAL PLAYER IN MARINE SERVICES

BOURBON is a major international player in marine services and offers the most demanding oil and gas clients worldwide, a comprehensive range of new-generation, innovative, and highly efficient vessels, and an extensive offer of subsea services. The Group's ambition is to be the confirmed leader in marine services for modern offshore by 2012.
BOURBON is also engaged in protection of the French coast, with vessels chartered by the French Navy, and it is developing its bulk transport activity for industrial groups.

BOURBON is present in over 25 countries with a staff of 4,300 skilled professionals and a directly-owned fleet of 236 vessels.
The Group is structured around two divisions, both undergoing an ambitious investment strategy and developing recognized expertise, based on service quality, technological progress, professional strength and long-term relations with their commissioning clients.

The Offshore Division is organized around two activities:
- Marine Services, incorporating offshore oil support vessels and assistance, salvage and coastal protection through Les Abeilles;
- Subsea Services, incorporating Inspection, Maintenance and Repair services for subsea oil fields.

The Bulk Division transports solid raw materials on every ocean on the planet and to all destinations worldwide. It offers a comprehensive range of logistics services to major international companies, using its own or chartered vessels.

OFFSHORE

MARINE SERVICES

- Offshore support vessels
- Crewboats
- Assistance and salvage tugs

SUBSEA SERVICES

- Engineering & management (Bourbon Offshore Gaia)
- IMR vessels
- Subsea ROVs operations (DNT Offshore)

BULK

ANTICIPATING TOMORROW'S CHALLENGES

Jacques de Chateauvieux
Chairman and Chief Executive Officer

2007 marks the ultimate stage of a plan whose achievements are exceeding the initial objectives. BOURBON's focus on marine services for offshore oil and gas and bulk transport has now reached fruition, with the sale of the remaining holding in Vindémia and port towage activities. The 2003-2007 plan has been substantially exceeded with revenue growth of 25%, of which 29% was in Offshore and 18% in Bulk, despite the unfavorable strengthening of the euro against the dollar. This excellent growth has, as anticipated, been financed by the generation of a gross operating income in the Offshore and Bulk divisions and the proceeds of asset disposals. After accounting for installments on orders for vessels under construction, BOURBON's net operating debt is limited and supports the self-financing capacity of our company's growth.

These very satisfactory performances have been achieved through the great professionalism and commitment of the men and women at BOURBON. Employee numbers have steadily increased as new vessels have been delivered. Now, with over 4,300 professionals and a modern fleet of nearly 250 vessels, BOURBON has the necessary strength for the success of its new Horizon 2012 plan.

To develop its two Divisions in this promising market, BOURBON has ordered over 200 new vessels for an investment of 2 billion euros.

These modern and highly productive vessels are being produced in series at competitive shipyards and will increase the fleet of the Offshore Division, making it the world leader

> “The objectives of the 2003-2007 plan have been substantially exceeded; we have demonstrated our capacity to control our growth, finance our investments and implement them. We are embarking on the Horizon 2012 plan with confidence, with the prospect of conquering new market share and leadership in modern offshore marine services.”

by 2012. The success of this plan relies on the recruitment of some 5,000 new employees for whom an unprecedented training effort has been established.

In addition, to meet the growing needs for Inspection, Maintenance and Repair (IMR) of deepwater offshore oil fields, BOURBON is developing a Subsea activity integrating support vessels, subsea robots and skills in engineering and offshore operations management.

Bulk Division investments will enable growth of customer services, with part of the fleet directly-owned and expanding rapidly. This will contribute to increasing BOURBON’s generation of gross operating income.

The Horizon 2012 plan will also be mainly self-financed from steady cash flow generated by a policy of medium/long-term contracts reflecting lasting relations with our clients.

In addition to the performances of the Bulk Division and coastal protection services, by 2012 BOURBON’s Offshore Division will have the most modern fleet of vessels. These vessels and the expertise of our crews are the basis for the anticipated growth in our market share, among the most demanding clients worldwide.

BOURBON owes its profitable growth to the confidence shown by our clients and to the responsibility and commitment of our employees on all continents who work together and create value for its shareholders. They all deserve our thanks.

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
The Bourbon group diversifies its activities in 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.

2007
BOURBON sells its port towage activity and acquires DNT Offshore, operator of subsea ROVs.

2008
The Group announces its new strategic plan BOURBON Horizon 2012 and confirmed its ambitions for leadership on the modern offshore marine services market.

HORIZON 2012

UNIQUE KNOW-HOW TO MEET THE NEW CHALLENGES

> In February 2006, BOURBON announced the Horizon 2010 plan, a strategy based on a fresh appraisal of the market and the consequent investment in a modern fleet. In February 2008, BOURBON announced its Horizon 2012 strategic plan, which expands and extends its perspectives.

+ 17% annual average growth in revenues

+ 21% for the Offshore Division
+ 7% for the Bulk Division

OIL MARKET: LIKELY EXTENSION OF THE FAVORABLE MARKET CYCLE

The offshore oil and gas market is expanding rapidly due to the need to increase proven reserves, to get new discoveries onstream and thus meet the unavoidable decrease in production from existing fields.

The willingness of oil companies to invest is nevertheless hampered by bottlenecks at equipment suppliers, the time necessary for approval by the producer countries for the desired developments, and the growing difficulties of mobilizing the necessary human resources. The favorable market cycle should therefore continue for longer than anticipated.

Demand is primarily focused on major deepwater developments where the majority of discoveries have been made in recent years. Exploration and development are holding up well and leading to the commissioning of a greater number of fields. This has a knock-on effect, after a due time lag, resulting in increased maintenance activities. In addition, the sharp rise in the price per barrel is making the stimulation of declining production in existing oil fields profitable again. At the same time, investments in shallow water are sparking demand for vessels operating in this segment of the market.

AN ENLARGED OFFSHORE OFFER TO MEET MARKET DEMAND

Having established a modern fleet for deepwater offshore, BOURBON is expanding its offer in two directions:

- innovative and highly productive vessels to replace old and obsolete vessels currently operating on mature continental offshore fields. These units are produced in series in competitive shipyards and offer the maneuverability of dynamic positioning as well as the cost control of diesel electric for shallow water offshore. Their capacity to also operate in deepwater make them a perfect tool for improved productivity in oilfield logistics.
- a Subsea Services Activity that integrates dedicated deepwater IMR vessels (Inspection, Maintenance, Repair), subsea robots and offshore management and engineering.

The common feature of this expansion in BOURBON's offer is that it primarily addresses production activities, for which the demand can be forecasted and which will be decisive for the clients' operations.

> The new Subsea Services Activity will be able to count on a fleet of 21 subsea ROVs.

> By 2012, 16 new vessels will reinforce the fleet of the Bulk Division.

> 85% of investments planned for Horizon 2012 will be devoted to the Offshore Division.

2 billion euros in investments

1.7 billion euros for the Offshore Division
300 million euros for the Bulk Division

440 directly-owned vessels & **21** ROVs

418 offshore vessels (marine services and IMR)
22 bulk transport vessels

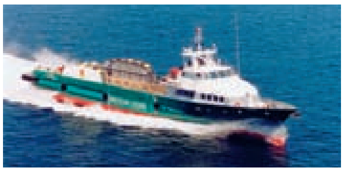
BULK MARKET: STRONG GROWTH

The bulk market is fragmented. The overall size of the players has no strategic value and market share has little incidence on absolute or relative profitability. Market cycles fluctuate in response to changes in availability of vessels to the demand for transport. To ensure controlled growth of this division, it is necessary to own a substantial proportion of vessels, as well as have employee know-how in chartering, logistics management and controlling port operations.
Since 2003, the dry bulk market has grown steadily. This is likely to continue in the medium term due to the global increase in demand for transport, especially from India and China, and the saturation of traditional sources of raw materials supplies, such as coal and iron ore, inducing new sources for merchandise, new routes and congestion at certain ports. In this favorable context which has resulted in a sharp rise in freight rates, BOURBON has decided to develop its business and invest in new vessels.

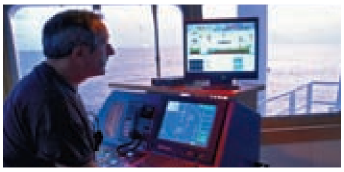
HORIZON 2012 PLAN: AMBITIOUS OBJECTIVES

The sale in 2007 of the Port Towage activity to the Spanish group Boluda Corporación Marítima gave BOURBON new margins for manœuvre to invest in the two divisions of offshore (which now includes Les Abeilles for assistance and salvage) and bulk.
The Horizon 2012 plan, which defines the Group's strategy and objectives for the next 5 years, is characterized by ambitious objectives underpinned by very sizeable investment sums:
- expected average annual growth in revenues of 17% (21% for the Offshore Division and 7% for the Bulk Division);
- a sharp rise in the number of vessels;
- an investment volume, over and above the installments paid out in 2007, of 2 billion euros, with 85% to the Offshore Division, and largely financed by operations;
- EBITDA (gross operating income) target on average capital employed of 18% in 2012.

OFFSHORE DIVISION
MAJOR INVESTMENTS, AN EXPANDED OFFER



230
vessels and 188
on order



484.5
million euros
in revenues

Over
4,000
employees

- Offshore support vessels
- Crewboats
- Assistance and salvage tugs

MARINE SERVICES

- Engineering & Management
- IMR vessels
- Subsea ROVs operations

SUBSEA SERVICES

With a modern fleet of 230 offshore vessels and 188 on order (as of February 6, 2008), BOURBON's Offshore Division with its 4,000 qualified employees (onshore personnel, officers and seamen) offers a comprehensive range of vessels and offshore oil and gas services.

With operations in over 25 countries, Bourbon Offshore is strengthening its base in the "Golden Triangle" between West Africa, Brazil and the Gulf of Mexico, and in the North Sea, and it is making full use of a strategy of acquisitions, alliances and partnerships with complementary local players, so it can develop rapidly in new regions, such as Asia and the Middle East. Bourbon Offshore's clients include the major international oil companies (such as Total, Exxon Mobil, Shell, BP, Chevron, Agip, Conoco Phillips) and numerous regional or national oil companies (such as Petrobras in Brazil, Pemex in Mexico, and ONGC in India).

In 2007, the Offshore Division commissioned 37 new vessels and recruited over 600 employees to underpin the growth of its activity. Revenues rose to 484.5 million euros, up 21.9%, representing 63% of the Group's revenues.

Horizon 2012 objectives

- DEVELOPMENT OF THE SUBSEA SERVICES ACTIVITY
- AVERAGE REVENUE GROWTH: + 21% per annum
- INVESTMENTS: 1.7 billion euros (in addition to the installments already paid out in 2007), of which 600 million euros were for Subsea Services, mainly to strengthen the fleet of offshore vessels and subsea ROVs

MARINE SERVICES

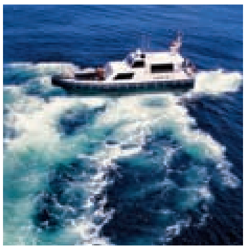
A LATEST GENERATION FLEET FOR AMBITIOUS GROWTH

37
new vessels in 2007

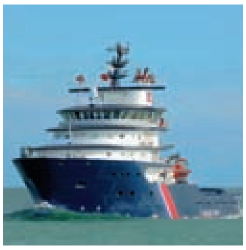
219
operating vessels

169
vessels on order

OFFSHORE SUPPORT VESSELS



CREWBOATS



SURFERS/ ASSISTANCE AND SALVAGE TUGS

> The Marine Services Activity includes offshore oil and gas support vessels and Les Abeilles assistance and salvage tugs. Exploiting a dynamic policy of medium- and long-term contracts, the Marine Services Activity provides a comprehensive range of services ideally suited to the specific requirements of the most exacting oil clients.

STRATEGY AND OUTLOOK

The Marine Services Activity has been the recipient of an ambitious investment plan, with 169 vessels on order.
These investments will enable BOURBON to confirm its position on the market for renewal of offshore continental vessels, characterized by an ageing and obsolete fleet, and maintain its position in deepwater offshore, a market on which BOURBON was an early leader, having invested heavily under the previous plan. The objective of the Horizon 2012 plan is to achieve average revenue growth of 17% per annum.

BOURBON EXPANDS ITS PORTFOLIO OF CLIENTS

2007 saw a very satisfactory increase in revenues, reflecting the greater number of vessels in operation and the expanded portfolio of clients. Contracts were signed with new clients such as PTTEP, the national operator in Thailand, Murphy and Talisman in Malaysia, and Saudi Aramco in Saudi Arabia.
BOURBON also strengthened its presence alongside the supermajors Total, Exxon, Shell, and BP and the state-owned oil companies Pemex and ONGC.

MARINE SERVICES

> Above The Kakulo, a tug used for assistance and operations on offshore oil and gas terminals.
> Right The AHTS Bourbon Surf and Bourbon Borgstein, by a semi-submersible platform in the North Sea.

THE FLEET

BOURBON's Marine Services fleet consists of 219 vessels which, between now and 2012, will be supplemented by 169 vessels currently on order, representing one vessel delivered every 12 days. 37 new vessels were commissioned in 2007: 13 supply vessels and 24 crewboats. 19 supply vessels and 48 crewboats will be delivered in 2008.

■ Offshore support vessels: 70 operating vessels (49 in deepwater offshore and 21 in continental offshore (and 100 vessels on order)

- Anchor Handling Tug Supply vessels (AHTS) for towing and anchoring drilling rigs. These vessels are used for moving and positioning oil platforms. They are equipped with very powerful engines and winches for towing drilling rigs, positioning and moving anchors, and handling a variety of equipment used in oil and gas production.
- Platform Supply Vessels (PSV) for supplying equipment and special materials to offshore installations. Apart from their vast deck surface which can transport all types of equipment, including abnormal-sized packages, they have considerable storage capacity.
- Oil and gas terminal tugs specialized in assistance for Floating Production Storage Offloading (FPSO) on offshore terminals.

■ Crewboats (69 vessels on order)

- Fast Supply Intervention Vessels (FSIV) for urgent supplies and transport of crew.
- Passenger transport vessels for taking personnel to oil sites and moving them between platforms.

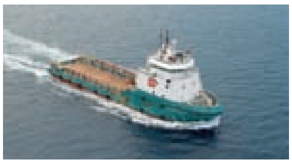
■ 5 assistance and salvage tugs Les Abeilles: assistance, salvage, pollution clean-up and fire-fighting, including the Abeille Bourbon and the Abeille Liberté, commissioned in 2005.
Les Abeilles is backed by the expertise of 130 employees.
It has been responsible for the protection of the French coast for 30 years on behalf of the French Navy and in that time has carried out over 400 assistance and salvage operations, 400 damaged vessel escort operations, and over 600 stand-by operations for vessels in difficulty.
Les Abeilles tugs are strategically positioned for sea raising and refloating operations, open sea towing and oil pollution clean-up.
In 2007, they carried out 25 salvage operations, 6 of which were major incidents.

> Top Deck crew preparing to crane a package onto a platform.
> Above Bourbon Leda, an FSIV equipped to transport 65 passengers.

> The assistance and salvage tug Abeille Bourbon in action with a damaged container ship.

The Bourbon Liberty series: a revolution on the offshore market

The new series of 76 Bourbon Liberty PSV and AHTS vessels, designed and built through a partnership between BOURBON, Sinopacific shipyards, architect Guido Perla & Associates and engine manufacturer EPD, is a key component of the innovation strategy for the offshore fleet. These vessels offer the most rigorous characteristics of deepwater offshore adapted to continental offshore by integrating a host of decisive innovations into mass production to optimize operating and safety conditions:
- DP2 dynamic positioning, an essential safety feature for anchoring and supply operations;
- diesel electric propulsion, which reduces fuel consumption by 20 to 30% and offers better maneuvrability thanks to integrated azimuth 360°-directional thrusters (Z-drive technology);
- redundancy of three engines and three thrusters, a reliability and security feature guaranteeing that operations can be performed with two engines and thrusters;
- engines installed on the main deck level which increases the cargo space available on the lower deck of the PSV;
- the oval design of the reservoir holds which enable more efficient transport of liquid mud (640 m^3) and faster transfer and cleaning operations.



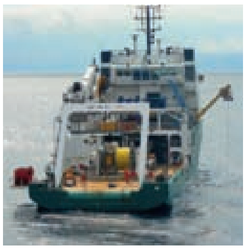
SUBSEA SERVICES
A FAST-GROWING ACTIVITY

11
IMR vessels in operation

7
subsea ROVs

23
units on order
(19 vessels and 4 ROVs)

ENGINEERING
& MANAGEMENT



IMR VESSELS

SUBSEA ROV'S
OPERATIONS

> The Subsea Services Activity of the Offshore Division incorporates BOURBON's existing activities on the Inspection, Maintenance and Repair market, the IMR engineering services and supervision of offshore operations, and the realization of subsea work, thanks to a fleet of robots that can operate at great depths.

BOURBON has been operating for several years in West Africa on the IMR (Inspection, Maintenance and Repair) market for offshore subsea oil installations.
Initially, the Group offered oil operators its MPSV (Multi Purpose Support Vessels) for these operations.
Since 2004, Bourbon Offshore Gaia has also offered IMR engineering services and supervision of offshore operations.
In 2007, with the acquisition of the Italian company DNT Offshore, BOURBON supplemented its expertise and added a third wing to its array of services: subsea robot operations (ROVs) for subsea maintenance. The Subsea Services Activity is now a separate unit within the Offshore Division.

STRATEGY AND OUTLOOK

Over the last ten years, the coming onstream of numerous deepwater offshore oil field has generated new and growing requirements for maintenance and repair.
The market is tending to require the provision of global services. With its new subsea services, BOURBON will retain great flexibility and the Group will continue to offer its oil operator clients a global or modular service that can include IMR vessels, engineering and management services, and subsea robot operations. Because of the life cycle of oil fields, this activity is largely based on long-term contracts that allow for the planned and optimized management of the activity, as is already the case for the offshore support fleet of vessels.

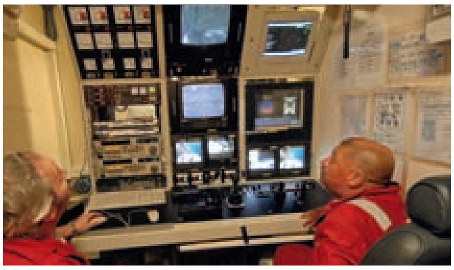
SUBSEA SERVICES

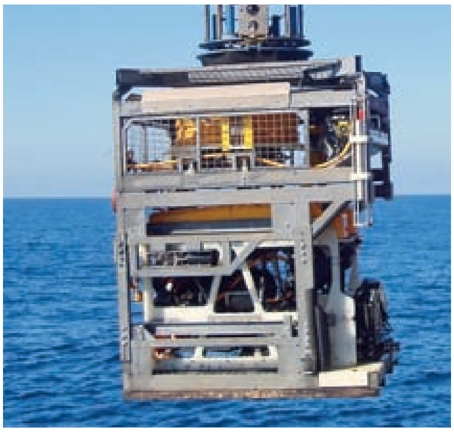
> **Above** Preparation for laying a cable on the MPSV Vissolela, an IMR vessel.
> **Opposite** Vissolela preparing for the positioning of a jumper.

BOURBON anticipates average growth of 38% per annum for the Subsea Services Activity by 2012. To support this strong growth and reinforce the existing fleet of 11 IMR vessels, in February 2008, BOURBON ordered a series of 10 GPA 696-design vessels specifically adapted for this type of operation, for a total of 450 million euros. With 9 vessels already under construction, by 2012 BOURBON will have a fleet of 30 dedicated IMR vessels.
The Horizon 2012 plan also provides for investing 70 million euros in the fleet of subsea robots (ROVs), to expand it from 7 to 21 units. Four high-power ROVs were ordered in March 2008. Ten more new-generation ROVs will be ordered in due course and will incorporate the latest technological developments on this fast-evolving market.

BOURBON OFFSHORE GAIA: ENGINEERING & MANAGEMENT OF SUBSEA OPERATIONS

Bourbon Offshore Gaia carries out engineering for IMR projects on operational oil fields (replacement of *jumpers*, well heads, *control pod*, cables, etc.).
Its teams operate at three levels:
- adapting the equipment of IMR vessels to the specifics of each subsea operation: cranes, ROV interfaces, acoustic positioning;
- operations engineering: planning hoist rigging, lifting and positioning operations on the sea bed;
- management of offshore operations: organization of the logistics and management of personnel required for the installation, coordination of onboard operations, direction of hoisting operations on the deck at sea, launch into water and positioning on the seabed.
By 2012, this growing subsidiary will have a staff of 200.





> **Top** ROV control room.
> **Above** Launch of a DNT Offshore ROV.

> Preparation for launch of a subsea package (Xmas tree and well head).

DNT OFFSHORE: SUBSEA INSPECTION AND INTERVENTION

Now part of the Subsea Services Activity, DNT Offshore, an Italian company operating subsea ROVs is renowned for the professionalism of its teams and the quality of its fleet of robots. Created in 2002, it is a dynamic and innovative company, specializing in inspection work for continental or ultra-deep offshore with low-power totally electric ROVs (Cougar, Falcon). Thanks to the dedication of its 44 employees, with an average age of under 30, in 2007, the company's revenues were up by 18.6%.
With investments in additional more powerful new-generation ROVs, BOURBON will be able to expand the subsidiary's activity to more technical maintenance and repair work on subsea installations. By 2012, it will have a staff of 120. DNT Offshore will also continue to operate under its own name in the continuity of its external market.

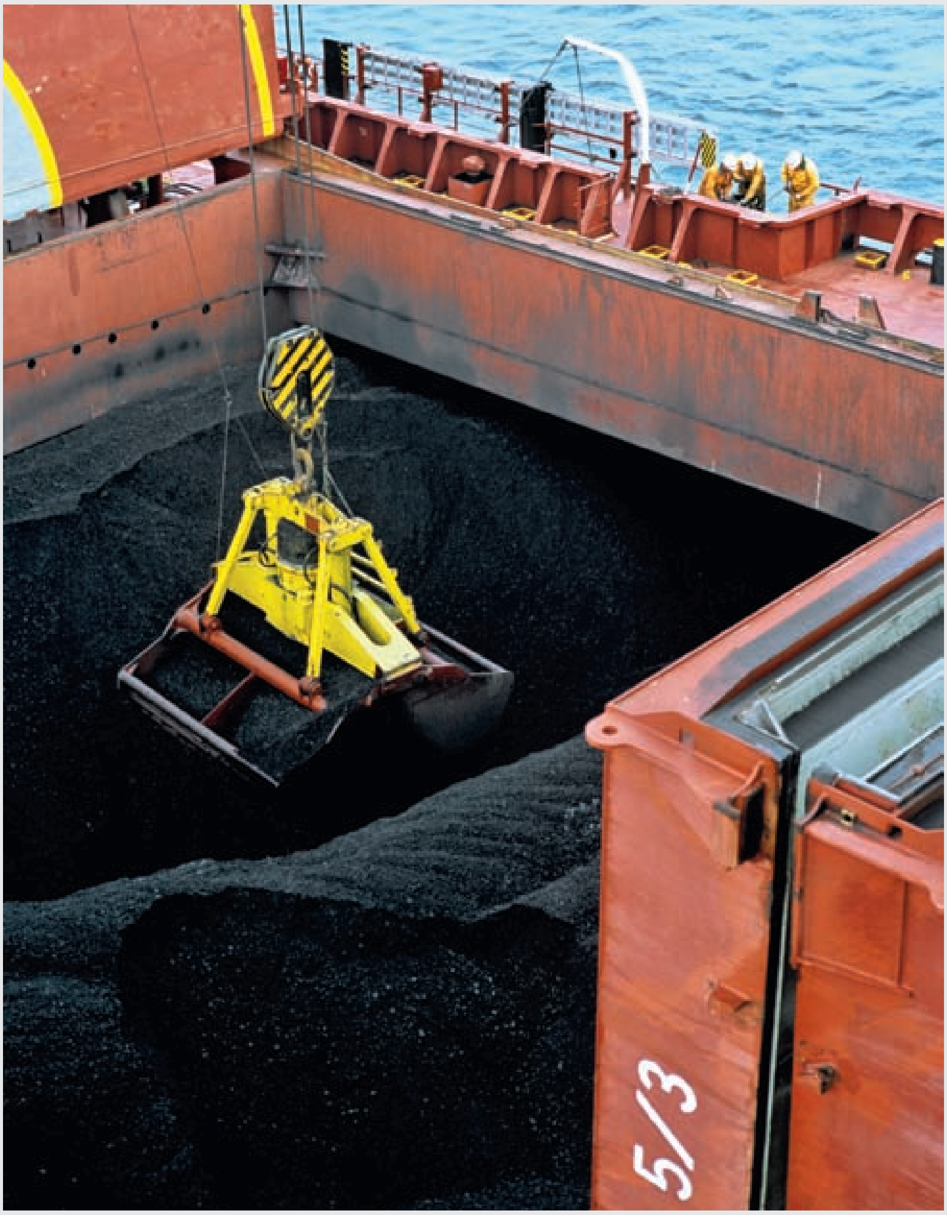
DNT Offshore robots

DNT Offshore currently has 7 subsea robots called "light vehicles", equipped with dexterous manipulators, each having a hoisting capacity/bollard pull of 150 kg, destined for inspection work and light subsea intervention.
Four new ROVs ordered in February 2008 will be delivered in 2008-2009 and will supplement the fleet with some of the most powerful robots on the market.
These robots can operate to a depth of 4,000 meters and are equipped with the latest deep positioning technologies and high-definition cameras. They operate for cumbersome tasks such as well head connections.

BULK DIVISION
AN EXPANDING FLEET FOR PROFITABLE GROWTH

16
vessels on order
and 6 directly-owned vessels

244.8
million euros
of revenues



> Inspection of the deck and holds by the bosun.

> Over 16 million tons are shipped each year by Bulk Division vessels across all seas of the world.

> Start of coal unloading operations by 13 m^3 "Peina" buckets onboard the Shangor.

BOURBON is an international player in maritime transport of dry bulk (coal, iron ore, cement, grain, etc.) through its subsidiary Setaf, which operates on all seas of the globe and in 2007 shipped over 16 million tons. Setaf's wide range of expertise enables it to provide customized solutions to the specific requirements of its industrial clients including analysis of the freight market, research on particular facilities at different ports, freight quotations, transport bids, consultancy and legal assistance, the chartering of all types of bulk carrier, and supervision of loading and unloading operations. Based in France and with operating bases in North America and Asia, Setaf is now expanding its activity in China and India. The company has structured its organization to offer a highly responsive locally-based service that ensures the high quality of its operations with close monitoring and optimization of time and costs. Setaf thus provides its commissioning clients with an effective and long-term relationship for the provision of outsourced logistics.

Horizon 2012 objectives

- STRENGTHENING OF SHIPBUILDING POSITION, by extending its range of bulk carriers with 16 new vessels (4 panamax, 11 supramax and 1 cement carrier)
- AVERAGE GROWTH IN REVENUES: + 7% per annum
- INVESTMENTS: 300 million euros, devoted to strengthening its directly-owned fleet

> Above The crew attach the buckets to cranes before the start of unloading.
> Opposite It takes about 60 hours to unload a cargo of coal from a 48,000-ton carrier like the Shangor.

Setaf specializes in the management of 50,000-ton to 70,000-ton supramax vessels. In addition to its 6 directly-owned vessels with an average age of 3 years, it operates a fleet of vessels of various sizes, either on long-term charter or chartered on the spot market to meet the needs of its clients.

A FAVOURABLE MARKET FOR THE DEVELOPMENT OF THE ACTIVITY

2007 was marked by a global increase in the demand for transport, longer sea journeys and port congestion, while a significant increase in freight rates was evident.
In 2007, the Bulk Division posted revenues of 245 million euros, up 44.7% compared to 2006, representing 32% of the Group's revenues.

STRATEGY AND OUTLOOK

The positioning of the Bulk Division remains unchanged: the aim is to offer the quality of a specialist in logistics and transport of dry bulk products for industrial companies, under a long-term contractual relationship. To ensure it can meet its commitments to clients, on an annual or multi-year basis, Setaf needs to have a sufficient fleet of directly-owned or long-term chartered vessels. At the end of 2007, BOURBON therefore decided to invest to strengthen its position as shipowner and extend the range of Setaf's bulk carriers.
Under the Horizon 2012 plan, 300 million euros will be invested in the construction of 16 new vessels (4 panamax, 11 supramax and 1 cement carrier).
With a directly-owned fleet that will represent around 30% of the bulk carriers necessary for its activity, BOURBON expects Setaf to see average growth in revenues of 7% per annum.

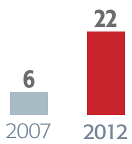
> Aerial view of hold No.5 during unloading.

> Top The crews of the Division's bulk carriers consist (depending on the type of vessel) of around 20 seagoing personnel (seamen and officers).

> Above Bulk carriers can transport a diverse range of products such as cement (photo), coal, iron ore, etc.

Fleet of bulk carriers

Development of the directly-owned fleet



Vessels under construction				
Directly-owned fleet in 2007	Deliveries 2008	Deliveries 2009	Deliveries 2010	Deliveries 2011
6	1	4	7	4

A MODERN FLEET OF BULK CARRIERS

As of January 1, 2008, BOURBON directly owned 6 supramax. By 2012, this fleet will be supplemented by 16 vessels currently on order:

- 1 x 30,000-ton cement carrier to be delivered in 2008;
- 1 x 53,000-ton bulk carrier to be delivered in 2009;
- 4 x 74,000-ton panamax to be delivered in 2010/2011;
- 10 new 58,000-ton supramax to be delivered between 2009 and 2011.

Thanks to its excellent knowledge of the shipbuilding market and its close relations with shipyards, especially in China, BOURBON has been able to sign contracts for these new builds at a competitive cost. These ultra modern new bulk carriers meet the latest standards and will enable optimum tonnage to be shipped as well as productivity in loading and unloading.

This 300 million euro investment will be able to respond to growth in the market. With 16 new vessels, Setaf will directly own a fleet of 22 vessels with an average age of less than 5 years.

KEY FACTORS FOR SUCCESS
THAT MAKE BOURBON
THE PREFERRED CHOICE FOR CLIENTS

> BOURBON has identified 4 key factors for the success of its strategy: safety, innovation (in the construction of vessels and in operations), human resources and cost control. These 4 target areas, essential to BOURBON's development, have been the focus of detailed attention and specific action plans in order to ensure the objectives of the Horizon 2012 plan can be achieved.

1 SAFETY: AN ABSOLUTE PRIORITY

Because safety is the "backbone" of the company, constantly strengthening the safety culture is an absolute priority for BOURBON. Its efforts in this area are based on a determined commitment from management, continuous enhancement of procedures, individual responsibility, an ambitious development program, raising awareness and crew training.

An integrated system of safety management

BOURBON has developed a QSMS (Quality Safety Management System) focused on customer satisfaction. It is a "model for excellence" based on the best systems, standards and industrial practices (ISO 9001 and 14001, IMCA, IMO, OCIMF/TMSA, client systems).

QSMS is an integrated approach combining all the factors that contribute to safety: management, skills, risks, environment, contracts, operations, emergencies, incident analysis and research, maintenance and reliability, information & documentation, and indicators. It means that a coherent method can be adopted, consistent procedures applied, and the same documentation used worldwide.
Based on an ongoing improving approach, it builds on the results and benefits of experience.

BOURBON has established dedicated IT and information systems that are common to all its subsidiaries and accessible onboard its vessels. For example, a "Task Assistant" module is being deployed throughout the fleet and onshore.
Using a single database, it can access documentation and incident reports in real time, and facilitates the across-the-board implementation of preventive and corrective actions.
A Maintenance module provides preventive maintenance programs for the vessels.

Skills management: The SeaSkill program

Skills management is essential to ensure that crews are qualified, trained and experienced.
BOURBON's rigorous requirements have led to the definition of high standards so that clients can be assured of the excellence of its personnel. In conjunction with DNV SeaSkill, BOURBON is developing a skills management system for deck officers and engineering officers, which will soon be integrated in QSMS and in BOURBON's Human Resources policy.
The SeaSkill program, which will eventually cover all crews, enables an accurate skills map to be drawn up and the necessary resources identified to maintain them at the highest level. It represents another unique approach in the world of offshore oil and gas services.

"Safety is the priority of all priorities for BOURBON. Its objective is uncompromising: "Zero incidents" and "Zero accidents". Over and above rules and procedures, safety is primarily a state of mind and a personal attitude that must be shared daily by all the company's employees."

Jacques de Chateauvieux

SAFETY

INNOVATION

HUMAN RESOURCES

COST CONTROL

"Innovation – and in a broader sense, boldness, service and creation – have always been BOURBON's strengths. We have demonstrated a capacity for constant anticipation to ensure that we provide our clients with industrial answers to their requirements by defining new resources."

Jacques de Chateauvieux

2 INNOVATION: THE DRIVING FORCE FOR PROGRESS IN ALL OUR BUSINESSES

BOURBON is ahead of the field in stimulating innovation at the heart of the group's different business lines. It keeps a constant watch on technological developments, supports research and development at its main subcontractors, and is involved in innovative developments such as French maritime *Clusters*.

From technological innovation…

BOURBON, a major player in technological innovation for ship design and construction, works closely with the best marine architects to develop new concepts in all areas of ship design. The inverted bow of such vessels as Bourbon Orca, Bourbon Mistral (see cover) and Bourbon Monsoon (Ulstein design) and the new supramax (Green Seas) design are examples of ongoing innovative actions. BOURBON works with the most innovative suppliers and invites manufacturers to refine their equipment inthe specific context of its businesses.
BOURBON vessels are thus the first to benefit from innovations like the PG-MACS™ (Per Gjerdrum) system that increases storage capacities in the holds and boosts multi-functionality of the tanks.
Through its policy of investments in series orders, BOURBON is helping to promote the transfer of technology from shipyards constructing the world's biggest vessels. This strategy is hastening the development of the whole sector and enabling manufacturing methods such as pre-assembly and modular construction to be extended to new shipbuilders.

… to operational innovation

At BOURBON, innovation is the driving force for progress. Above all it is an attitude of mind which is evident across the full range of methods, organizations, systems, and technologies.
Innovation underpins:
- qualifications for crews;
- modern methods for maintenance;
- the policy of ongoing/continuous improvement, which encourages the active participation of crews;
- the reliability of operations, with the widespread use of equipment and control systems onboard;
- the originality of the services offered, based on a unified, multi-functional and constantly evolving fleet;
- the capacity to forge partnerships and arrange the most appropriate financial packages and legal structures to optimize its investments, recruitments and international commercial development.

AHTS simulator: innovation serves training

The AHTS simulator at the BOURBON Training Center in Marseilles, managed in partnership with the National Merchant Navy School, is an innovative resource. Its originality lies in particular in the coupling of navigation and deck operations.
In a training room with giant screens there is a "real" rear bridge station for anchoring and lifting anchors at platforms, with a command station and winch command position. The giant screens give a full view of the rear of the vessel and of the main deck as if in a real situation. In an adjoining room, two simulation positions for seamen reproduce the working environment of the deck, using a 3D projection that integrates the weather and sea conditions. This enables officers to face extreme but simulated conditions and to learn onshore how to command according to BOURBON operating standards. This forms a logical part of the safety training program.

3 HUMAN RESOURCES: AN ESSENTIAL GROWTH DRIVER

People are the real key to the success of the Horizon 2012 plan. A rigorous recruitment policy, high standards of qualification, top-level training and attractive career development options are the necessary conditions for meeting the HR challenge for Horizon 2012.

International recruitment and local management of human resources

Under the previous 2003-2007 plan, the number of BOURBON employees doubled to support the Group's growth. With 188 vessels on order in the Offshore Division, BOURBON will need to fit out one vessel every 12 days between now and 2012, and recruit and train over 4,500 new employees. To do this, the Group has set up a unique training structure, based on the definition of a high standard of skills for all officers and recruiting from local agencies.
Staff are hired on a diversified international basis, via 10 BOURBON ship-management companies (e.g. West Africa, North Sea, Asia, Latin America), a network of manning companies integrated in the Group (e.g. in the Ukraine and Manila), and local HR agencies who are long-term partners (as is the case in Africa).

A unique training structure

The training of officers and crews is significantly aided by the standardization of the fleet. Drawing on methods used in aeronautics, BOURBON has instituted crew qualifications through a certified process that combines knowledge acquired during the initial training course, continuous training, courses on simulators and experience in the field. To meet the Offshore Division's growth requirements, this training is conducted in optimal conditions at the BOURBON Training Centers, which the Group is gradually opening worldwide: in Marseilles, a training center with the National Merchant Navy School for anchor lifting and handling for oil platforms and dynamic positioning on a simulator; in Manila, a dynamic positioning training center; in China, a training center for diesel electric engines, to which will be added in 2008 a center in Singapore and another in Ravenna in Italy, specifically for the training of ROV operators. To complete this structure, BOURBON has three reference vessels operating in West Africa, Asia and South America, which are crew training and experience validation centers in the framework of the command of operating standards for BOURBON Offshore.

Equitable and attractive management of human resources

Along with the vessels, people are the key factor for BOURBON's success so it is vital to take the human dimension into account within the Group. In addition to recruitment and initial training, BOURBON is keen to promote integration, acceptance of responsibility, and the professional development and personal fruition of each of its employees.
A modern and varied fleet with a great diversity of businesses throughout the world and an attractive remuneration policy are major strengths for a long professional career for BOURBON employees. In addition, BOURBON rewards the commitment of every member of staff by a genuine share in the fruits of growth, especially via bonus share plans or stock option schemes.

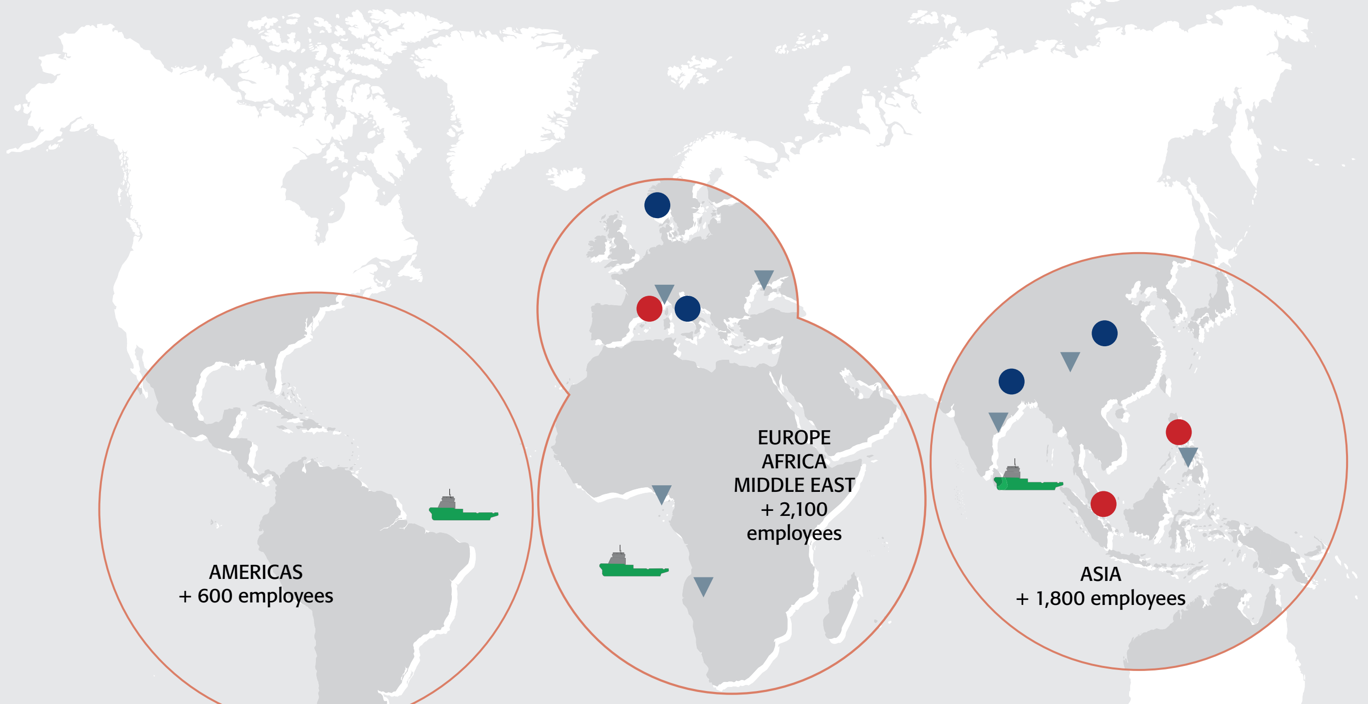
"It is the people of BOURBON who are the source of its wealth and strength – and they will enable us to realize our ambitions."

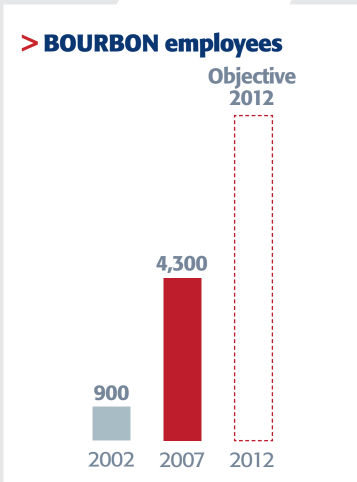
Jacques de Chateauvieux

> The training center for anchoring and anchor-lifting operations at Marseilles opened its doors at the end of 2007.

> Over 40 nationalities are represented at BOURBON.

> RECRUITMENT AREAS AND TRAINING CENTERS





> Diversity is one of the key factors in BOURBON's sustainable development policy.

DIVERSITY, A SOURCE OF WEALTH

With 4,300 employees and over 40 nationalities that work together and share their differences on a daily basis in over 25 countries, BOURBON is inherently a multicultural group.
From this starting point, BOURBON is now formalizing its practices to gain more from its diversity and exploit it as a source of wealth for the company and its employees.

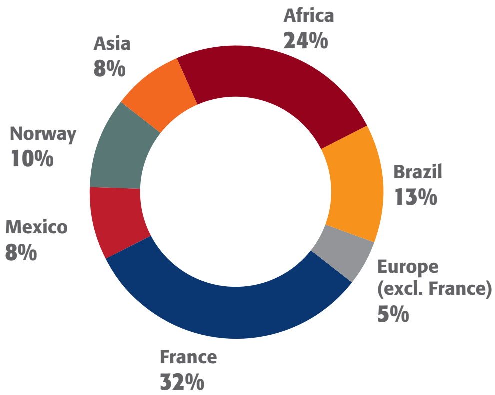
Diversity has been an integral part of the culture and identity of our company since its origin and has become more established over the years through recruitments, training, management and promotion in local employment basins such as Nigeria, Angola, and the Philippines. This will be accentuated under the Horizon 2012 plan, which provides for the recruitment of nearly 5,000 employees in Europe, Asia, Africa and South America. To reach this new stage successfully, BOURBON has embarked on an action plan to facilitate the exchange of best practices, promote multicultural integration and improve the management of international careers and mobility, by responding as closely as possible to the diverse expectations of its employees.
In addition, specific actions will be undertaken to raise awareness, and inform and train BOURBON's management in a multicultural approach.
In France, BOURBON is a signatory to the Corporate Diversity Charter which reflects its commitment to respect and promote the cultural, ethnic and social diversity of its employees in all areas of human resources management.

Diversity, a unifying factor

Bringing together the strands of diversity means promoting employees' mutual understanding of issues from different approaches and enabling everyone to get the best out of their potential. It means amalgamating different visions, fuelling creativity by cross-fertilization, and boosting social cohesion and competitiveness. By valuing diversity as a key element in its sustainable development policy, BOURBON is meeting its social responsibility head-on and expressing its strong conviction that recognition of the multiple is a unifying factor and that diversity, if properly managed, is a source of wealth for the company.

> 42 NATIONALITIES WITH A SHARED AMBITION

Structure of BOURBON staff as of December 31, 2007



> Series production at competitive shipyards enables substantial gains to be achieved on investments.

4 COST CONTROL: PROCESS INDUSTRIALIZATION

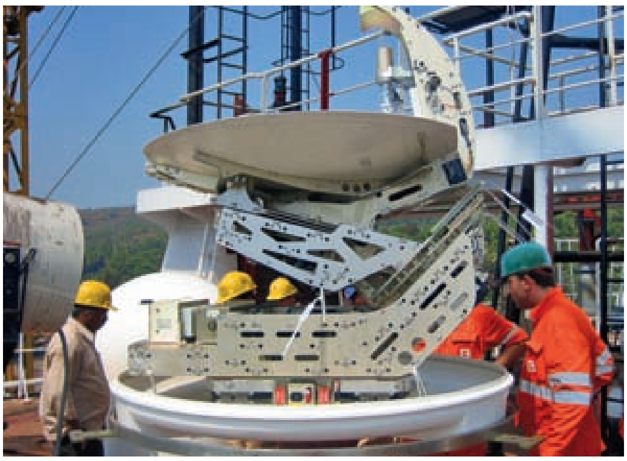
Cost control relies on two fundamental points: the harmonization of resources to standardize operations globally, and the decentralization of BOURBON's activities and organization when it comes to local dealings with the client.

Harmonization of resources

By 2012, BOURBON will have the most modern and the most integrated fleet of vessels for offshore oil and gas services. Cost control starts with construction: the strategic choice to mass produce vessels at highly competitive shipyards has enabled a 15 to 30% saving on investments and has hastened the delivery times for the vessels.

An organization that is directly in touch with the field, and has solid support functions

BOURBON is expanding worldwide at the same time as respecting true partnership principles. Using this model, the Group has underpinned its international growth with a range of legal structures, in partnership or joint ventures with local organizations. It works in conjunction with the local situation in each operating zone, resulting in a further source of cost control. These regional entities benefit from the support of a solid back-office at BOURBON's headquarters and an internal team of top-level experts who cover all the transversal support functions, especially in legal, administrative and financial areas. BOURBON's unique organization and expertise thus make it possible to offer clients the strength of a global player offering consistent services worldwide with the flexibility of local structures that are totally integrated in their regional economies.



An effective and shared information system

In an international and decentralized group like BOURBON, a modern information system accessible to all geographic entities and all vessels is a key element in the efficiency of its cost control policy. BOURBON is investing to speed up the development of its information system by integrating state-of-the-art technologies and techniques to promote the sharing of information and best practice, provide the best applications for each business, and respond efficiently to the specific needs of the different entities. Making the information accessible to all vessels at unlimited broadband speed by satellite cover is one of the projects underway.

SUSTAINABILITY
A LONG TERM COMMITMENT

15 RELEVANT AND DOCUMENTED PROGRAMS BY 2012

BOURBON has long been working in line with sustainable development principles. In 2007, the Group decided to formalize its practices in this respect, by including sustainable development in a pragmatic, progressive and measurable way.
A working group has defined a strategy of priority issues and actions to be conducted that are equitable, socially responsible and sustainable for the environment. For each of these themes, a major action will be undertaken every year. By 2012, the Group will have enacted 15 concrete and measurable actions.
2008 will constitute the first stage in order to:
- specify and document the aspects identified as coming under a sustainable development approach according to the three themes defined:
- establish a measurement and reporting system;
- raise the awareness of all parties involved, starting with BOURBON staff;
- develop and motivate an internal network of correspondents.
The process will be managed internally by the sustainable development manager, in conjunction with QHSE and oversight by the Executive Committee.

FAIR BUSINESS & CITIZENSHIP

• THE ISSUE is to develop a code of conduct that serves as a guideline for all actions with the objective of transparency, ethics and responsibility.
The priority themes are:
- participate in absorbing North-South inequalities and the realization of the “Millennium Objectives for Development”;
- seize the most relevant growth opportunities by concluding partnerships and achieving developments;
- work for transparent governance.

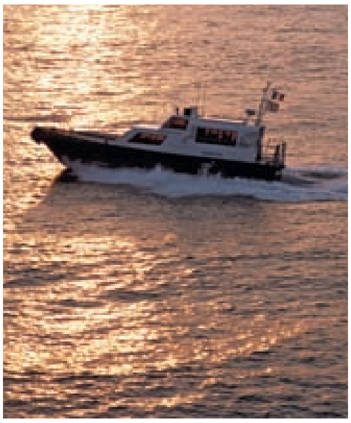
• THE THEME FOR 2008 is the launch of the unified interest program.
This program will start in 2008 in Nigeria, a country of over 100 million inhabitants in which BOURBON has had a presence for 8 years and is established via its subsidiary Bourbon Interoil Nigeria.

SOCIAL RESPONSABILITY

• THE ISSUE is to affirm our values and guarantee the social cohesion of a hugely international and decentralized group.
• THE THEME FOR 2008 is the promotion of diversity.
From 2008, the Diversity Board, composed of people representing the Group’s cultural diversity, will meet twice a year and have a consultative role with the Executive Committee, to which it will propose actions that contribute to diversity.
In addition, specific actions will be conducted to raise awareness, and inform and train BOURBON managers in a multicultural approach.
In France, BOURBON signed the Corporate Diversity Charter (see page 24).

SUSTAINABLE ENVIRONMENT

• THE ISSUE is to anticipate and succeed in the challenge in which the marine industry needs to be committed to take part in the major environmental challenges, especially climate change.
• THE THEME FOR 2008 is a 20% reduction in greenhouse gases.



> BOURBON's commitment follows the three themes of being equitable, socially responsible and sustainable for the environment.

On a like-for-like basis, BOURBON is committed to reducing emissions by 20% in 2012: an unprecedented effort which is ahead of the requirements of the International Maritime Organization. This reduction will be achieved partly from an improvement in the energy efficiency of the Group's vessels, and partly by a determined policy of eco-design and control of consumption.
With this focus, in 2008 an audit will be conducted, a framework established, data collected and indicators and measurement tools established.

GOVERNANCE

True to its values, BOURBON has always been concerned to implement exemplary governance principles and it has made steady progress in this regard over the last 5 years.
This governance is based on the following in particular:
- a reasonable policy for executive compensation;
- the allocation of stock options for a wider staff, extended in 2007 to nearly 20% of personnel, including Bourbon Offshore officers;
- a Remuneration Committee and an Audit Committee ensure internal control and rigorous risk monitoring.

BOURBON's efforts in governance were recognized in 2007 with the award by AGEFI of the Grand Prix for Governance, and classification as one of the 5 "Best in Class" European companies by the research organization ODDO Equities, a specialist in SRI (Socially Responsible Investment) financial analysis.

Essential values that everyone shares

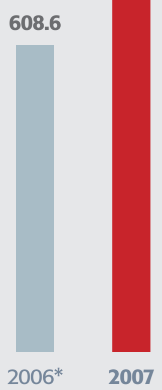
BOURBON's success relies on shared values that make it unique. Every single day, BOURBON's people share these values in their determination to be:

- **Professional**
They have a concern for a job well done, through to even the least visible details, and they are constantly enhancing their level of expertise.
- **Responsible**
Because the sea requires humility, they are constantly concerned by the consequences of their actions, and they strive to think ahead in their work.
- **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**
They belong to a multicultural community, rallying around common objectives within the maritime tradition of respect, support and helping each other.

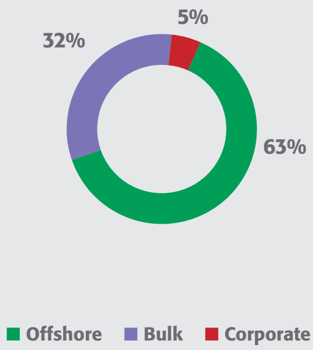
RESULTS & PERFORMANCE

> With revenues of 769.7 million euros up 26.5%, operating income up 34.8%, and net income group share totaling 390.8 million euros, BOURBON posted a very satisfactory performance in 2007.
This year signaled the end of the 2003-2007 plan whose initial objectives were significantly exceeded, and the year was also marked by significant capital gains on disposals and a major investment program, with 668 million euros invested.

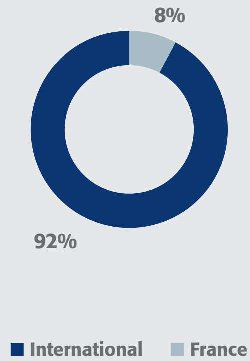
Revenues
(in €m)



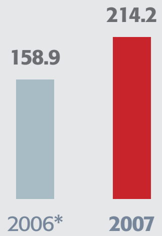
Breakdown of revenues by Division



Breakdown of revenues by geographical region

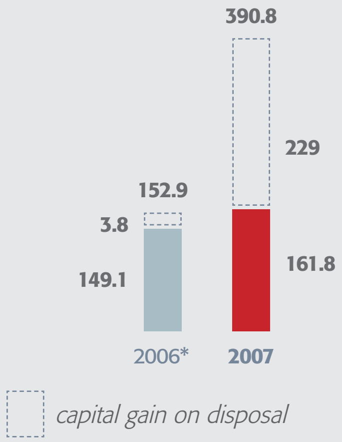


Operating income (EBIT)
(in €m)

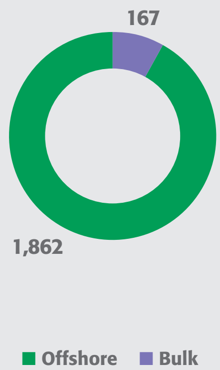


* *Pro forma figures*

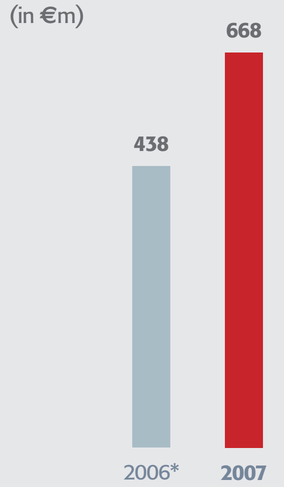
Net income, group share
(in €m)



Capital employed by Division (excluding Corporate)
(in €m)

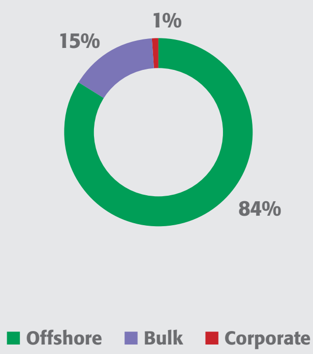


Gross investments
(in €m)

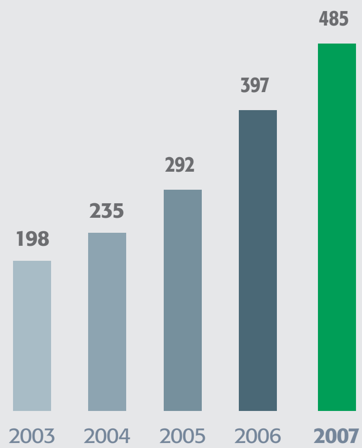


** Pro forma figures*

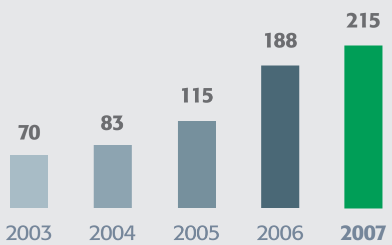
Breakdown of gross investments by Division



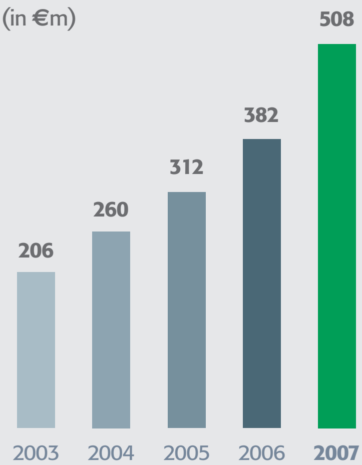
Offshore Division revenues
(in €m)



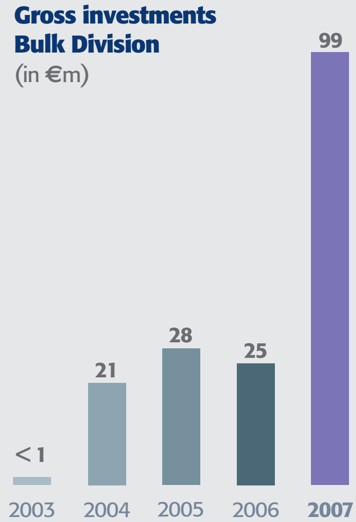
EBITDA
Offshore Division
(in €m)



Gross investments
Offshore Division
(in €m)



Gross investments
Bulk Division
(in €m)



BOURBON share

Market data

	2007	2006	2005
Number of shares as of Dec. 31	**55,461,302**	50,195,528	25,045,577
Share price (in euros)			
- higher	55.18	52.50	74.10
- lower	39.77	36.34	35.88
- latest	44.82	41.63	73.95
Market capitalization as of Dec. 31 (in million euros)	**2,486**	2,090	1,852
Net Earnings per share (in euros)	**7.07**	3.05	8.31
Dividend per share (in euros)	**1.00**	0.60	1.00
Total dividend (in million euros)	**55.46**	30.12	25.05

Adjusted data (*)

	2007	2006	2005
Share price (in euros)			
- higher	50.51	47.73	33.68
- lower	36.15	33.04	16.31
- latest	44.82	37.85	33.61
Net Earnings per share (in euros)	**7.07**	2.77	3.78
Ordinary dividend per share (in euros)	**0.70**	0.55	0.45
Exceptional dividend per share (in euros)	**0.30**	-	-
Dividend per share (in euros)	**1.00**	0.55	0.45

(*) For comparability purposes, the figures were adjusted following the doubling of the number of shares in the company on June 1, 2006 and the bonus allocation of 1 share for 10 old shares on June 5, 2007

Shareholder's calendar

May 30, 2008
Annual General Meeting

August 7, 2008
Financial information
2nd quarter and 1st half 2008

August 27, 2008
Presentation of results
for 1st half 2008

November 6, 2008
Financial information
3rd quarter 2008

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CORPORATE GOVERNANCE

Executive Committee as of December 31, 2007

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 d'Armand de Chateauvieux

Henri d'Armand de Chateauvieux

Guy Dupont *

Marc Francken *

Christian Munier

Dominique Senequier

Vo Thi Huyen Lan (1)

Roger Wright *

* Independent Directors
(1) Co-opted at the Board of Directors meeting on December 10, 2007

Committees of the Board of Directors

The Board of Directors is assisted in preparing its work by two special committees. These committees have a role of research and preparation for the Board's various discussions and they submit their opinion, proposals or recommendations to the Board of Directors.

Appointments, Compensation and Governance Committee

The purpose of this committee is to study and submit to the Board proposals concerning the selection of directors, the succession plan for members of the management team and the compensation of the Chairman and other company directors, including, where applicable, allocations of stock options (for new or existing shares).

The Chairman of the Committee is also responsible for supervising proper governance in the context of the combined functions of the Chairman of the Board of Directors and Chief Executive Officer.
This committee met once in 2007 with 66.7% attendance.

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

Audit Committee

The mission of the Audit Committee is to assist the Board of Directors so that it can monitor the accuracy and consistency of BOURBON's company and consolidated account, the quality of internal control and the information available to shareholders and the markets.
It met 3 times in 2007 with 100% attendance.

- **Roger Wright (Chairman)**
- **Dominique Sénéquier**
- **Christian Munier**

BOURBON SIMPLIFIED ORGANIZATIONAL CHART

The paper used in this brochure is certified 50% recycled ans 50% FSC (Forest Stewardship Council).
The Trademark of FSC indicates that the wood used to make the brochure "More than a business, an attitude of mind" comes from a forest which is well managed according to strict environmental, social and economic standards.

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BOURBON

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2007
FINANCIAL REPORT

BOURBON

Building together a sea of trust

CONTENTS

MANAGEMENT REPORT

1 ACTIVITIES AND HIGHLIGHTS

1.1 MARKET CONTEXT IN 2007 – HIGHLIGHTS

- In 2007 BOURBON performed well in both Divisions, each of which enjoyed the advantage of an extremely buoyant market.

In 2007 the Offshore Division continued to achieve strong organic growth in a particularly buoyant market. The price of oil reached an average of 72 dollars a barrel, up from 65 dollars a barrel in 2006.

Capital expenditures by the oil companies and efforts to boost the output from existing fields resulted notably in the installation during 2007 of 21 floating units and 363 well heads.

During 2007, BOURBON took delivery of 37 new vessels of which 30 were for long-term contracts.

In the past year, the Offshore Division's client portfolio increased, reflecting both the increasing power of the super majors Total, Exxon and Shell and of the state-owned companies Pemex and ONCG, as well as the arrival of new clients in Thailand, Malaysia and Saudi Arabia.

Backed by the success of an initial experiment in West Africa through its MPSV fleet and its engineering and management subsidiary Bourbon Offshore Gaia, BOURBON decided to expand its range of marine and subsea IMR services. BOURBON gained additional expertise in this area with the acquisition in December 2007 of DNT Offshore, a company which operates subsea robots (ROVs) and which is recognized for the professionalism of its crews and the quality of its robots.

The year 2007 proved to be a banner year for the Bulk Division, with freight rates (Baltic Supramax Index or BSI) on the international transport market more than twice as high as in 2006. The Division reaped the benefits of a worldwide increase in the demand for transport as traditional sources of supply for raw materials (coal, iron ore, etc.) became overtaxed.

- The price of the dollar continued to fall against the euro in 2007, ending the year at USD 1.37 for one euro or a loss of 11 cents.

- In other news, the shift in focus that began in 2002 yielded capital gains of 229 million for the year 2007.

In accordance with the announcement of the disposal plan made on July 19, 2007, on December 21, 2007, BOURBON finalized the disposal of its port towage business to Grupo Boluda Corporación Marítima.

Following the decision by its Board of Directors to exercise the second put on May 29, 2007, BOURBON sold the remainder of its stake in Vindémia to Groupe Casino on July 3, 2007. Exercising this option proved to be the final step for BOURBON in divesting from the Retail business. With the same purpose in mind, BOURBON finalized the sale of its Vietnamese subsidiary Espace Bourbon Thang Long in February 2007.

Moreover, in connection with the sale of its non-strategic businesses, the group undertook the disposal of its subsidiary Compagnie Financière de Bourbon as well as hotel properties on Reunion Island, sales that were finalized during the second half of 2007. Lastly, during 2007, the group gradually began to sell off its sugar assets in Vietnam with the sale of the company Sucrerie de Bourbon Gia Lai and 31.6% of its stake in the company Sucrerie de Bourbon Tay Ninh.

1.2 MAJOR EVENTS OCCURRING SINCE THE FISCAL YEAR-END

- In February 2006, BOURBON announced the Horizon 2010 plan, a strategy based on an original view of the market and a sizeable investment in a modern offshore fleet. In February 2008, BOURBON announced its Horizon 2012 strategic plan. As an expansion and extension of the outlooks from the previous plan, the Horizon 2012 plan illustrates BOURBON's policy of continuous improvement, involving constant analysis of the trends in demand so as to be one step ahead of the market. By anticipating its clients' needs, and expanding its array of services, BOURBON plans to assert itself in 2012 and beyond as a leader in modern offshore marine services. With an ever-increasing focus on capital expenditures, BOURBON stays on the cutting edge, offering the most demanding oil services clients worldwide the latest in productivity and efficiency.

The latest Horizon 2010 strategic plan was drafted in late 2005, in a context of high demand from oil companies obviously aiming to invest massive amounts in offshore in order to boost their reserves and expand their output. At that time, BOURBON had a market position in three marine sectors through the Offshore, Towage & Salvage and Bulk Divisions. Two years later, there are two new factors – one exogenous and the other endogenous – that are causing BOURBON to make some changes in its strategic vision.

In the offshore oil and gas market, BOURBON finds that oil expenditures should be higher than the initial estimates and that growth was slowed by bottlenecks among equipment suppliers. Therefore, investments in the oil fields should even out over time, causing a favorable extension of the production cycle.

Within the group, the sale of the port towage activities to Spain's Grupo Boluda Corporación Marítima, finalized on December 21, 2007, gives BOURBON new room to maneuver within the two remaining Divisions – Offshore (which now includes Les Abeilles International salvage business) and Bulk Transport.

Given these major changes, BOURBON has decided to update its strategic plan and extend it until 2012.

Regarding the Offshore Division, the Horizon 2012 plan calls for expanding the number of services offered by adding and developing a new subsea services activity ("Subsea Services"). The plan also calls for capital expenditures totaling 1.7 billion euros above and beyond the down payments already made in 2007, mainly to bolster our fleet of offshore vessels and subsea robots. Under this plan, ten GPA 696 type IMR vessels were ordered in early 2008 for a total of 450 million euros.

- In accordance with the price adjustment procedure set forth in the December 2007 contract for the sale of the Les Abeilles port services activity, on February 29, Boluda sent its sale price adjustment proposals concerning the financial statements closed on November 30, 2007. Those proposals are now being reviewed. In addition, Boluda has made some financial claims on BOURBON related to this deal, which BOURBON is formally contesting.

- In connection with BOURBON's divesting from its non-strategic activities, the process aimed at the gradual sale of the company Sucrerie de Bourbon Tay Ninh by BOURBON continued with the flotation on the Hô Chi Minh City (Vietnam) stock exchange of 31.6% of the equity corresponding to the 44,824,172 shares sold by BOURBON during 2007. The first listing was made on February 25, 2008.

- On February 28, 2008, the AXA company announced the appointment of Jacques d'Armand de Chateauvieux as Vice-Chairman of its Supervisory Board with a view to taking on the chairmanship after its annual shareholders' meeting of April 22, 2008. Jacques d'Armand de Chateauvieux will continue to serve as Chairman and Chief Executive Officer of BOURBON as he does now, while performing these non-executive duties on the AXA Supervisory Board.

2 RESULTS FROM ACTIVITIES

2.1 CONSOLIDATED RESULTS

(in € millions)	End of Dec. 2007	End of Dec. 2006 Pro forma*	Change in %
Revenues	**769.7**	**608.6**	**+26.5**
Gross operating income (EBITDA)	**309.7**	**244.9**	**+26.4**
Operating income (EBIT)	**214.2**	**158.9**	**+34.8**
Net gains on equity interests sold and income from discontinued operations	232.8	29.9	ns
Net Income	403.8	164.9	+144.8
Net income, group share	**390.8**	**152.9**	**+155.6**

* *Pro forma: port towage activity reclassified as held for sale, with coastal protection (assistance and salvage tugs) incorporated into the Offshore Division.*

BOURBON's business in both of its Divisions performed well in 2007. The company also posted substantial capital gains from sales. This year marks the end of the 2003-2007 plan. The company largely outperformed its initial objectives.

Revenues rose by 26.5% to 769.7 million euros. Gross operating income (EBITDA) amounted to 309.7 million euros, up 26.4%, and includes capital gains from the withdrawal of vessels in the amount of 47.6 million euros, compared with 19.7 million in 2006. The gross margin amounted to 40.2%.

Operating income (EBIT) of 214.2 million euros was up by 34.8%.

Net income group share for the period amounted to 390.8 million euros and includes capital gains from sales for 229 million.

Lastly, a major capital expenditure program was undertaken in 2007 with 668 million euros invested in 2007 following the 438 million euros invested in 2006.

2.2 ACTIVITIES OF THE DIVISIONS

2.2.1 Offshore Division

(in € millions)	End of Dec. 2007	End of Dec. 2006 Pro forma*	Change in %
Revenues	**484.5**	**397.3**	**+21.9**
Gross operating income (EBITDA)	**214.9**	**195.8**	**+9.8**
% of revenues	*44.4*	*49.3*	
Operating income (EBIT)	**133.2**	**119.4**	**+11.6**
% of revenues	*27.5*	*30.0*	

* *Pro forma: port towage activity reclassified as held for sale, with coastal protection (assistance and salvage tugs) incorporated into the Offshore Division.*

Revenues posted by the Offshore Division for 2007 amounted to 484.5 million euros, up 21.9% over 2006. At constant exchange rates, the increase would have been 29.5%. The growth of this activity during the 2003-2007 plan will have been 27% per year compared with the objective announced of a 22% increase, despite the slide in the price of the dollar.

In 2007, the Africa Zone was up 22.3%, accounting for 66% of the revenues posted by the Offshore Division. Traditionally steady in Nigeria and Angola, the business of the Offshore Division in West Africa also expanded to include Equatorial Guinea and Congo. Throughout its history, BOURBON has been active in Africa, and that continent remains a high growth market despite problems related to the instability in the Port Harcourt region in Nigeria. Asia, another promising area for BOURBON in terms of future business, continues to offer a booming market, with new contracts signed in 2007 in India, Thailand and Indonesia, and most recently, in Malaysia.

The highly satisfactory growth in revenues reflects in particular the increase in the number of operating vessels – 13 supply vessels and 24 crewboats in 2007. Revenues from vessels chartered to third parties to meet the needs of clients totaled 41 million euros in 2007 compared with 21 million euros in 2006.

However, this progress was held back by the shutdown of the Bourbon Dolphin and the Athena businesses as well as the sale of old vessels.

Gross operating income (EBITDA) amounted to 214.9 million euros (including 24.7 million in capital gains) compared with 195.8 million euros in 2006 (including 19 million euros in capital gains).

The margin rate remains quite high at 44.4% and is down in comparison with 2006, owing to the following factors:
- the change in the euro/dollar exchange rate (1.26 in 2006 versus 1.37 in 2007);
- the impact of the increase in low-profit external charters;
- the increase in costs for staff and maintenance, as well as costs incurred at the present time to ensure future growth.

Operating income amounted to 133.2 million euros, representing growth of 11.6%, and accounted for 27.5% of revenues.

2.2.2 Bulk Division

(in € millions)	End of Dec. 2007	End of Dec. 2006	Change in %
Revenues	**244.8**	**169.2**	**+44.7**
Gross operating income (EBITDA)	**89.3**	**38.9**	**+129.5**
% of revenues	*36.5*	*23.0*	
Operating income (EBIT)	**79.6**	**35.0**	**+127.3**
% of revenues	*32.5*	*20.7*	

Revenues posted by the Bulk Division amounted to 244.8 million euros for 2007, up 44.7% over 2006 (up 57.8% at constant exchange rates), under the effect of a buoyant market and high BSI freight rates (up 109% versus the average rate for 2006).

For the full year, the tonnage accounted for totaled 16.2 million tons, compared with 15.7 million tons in 2006.

Gross operating income (EBITDA) hit a record 89.3 million euros, after 22.9 million euros in capital gains from the sale of Nantor at year-end. This performance was due primarily to the increase in income from directly owned vessels and from vessels under long-term leases.

BOURBON maintained its policy of long-standing relationships with clients, and this softened the effect of fluctuations in market rates.

Operating income totaled 79.6 million euros for 2007, compared with 35 million euros in 2006, i.e. a gain of 127.3% (operating margin of 32.5%).

2.3 BOURBON SA PARENT COMPANY RESULTS

In 2007, the process of selling off non-strategic activities was accelerated.

In 2007, BOURBON continued and completed the process of divesting from the Retail business. This included the following:
- exercising the second put on the remainder of the Vindémia stock held by BOURBON for the benefit of Groupe Casino (this stock was sold in July 2007) and
- selling the stock held in the company Espace Bourbon Thang Long in Vietnam.

The progressive sale of the sugar assets owned by BOURBON in Vietnam was initiated in 2007 along with the sale of the company Sucrerie de Bourbon Gia Lai and the partial sale of the stake owned in Sucrerie de Bourbon Tay Ninh.

In addition, the Reunion Island hotel activity (*Le Récif*, *Les Villas du Lagon*, *Motel les Brisants* and *SEHB*) was sold in August 2007.

Lastly, with regard to other transactions related to non-strategic activities, the companies Compagnie Financière de Bourbon, Aqua Service Réunion and Les Domaines de la Convenance were sold and the Bourbon Axa Investment Fund was liquidated.

All these transactions together generated total capital gains of 72.1 million euros in the BOURBON SA parent company financial statements, which explains the amount of non-recurring income for the fiscal year.

The company posted revenues of 4.3 million euros, consisting primarily of billings to subsidiaries for services rendered. The operating loss of (3.5) million euros remained relatively unchanged compared to 2006, when it amounted to (3.3) million euros.

Financial income was positive at 59.7 million euros, and was up 46.5 million euros over the previous fiscal year. This change was the result of the combined effect of write-backs on provisions for impairment losses on the equity interests sold in 2007, an increase in the dividends received and an increase in the escrow account interest collected, paid from the inflows generated by the equity interests sold during the year.

As a result, the net income of 135.4 million euros posted for the year was up by 120.7 million euros over 2006.

No expense referred to in Articles 39.4 and 223 *quarter* of the General Tax Code was identified.

2.4 CHANGES IN ACCOUNTING METHODS

There is no change in accounting methods to report.

2.5 PROSPECTS FOR THE FUTURE: PRINCIPAL TRENDS

The year 2008 sets the stage for the Horizon 2012 plan, which calls for BOURBON to achieve average revenue growth of 17% per year, contingent on a major capital expenditure program, which has already been largely undertaken. Under the expansion of the BOURBON Horizon 2012 strategic plan, the Offshore Division now includes two activities, “Marine Services” and “Subsea Services”. The scope of the Bulk Division remains unchanged. The 2008 financial data will reflect this change starting with the first half of the year.

The pace of deliveries will pick up in 2008, with the addition of new vessels built in Chinese shipyards, like the Bourbon Pearl, an IMR vessel of P105 Ulstein design delivered in December 2007, which will become fully operational in 2008, and the Bourbon Liberty 101, the first PSV of the GPA 654 series, which will be added to the fleet of Offshore Support vessels in early 2008.

The market outlook is promising for both the Offshore and the Bulk Divisions, owing to the capital expenditures announced by the oil companies and the prospect of high freight rates.

Reliable estimates can be made of gross operating income (EBITDA) to be generated by BOURBON thanks to its policy of entering into long-term contracts with clients on both these markets.

However, the company’s results will continue to be affected by trends in the euro/dollar parity.

3 CORPORATE GOVERNANCE

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. In 2007, BOURBON continued to improve its corporate governance.

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.

The Board of Directors confirmed this decision and renewed the positions of Jacques d'Armand de Chateauvieux as Chairman and Chief Executive Officer and Christian Lefèvre and Laurent Renard as Executive Vice Presidents at its May 29, 2007 meeting.

The Executive Vice Presidents, who are responsible for assisting the Chief Executive Officer for a period of time equal to the duration of the positions of the Chairman and Chief Executive Officer, shall have the same powers as the Chief Executive Officer with regard to third parties, in accordance with Article 16 of the bylaws.

Furthermore, in that the positions of Chairman of the Board and Chief Executive Officer are performed by the same person, the Board of Directors made the following decision in its March 10, 2008 meeting, on the recommendation of the Chairman of the Board and according to the recommendations of the market:

- to charge the Chairman of the Nominating and Compensation Committee with ensuring that the principles of good governance are followed and actually enforced;
- and, accordingly, to change the name of the "Nominating and Compensation Committee" to the "Nominating, Compensation and Governance Committee."

3.2 COMPOSITION OF THE BOARD OF DIRECTORS

	Date first appointed	Date term expires	Positions held outside the group
Jacques d'Armand de Chateauvieux *Date of birth: 02.13.1951* Director Chairman & Chief Executive Officer	10.14.1977	ASM convened to rule on the financial statements for the fiscal year ended 12.31.2009	***Positions currently held*** – Chairman of Jaccar – Chairman of CBo Territoria – Chairman of Sapmer – Member of the AXA Supervisory Board – Director, Sinopacific Shipbuilding Group ***Positions that expired in the past five years*** – Director, Armement Sapmer Distribution SARL – Adviser of ICV SA
Christian Munier *Date of birth: 12.10.1950* Director Member of the Audit Committee	06.18.1999	ASM convened to rule on the financial statements for the fiscal year ended 12.31.2007	***Positions currently held*** – Chairman of CDM2 SAS – Member and Chairman of the Supervisory Board of SAS Financière du Pladen – Director, Bonnasse Lyonnaise de Banque SA – Director, Finadvance ***Positions that expired in the past five years*** – Executive Vice President of the Bourbon group – Member of the Supervisory Board of Les Moteurs Baudoin SA
Christian d'Armand de Chateauvieux *Date of birth: 11.09.1947* Director Cousin of the Chairman & Chief Executive Officer	06.29.1990	ASM convened to rule on the financial statements for the fiscal year ended 12.31.2007	***Positions currently held*** – Chairman & Chief Executive Officer of Ch. de Chateauvieux & Associés SA – Chairman & Chief Executive Officer of Legrand Filles & Fils SA – Manager, Les Armands SCI – Manager, Le Petit Vasouyard SARL ***Positions that expired in the past five years*** None

	Date first appointed	Date term expires	Positions held outside the group
Roger Wright *Date of birth: 05.25.1952* Director Chairman of the Audit Committee	09.13.2004	ASM convened to rule on the financial statements for the fiscal year ended 12.31.2008	***Positions currently held*** – Chairman and Chief Executive Officer of Arsenal Investimentos (Brazil) – Adviser to Springs Global (Brazil) ***Positions that expired in the past five years*** – Director, Klabin (Brazil) – Director, Gradiente Electronics (Brazil) – Director, TAM Airlines (Brazil) – Member of the Brazilian Institute of Volunteerism – Chairman and Chief Executive Officer of Bassini Playfair Wright LLC (Brazil) – Member of the Board of Ibravo (Brazil)
Mrs. Thi Huyen Lan Vo *Date of birth: 10.16.1971* Director	12.10.2007	Bd. Mtg. of 12.10.2007 (cooption) + ratification proposed to the ASM of 05.30.2008	***Positions currently held*** – Director, Dai Viet Securities Companies (Vietnam) – Director, Long Hau (Vietnam) – Director, Tuong An Vegetable Oil JSC (Vietnam) – Director, Viet Au (Vietnam) – Director, Hiep Phuoc (Vietnam) – Director, Viet Fortune (Vietnam) – Director, Ever Fortune (Vietnam) – Director, Sinopacific Shipbuilding Group (China) ***Positions that expired in the past five years*** – Director, Indira Gandhi (Vietnam) – Director, Bourbon An Lac (Vietnam)

	Date first appointed	Date term expires	Positions held outside the group
Marc Franken *Date of birth: 01.08.1946* Director Chairman of the Nominating, Compensation and Governance Committee	05.25.2000	ASM convened to rule on the financial statements for the fiscal year ended 12.31.2008	***Positions currently held*** – Honorary chairman of Gevaert NV (Belgium) – Chairman of Union Remorquage et Sauvetage (Belgium) – Chairman of Technum, Tractebel (Belgium) – Director, Nedelands Loodswezen bv (Netherlands) – Director, Vum Media (Belgium) – Director, Vlaams Economisch Verbond (Belgium) – Director, Asbl de Warande (Belgium) – Director, the University Hospital of Antwerp (Belgium) – Member of Lieven Gevaert Fonds – Koninklijke Vlaamse – Engineer Vereniging – Fuggersocieteit – De Warande – Orde Van den Prince ***Positions that expired in the past five years*** – Director, Lieven Gevaert Leerstoel (Belgium) – Director, Nautinvest (Belgium) – Member of Nederlands Loodwezen Bv – Member of Fugger Societ Eit – Director, VETC (Belgium)
Guy Dupont *Date of birth: 08.25.1944* Director	06.18.1999	ASM convened to rule on the financial statements for the fiscal year ended 12.31.2007	***Positions currently held*** – Director, CBo Territoria – Director, Brasseries de Bourbon SA – Director, Sucre Austral – Director, Sapmer – Director, ICV Mascareignes – Manager, SAS GVS – Manager, SCI Orion ***Positions that expired in the past five years*** – Chairman of the Bois Rouge Gestion Economic Interest Grouping (EIG) – Chairman of the Cerf EIG – Chairman of Distillerie de Savanna SAS – Chairman of Eurocanne SAS – Chairman of Sucrerie de Bois Rouge SAS – Director, EIG Gema – Director, Loiret et Haentjens SA – Director, EIG Rhums Réunion – Director, Réunion Télévision – Union of Sugar Manufacturers – Union of Rum Manufacturers

	Date first appointed	Date term expires	Positions held outside the group
Henri d'Armand de Chateauvieux *Date of birth: 08.17.1947* Director Member of the Nominating, Compensation and Governance Committee Brother of the Chairman and Chief Executive Officer	05.25.1987	ASM convened to rule on the financial statements for the fiscal year ended 12.31.2007	***Positions currently held*** – Chairman of Mach-Invest SAS – Director, Sapmer SA ***Positions that expired in the past five years*** – Director, Vindémia SAS
Mrs. Dominique Senequier *Date of birth: 08.21.1953* Director Member of the Audit Committee Member of the Appointments, Compensation and Governance Committee	09.08.2003	ASM convened to rule on the financial statements for the fiscal year ended 12.31.2008	***Positions currently held*** – Chairperson of the Management Board of AXA IM Private Equity SA – Chairperson of the Management Board of AXA IM Private Equity Europe SA – Member of the AXA Private Equity US Supervisory Committee – Chairperson of the AXA Private Equity Germany GmbH Supervisory Committee – Director, AXA Private Equity Asia – Member of the Board of Directors of AXA Private Equity Italy S.r.l. – Chairperson of AXA Chile Private Equity I SAS. – Chairperson of Matignon Développement 1 SAS – Chairperson of Matignon Développement 2 SAS – Chairperson of Matignon Développement 3 SAS – Chairperson of AXA Infrastructures Investissement SAS – Director, 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 PE Asia Manager Ltd. – Director, AXA IM LBO Management Ltd. – Director, AXA IM LBO Management III Ltd – Director, AXA IM LBO Management IV Ltd – Member of the Board of AXA Alternative Participations SICAV – Member of the Board of AXA Alternatives Participations SICAV II – Director, Théâtre des Champs-Elysées SA

	Date first appointed	Date term expires	Positions held outside the group
Mrs. Dominique Senequier (continued from the previous page)			***Positions that expired in the past five years*** – Chairperson of the Supervisory Board of Renaissance Investissements SA – Vice – Chairman of the Supervisory Board of Linedata Services SA – Director, AIP Finance SA – Member of PCP Holding SAS – Chairperson of Pikanter 4

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 Nominating, Compensation and Governance Committee.

The 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 is the case for both the fixed portion, i.e. 360,000 euros (excluding taxes) and the portion related to the company's performance; the latter is calculated on the basis of 1% of net income of the fiscal year considered and is capped at 750,000 euros (excluding taxes).

The compensation of the Executive Vice Presidents was set on the recommendation of the Nominating, Compensation and Governance Committee at the Board meeting of March 20, 2006 and includes a fixed portion and a variable portion; in addition, they receive compensation for any positions held in the group outside BOURBON SA.

The variable portion, which is related to the company's performance, is calculated for both Executive Vice Presidents on the basis of 0.5‰ of the net income for the fiscal year considered; it is payable the following year, after approval of the financial statements by the Annual Shareholders' Meeting.

However, on the recommendation of the Nominating, Compensation and Governance Committee, the Board of Directors in its December 10, 2007 meeting decided to cap the variable portion of each of the two Executive Vice Presidents at 150,000 euros.

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

(gross amounts in €)	2007	2006
Jacques d'Armand de Chateauvieux		
Fixed compensation	360,000	360,000
incl. billing for services(1)	*360,000*	*360,000*
Variable compensation(1)	750,000(**)	750,000(*)
Total	**1,110,000**	**1,110,000**
Christian Lefèvre		
Fixed compensation	310,764	307,615
incl. billing for services(2)	*150,000*	*150,000*
Variable compensation(2)	150,000(**)	76,445(*)
Compensation for positions held in the group outside of BOURBON SA	39,258	53,905
Total	**500,022**	**437,965**
Laurent Renard		
Fixed compensation	221,000	221,000
Variable compensation	150,000(**)	76,445(*)
Compensation for positions held in the group outside of BOURBON SA	39,258	18,753
Total	**410,258**	**316,198**

(1) *Payment for services rendered to the company Jaccar, of which Jacques d'Armand de Chateauvieux is the principal shareholder.*
(2) *Payment for services rendered to the company Marine, of which Christian Lefèvre is the principal shareholder.*
(*) *Compensation paid in 2007 for 2006.*
(**) *Compensation paid in 2008 for 2007.*

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.

Laurent Renard's original employment contract includes a provision for benefits in the event he is dismissed following a change in control of BOURBON. In that this clause is not related to the position in the company subsequently assigned to Laurent Renard, it will no longer be reported in future management reports.

3.3.2 Stock subscription or purchase options granted and/or exercised during 2007 and bonus shares

On the recommendation of the Nominating, Compensation and Governance Committee, the Board of Directors decided to grant, under the December 2007 stock subscription option plan, 40,000 options to each of the two Executive Vice Presidents.

In addition, the Board of Directors in its March 10, 2008 meeting, decided to change the form of these options granted by replacing the stock subscription options by stock purchase options.

At the Chairman's request, he was not granted any stock options under the December 2007 stock option plan.

Corporate officers - recipients	Number	Options granted in 2007		Options exercised in 2007	
		Expiration date	Price (euros)	Number	Price (euros)
Jacques d'Armand de Chateauvieux	N/A	N/A	N/A	53,900	8.30
Christian Lefèvre	40,000	12.10.2011	43.98	53,900	8.30
Laurent Renard	40,000	12.10.2011	43.98	57,750	8.30

In its March 10, 2008 meeting, the Board of Directors, as regards the new regulations in force, voted to make it mandatory for the corporate officers to retain 20% of any shares held by them after exercising stock subscription options, for the duration of their term of office. This decision applies from the time stock options were granted in December 2007.

Moreover, the corporate officers did not receive any bonus shares.

3.3.3 Director's fees

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 Shareholders' meeting of May 29, 2007 for the year 2006 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; this applies to meetings of the Board as well as meetings of the specialized committees.

Under these terms, the amount paid to the members of the Board of Directors in 2007 totaled 110,000 euros.

Current members of the Board of Directors	2007	2006
Jacques d'Armand de Chateauvieux	13,000	11,000
Christian d'Armand de Chateauvieux	13,000	9,000
Henri d'Armand de Chateauvieux	13,000	11,000
Guy Dupont	13,000	9,000
Marc Francken(1)	11,000	11,000
Victoire de Margerie*	19,000	17,000
Christian Munier	13,000	11,000
Thi Huyen Lan Vo*	N/A	N/A
Roger Wright(1)	15,000	13,000
Former member of the Board of Directors		
Jean-Marc Brebion	N/A	9,000
Total	**110,000**	**101,000**

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

* *The BOURBON Board of Directors meeting on December 10, 2007 co-opted Ms. Thi Huyen Lan Vo for the position of Director left vacant after the resignation of Ms. Victoire de Margerie.*

The members of the Board of Directors did not receive any other compensation or any other benefit during the fiscal year. The Directors received neither stock subscription options nor bonus shares.

3.3.4 Fees paid to the statutory auditors and to the members of their networks

(in € thousands)	EurAAudit CRC				Deloitte Touche Tohmatsu			
	Amount		Percentage		Amount		Percentage	
	2007	2006	2007	2006	2007	2006	2007	2006
Audit								
Auditing network and certification of consolidated and statutory accounts								
• Parent Company	64	63	32	33	80	66	16	19
• Consolidated subsidiaries	139	128	68	67	393	253	81	74
Other ancillary assignments and other auditing engagements								
• Parent Company	-	-	-	-	-	-	-	-
• Consolidated subsidiaries	-	-	-	-	4	-	1	-
Sub-total	**203**	**191**	**100**	**100**	**477**	**319**	**98**	**93**
Other services								
Legal, tax, corporate	-	-	-	-	9	8	2	2
Other	-	-	-	-	-	17	0	5
Sub-total	**-**	**-**	**-**	**-**	**9**	**25**	**2**	**7**
TOTAL	**203**	**191**	**100**	**100**	**486**	**344**	**100**	**100**

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 in each operational division 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 is regularly updated.

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 business lines in which BOURBON is engaged, 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.

A specialist in offshore oil and gas marine services, Bourbon Offshore assists its clients in growing their business worldwide by offering them a wide range of services and powerful new multi-purpose vessels, suited to the requirements of deepwater offshore as well as continental offshore. Its management, which is focused on maintaining safety and operational standards, guarantees a high level of consistent quality.

Operating in more than 25 countries, Bourbon Offshore is very active in the "Golden Triangle" region, the west coast of Africa, Brazil, the Gulf of Mexico and the North Sea. Backed by a strategy of acquisitions, alliances and partnerships with local players that complement its activities, BOURBON is expanding rapidly in new regions like Asia.

Bourbon Offshore's clients are the international oil majors (Exxon Mobil, Chevron Texaco, Statoil, Conoco Philips, BP, Shell, Total, Agip, etc.) as well as numerous state-owned oil companies (Petrobras in Brazil, Pemex in Mexico, etc.).

Thanks to the group's international presence and the increase in the number of its clients, the risk of dependence is somewhat diluted. The increase in clients reflects the increase in power of the super majors, BP, Exxon and Shell and the arrival of new clients, notably in India, Thailand, Indonesia and Malaysia. In 2007, only two clients (Total and Exxon) accounted for more than 10% of the revenues of the Offshore Division.

Owing to a policy of medium to long-term contracts, the Offshore Division is able to adapt its offering to the specific needs of its clients.

In the highly dynamic sector of offshore oil production, BOURBON's ability to compete and its success are contingent on the individual expertise and collective motivation of its employees. The crews of the Offshore Division, which are highly qualified for each of their missions, operate all categories of vessels in deepwater and continental offshore production. Thus the skills of the employees help to create a sound relationship of trust with clients by offering real satisfaction, leading to lasting business relationships.

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.

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.

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 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, the quality of its directly owned fleet as well as the quality of its relationships with traditional clients are key for the proper use of these assets.

4.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

BOURBON'S activities involve mainly the marine and shipping areas, which are especially highly regulated. Although the accident rate has been reduced by around half in twenty years, marine shipping is not exempt from risks. BOURBON enforces the regulations described below and has adopted a set of procedures, charters and codes of conduct that guide the practices onboard its vessels. The company makes every attempt to meet the highest standards (TMSA standards) in force in the shipping of oil.

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. In particular, BOURBON follows the standards published by the IMCA (*International Maritime Contractor Association*).

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 offshore services activities that include the "Marine Services" and the "Subsea Services" activities is governed by contracts generally placing an obligation of means on BOURBON as well as a provision for the mutual waiving of the right of action with the client ("knock for knock" system).

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

Nature and extent of cover

BOURBON has full insurance coverage for its marine business that covers both damages liable to be caused to its fleet ("hull and machinery" insurance) and shipowners' liability (so-called "Protection & Indemnity").

BOURBON also has civil liability insurance covering any risks not directly related to its marine activity under an umbrella policy that can be used as a supplement in the event of a gap in coverage.

BOURBON has also taken out a civil liability policy for its management.

All these policies have been taken out with the appropriate levels of coverage and deductibles for the business risks which BOURBON prefers not to disclose for reasons of confidentiality.

No captive insurance company was established within the group.

Insurance management

Subject to the constraints of local legislation or to the way in which the group is organized, insurance management is centralized, which means it is possible to obtain the best coverage in terms of quality and savings and a better overall view of insurance costs.

BOURBON uses top ranking international insurance companies, all with at least an "A" rating issued by financial rating agencies like Standard & Poor's. Our principal insurance partners are: Norwegian Hull Club, Groupama Transports, Allianz Global Corporate and Specialty, Amlin and Fortis for "hull and machinery" insurance; the Shipowners Club, the Gard, the UK Club, Skuld, all members of the International Group of P&I Clubs, for shipowners' liability insurance.

The civil liability policy covering the non-marine activity is with Axa Corporate Solutions and Groupama Transport.

The management's liability insurance is with AIG.

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 activity is coordinated and controlled at the central level and 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, 2007, after consideration of the interest rate swaps, approximately 65% 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:

As of December 31, 2007 (in € thousands)	< 1 year	> 1 year to < 5 years	> 5 years	Total
Variable-rate assets	324,299	7,779	-	**332,078**
Variable-rate liabilities	(162,980)	(565,266)	(350,773)	**(1,079,019)**
Net variable-rate position before hedging	**161,319**	**(557,487)**	**(350,773)**	**(746,941)**
Hedges	48,301	311,561	233,680	**593,543**
Net variable-rate position after hedging	**209,620**	**(245,925)**	**(117,093)**	**(153,398)**
Sensitivity to a 1% increase in rates before hedging	1,613	(5,575)	(3,508)	**(7,469)**
Sensitivity to a 1% increase in rates after hedging	2,096	(2,459)	(1,171)	**(1,534)**
Sensitivity to a 1% decrease in rates before hedging	(1,613)	5,575	3,508	**7,469**
Sensitivity to a 1% decrease in rates after hedging	(2,096)	2,459	1,171	**1,534**

As of December 31, 2007, if interest rates on borrowings had been 1% higher or lower, the group's cost of net debt would have been 1.5 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 67%) 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 25% 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, offshore oil and gas marine services are directly exposed to foreign currency risks, particularly on the US dollar.

On the other hand, the Bulk Division has a nearly perfect natural hedge (revenues and costs mainly in dollars). Therefore, the margin realized in US dollars is not hedged.

For the sugar activity 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 shareholders' 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 exchange rate 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):

	12.31.2007					Effect on income	
(in € thousands)	Monetary assets	Monetary liabilities	Net position before hedging	Hedging	Net position after hedging	Of a 1% rise	Of a 1% decline
BRL	4,151	1,066	3,085	-	3,085	(31)	31
MXP	487	317	169	-	169	(2)	2
NOK	21,073	197,403	(176,330)	120,167	(56,164)	556	(567)
USD	207,555	156,929	50,626	11,221	61,846	(612)	625
VND	9,430	1,932	7,498	-	7,498	(74)	76
Other currencies	8,340	4,215	4,125	-	4,125	N/S	N/S
Total	**251,036**	**361,863**	**(110,828)**	**131,387**	**20,560**	**(163)**	**166**

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, financial assets available for sale and certain derivative instruments, the group works only with top-ranking banks and pays particular attention in the choice of bank institutions.

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 oil and gas marine services sector.

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 for which the redemption phase began in April 2007. As of December 31, 2007, the loan amount outstanding was 304 million euros.

Just before the summer 2007 monetary crisis, a loan of 450 million euros ("club deal") was taken out (line drawn down in the amount of 194 million euros as of December 31, 2007).

In addition, the group had unused short-term credit lines totaling around 300 million euros as of December 31, 2007.

An additional pre-financing line of 134 million euros expiring on June 30, 2011 was signed in 2007 (line drawn down in the amount in the amount of 54 million euros as of December 31, 2007).

The repayment schedule for long-term financial debt is included in note 3.15 in 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 and 450 million euros loans, require BOURBON to ensure that vessels that 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. Each of these bilateral loans is based on a vessel with a marine mortgage.

■ Stock Risk

The group's stock portfolio consists of open-ended investment funds with a volatility coefficient close to 1. 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. Of course, the volatility coefficient has increased in the past few months but it remains at completely acceptable levels.

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 dynamic positioning, 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's international growth is taking place in large part in the emerging countries (west coast of Africa, Asia, South America, etc.). It takes place mainly through joint ventures with local partners, aimed at sharing expertise and profits, and with a concern for providing as much local content as possible.

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.

The principle of building innovative vessels in series in countries with competitive costs, leads to a global cost control process, i.e.:

- a 15 to 30% reduction in construction costs by following quality and safety standards thanks to unusual cooperation among marine architects, equipment-makers and experienced project managers along with BOURBON, for a sharing of expertise;
- standardizing training in order to guarantee the same level worldwide: training crews on simulators, harmonizing skills, and enriching know-how thanks to a sharing of "best practices";
- optimizing maintenance and upkeep costs: industrialization of maintenance services, reduction of spare parts inventory, optimizing intervention time, and substitution facilitated during technical shutdowns, etc.

5 EMPLOYMENT INFORMATION

• To boost its already strong growth, BOURBON is focusing on the development of so-called integrated "manning" companies that support the recruitment work of the Ship Managers. This highly global task is facilitated by an ambitious personnel evaluation and training policy.

This policy is backed by strong standardization of the fleet, the introduction of effective and innovative training and evaluation tools such as the Bourbon Training Center, the referring staff and the DNV Seaskill skills evaluation program and by the willingness to take on students and young officers of all backgrounds in order to create a multi-cultural environment favoring equal opportunities in education.

BOURBON is concerned to train and promote all its employees without discrimination.

The Bourbon Training Centers are training centers using highly sophisticated teaching methods. The referring staff plays a major role in the centers. They are the trainers that guarantee good practices. They are also involved in training at sea.

Bourbon's Marseilles Training Center, the result of a partnership between BOURBON and the National Merchant Navy School, is equipped with a latest generation simulator, a replica of the bridge of an anchor-handling vessel. The crews trained on it are also trained in sensitive anchor-handling operations in accordance with BOURBON's strictest safety criteria and operating standards.

BOURBON's Manila Training Center is devoted to dynamic positioning operations. The qualifying training given in this center is recognized by the London Nautical Institute. A similar center was created previously with local authorities and the Marseilles National Merchant Navy School.

These partnerships give BOURBON an opportunity to convey information on its business lines, thus helping to make the group more widely known and more attractive.

The DNV Seaskill program evaluates the skills of our employees on a permanent basis in order to introduce appropriate training sessions needed to carry out successfully the missions assigned to BOURBON's crews.

• The Combined Annual and Special Shareholders' meeting of May 29, 2007 granted authority to the Board of Directors to grant bonus shares in the company to the employees. Under this authority, the Board of Directors decided to grant 166,160 bonus shares to the employees of the company or of any company in the group on November 1, 2007. The Board of Directors made this decision in order to involve the employees in the success of BOURBON's plans.

• Moreover, the combined annual and special shareholders' 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 for a maximum of 5% of the company's capital stock.

In this context, the Board of Directors, in its December 5, 2005, its December 4, 2006 and its December 10, 2007 meetings, granted three tranches of stock subscription or stock purchase options.

6 BOURBON SA AND ITS SHAREHOLDERS

6.1 CAPITAL STOCK AND BREAKDOWN

As of December 31, 2007, the capital stock was set by law at 35,077,680 euros divided into 55,222,732 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 2007) amounted to 55,461,302 because of the 238,570 shares issued when stock options were exercised between May 29, 2007 (date of the last report on stock options exercised by the Board of Directors) and December 31, 2007. In its March 10, 2008 meeting, the Board of Directors noted the corresponding capital increase.

In September 2007, the company Pleyel Investissements reported that it had risen above the threshold by 5%.

In addition, on December 31, 2007, employee shareholding concerned, through the FCPE (Fonds commun de placement d'entreprise), "Bourbon Expansion", 816 persons for 481,312 shares, or 0.87% of the capital stock.

Thus, the table below shows a breakdown of the BOURBON shareholder base as of December 31, 2007:

Shareholders	Number of shares	% of the capital	% of the voting rights
Jaccar(*)	13,111,954	23.64	23.66
Pleyel Investissements	2,994,868	5.40	5.40
Treasury Stock	34,812	0.06	-
Employees	481,312	0.87	0.87
Public	38,838,356	70.03	70.07
TOTAL	**55,461,302**	**100.00**	**100.00**

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

6.2 DIVIDENDS PAID FOR THE PAST THREE YEARS

We hereby report the dividends paid for the past three years as listed below:

	Number of shares	Net dividend per share	Total amount distributed in €
2004	24,612,000	0.56(*)	13,782,720(***)
2005	25,045,577	1.00(**)	25,045,577
2006	50,195,528	0.60(**)	30,117,317

(*) *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 shareholders 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, 2007, the company owned 34,812 shares, or 0.06% 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 2007, the following transactions were brought to our attention:

Jacques d'Armand de Chateauvieux, Chairman and Chief Executive Officer, sold 53,900 shares on December 20, 2007.

6.3.3 Stock Options granted to employees

The combined annual and special shareholders' 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 for a maximum of 5% of the capital stock.

Under this authority, in its December 10, 2007 meeting, the Board of Directors decided to open a sixth plan of 1,290,600 stock options that can be exercised from December 10, 2011 to December 9, 2013 at the price of 43.98 euros. In addition, the Board of Directors in its March 10, 2008 meeting, decided to change the form of this plan by substituting stock purchase options for stock subscription options.

In all, in fiscal year 2007, the number of options granted to the ten employees (excluding corporate officers) receiving the largest option allocations amounted to 175,000.

This sixth plan raises to 1,998,120 the number of options granted since the authority granted by the combined annual and special shareholders' meeting of June 7, 2005, or 3.6% of the capital stock, in accordance with the maximum 5% of capital stock authorized.

We further inform you that during the year ended, some non-officer employees subscribed for shares from stock options exercised by the company. The 10 largest amounts exercised were: 18,324 share purchase options at the price of 5.131 euros and 40,810 options at the price of 8.30 euros (the option exercise conditions were adjusted to reflect the change affecting the BOURBON stock).

6.3.4 Granting bonus shares to the employees

The combined annual and special shareholders' meeting of May 29, 2007 granted authority to the Board of Directors in its twentieth special resolution, in accordance with the terms set forth by Articles L 225-197-1 to L 225-197-5 of the Commercial Code, to issue, one or more times, to the employees of the company or of some categories of employees, and/or to the managers referred to in Article L 225-197-1 II of the Commercial Code, as well as to the employees and managers of the companies or of any economic interest groupings affiliated with the company as defined in Article L 225-197-2 of the Commercial Code, bonus share, either outstanding or to be issued.

Under this authority, in its August 27, 2007 meeting, the Board of Directors decided to grant, free of charge, 166,160 shares to the employees of the company or of any company in the group on November 1, 2007. The Board of Directors made this decision in order to involve the employees in the success of BOURBON's plans.

These shares will be granted as described below:

- to recipients residing in France on November 2, 2009; however the recipients shall remain subject to an obligation to retain the shares for a period of two years;
- to recipients not residing in France on November 2, 2011.

Acquiring these shares implies that after the acquisition period, the recipient is an employee of the group or of a company in the group.

In addition, we hereby inform you that BOURBON's corporate officers were excluded from this grant.

7 PROPOSALS OF THE BOARD OF DIRECTORS

7.1 APPROPRIATION OF EARNINGS/DIRECTORS' FEES

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

- to appropriate the earnings for the year as follows:

Profit for the year:	€135,370,206.92
Deduction of the allocation to the legal reserve	€ 334,483.03
The balance, i.e.:	€135,035,723.89
Plus retained earnings, i.e.:	€ 7,101.60
Forming a distributable profit in the amount of:	€135,042,825.49
Distribution of a unitary dividend of one euro to 55,461,302 shares	€ 55,461,302.00
Other reserves, for the balance	€ 79,581,523.49

The dividend thus set would be paid out on or after June 9, 2008.

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".

The total amount of the dividend may be increased by the sum needed to pay it out to the new shares resulting from the exercise of stock subscription options on the dividend pay-out date.

This dividend will qualify the holder to an allowance of 40% applicable to individuals who are tax residents of France, i.e. 0.40 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, 2008 the total maximum amount of the directors' fees allocated to the Board of Directors at 200,000 euros for fiscal year 2007 and subsequent years.

7.2 SITUATION WITH REGARD TO THE POSITIONS OF THE DIRECTORS AND THE STATUTORY AUDITORS

■ Directors

At the December 10, 2007 meeting of the Board of Directors, Ms. Lan Vo Thi Huyen was co-opted as Director to replace Ms. Victoire de Margerie, Director, who resigned, for her remaining term of office i.e. until after the shareholders' meeting ruling in 2010 on the financial statements for the year ended December 31, 2009; the annual general meeting will be asked to approve the ratification of this appointment.

The terms as Directors of Christian Munier, Guy Dupont, Christian d'Armand de Chateauvieux and Henri d'Armand de Chateauvieux expire with this annual general meeting; for anyone wishing to renew their term, a proposal will be made to the shareholders' meeting to renew their positions for another three-year period, i.e. until the annual shareholders' meeting scheduled in 2011 to approve the statements for the year ended December 31, 2010.

At its March 10, 2008 meeting, the Board of Directors examined and selected the application of Baudouin Monnoyeur, domiciled in Saint Denis (93200) 117 rue Charles Michels, as he had applied for a position as Director. The decision was made to propose to the annual general shareholders' meeting to approve this appointment for a period of three years, i.e. until after the meeting to be held in 2011 to approve the financial statements for the year ended December 31, 2010.

■ Auditors

The terms as statutory auditors of the company Deloitte & Associés and as alternate auditors of the Beas company expire with this general meeting; they hereby agree to be reappointed; a proposal will be made to the meeting to reappoint them for another six-year term of office, i.e. until the annual general shareholders' meeting to be held in 2014 to approve the financial statements for the year ended December 31, 2013.

7.3 TREASURY STOCK BUYBACK PROGRAM

It shall be resolved that the annual shareholders' meeting:

- terminate the current stock buyback program approved by the combined annual and special meeting of May 29, 2007;
- authorize a new treasury stock buyback program for the company.

7.4 AUTHORITY TO GRANT STOCK SUBSCRIPTION OR STOCK PURCHASE OPTIONS

A resolution shall be submitted by the Board of Directors to the special shareholders' meeting to obtain a delegation of authority lasting 38 months, to grant, one or more times, to the employees or to some categories of employees or the legally appointed corporate officers of the company or any affiliated companies as defined in Article L. 225-180 of the Commercial Code, options entitling the holder to subscribe to new shares in the company and/or to purchase outstanding shares in the company from purchases made by it.

7.5 AMENDMENT TO THE BYLAWS PROPOSED TO THE MEETING

It shall be proposed to the special shareholders' meeting that a decision by the special meeting on August 23, 2004 eliminating double voting rights be shown in the bylaws by amending paragraph one of Article 11 of the Bylaws accordingly.

ARTICLE 11 – RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES – JOINT OWNERSHIP

I – Each share shall entitle the holder to a share of the corporate profits and assets in proportion to the amount of capital stock represented by it.

Furthermore, it shall entitle the holder to vote and be represented at annual general shareholders' meetings under the legal and statutory conditions.

The rest of the article remains unchanged.

*

*   *

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	2007	2006	2005	2004	2003
Capital stock at year-end					
Capital (in € thousands)	35,229	31,884	31,267	31,267	26,801
Number of ordinary shares outstanding	55,461,302(1)	50,195,528(3)	25,045,577(5)	24,612,000	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					
– by converting bonds	0	0	0	0	0
– by exercising subscription rights	2,192,600	1,067,578	602,226	684,727	0
Operation and profit/loss for the year (in € thousands)					
Revenues excluding taxes	4,271	1,204	1,534	1,175	1,305
Net income before income tax, employee profit-sharing, depreciations and provisions	88,631	10,546	164,024	40,892	16,258
Income taxes	(6,640)	(4,411)	(2,331)	17,341	6,690
Employee profit-sharing for the year	0	0	0	0	0
Net income after income tax, employee profit-sharing, depreciations and provisions	135,370	14,656	181,000	39,162	(472)
Distributed net income	55,461(2)	30,110	25,046	13,783	9,845
Earnings per share (in €)					
Net income after income tax, employee profit sharing but before depreciations and provisions	1.72	0.30	6.45	2.37	3.26
Net income after income tax, employee profit-sharing, depreciations and provisions	2.44	0.29	7.23	1.59	(0.07)
Dividend per share	1.00(2)	0.60(4)	1.00(6)	0.56	1.40
Personnel					
Average salaried workforce during the year	0	0	0	0	0
Employee welfare contributions and similar charges (social security, employee organizations, etc.)	0	0	0	0	0

(1) or 55,222,732 shares + 238,570 stock options exercised as of 12/31/2007.
(2) or 1 euro per share according to the proposal by the Board of Directors on 03/10/2008.
(3) or 50,113,610 shares + 81,918 stock options exercised as of 12/31/2006.
(4) or 0.60 euro per share according to the proposal by the Board of Directors on 03/19/2007.
(5) or 24,612,000 shares + 433,577 stock options exercised as of 12/31/2005.
(6) or 1 euro per share according to the proposal by the Board of Directors on 03/20/2006 and before the two-for-one split.

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 2007
Combined annual and special shareholders' 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 o Directors' meeting of 12.10.2007 decided to grant 1,290,600 stock options in the company to be issued under a capital increase. These stock options may be exercised from 12.10.2011, the start of the 5th year of the allotment and until 12.09.2013, the end of the 6th year of the allotment.*
Combined annual and special shareholders' meeting of 05.29.2007	*Authority granted to the Board of Directors to grant, one or more times, bonus share to be issued by the company under a capital increase or from purchases made by it.*	*Thirty-eight months, i.e. until 07.28.2010*	*The Board of Directors' meeting of 08.27.07 decided to grant bonus share in the company to all its employees and those of any economic interest groupings associated with it. These shares will be issued under a capital increase. These shares may be acquired on 11.02.2009 or 11.02.2011, as the case may be.*

(*) The above table includes the delegations in the process of being validated and their use in fiscal year 2007.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 2007

(in € thousands)	Notes	2007	2006
Goodwill	3.1	35,046	14,185
Intangible assets	3.2	6,559	5,861
Property, plant and equipment	3.3 - 3.4	1,927,441	1,641,698
Investments in associates	3.5	12,913	10,904
Non-current financial assets	3.6	139,407	97,799
Deferred tax assets	3.17	3,247	6,476
Total non-current assets		**2,124,613**	**1,776,923**
Inventories and work in progress	3.7	7,397	14,035
Trade and other receivables	3.8	255,835	194,260
Tax receivables		-	-
Current financial assets	3.8	17,267	18,212
Other current assets	3.8	22,533	9,602
Cash and cash equivalents	3.9	322,551	269,683
Total current assets		**625,583**	**505, 792**
Non-current assets classified as held for sale	2.1	**-**	**134,445**
Total Assets		**2,750,196**	**2,417,160**
Capital		35,229	31,884
Share premiums		50,059	49,145
Consolidated reserves, group share (including profit for the year)		1,037,867	739,524
Total shareholders' equity, group share		**1,123,155**	**820,553**
Minority interests		**73,118**	**52,875**
Total shareholders' equity		**1,196,273**	**873,428**
Borrowings and financial liabilities	3.15	1,061,363	902,362
Employee benefit obligations	3.14	5,523	14,968
Other provisions	3.14	19,563	12,479
Deferred tax liabilities	3.17	18,983	40,742
Other non-current liabilities		15,618	4,594
Total non-current liabilities		**1,121,050**	**975,145**
Borrowings and bank loans (< one year)	3.15	210,633	383,168
Provisions (< one year)	3.14	102	1,127
Trade and other payables		165,495	142,538
Tax liabilities		4,535	3,626
Other current liabilities		52,108	13,129
Total current liabilities		**432,873**	**543,588**
Liabilities directly associated with non-current assets classified as held for sale	2.1	**-**	**24,999**
Total liabilities		**1,553,923**	**1,543,732**
Total liabilities and shareholders' equity		**2,750,196**	**2,417,160**

CONSOLIDATED INCOME STATEMENT

(in € thousands)	Notes	2007	2006	2006 published
Revenues	4	769,665	608,619	717,640
Costs of goods and services sold	4.1	(405,937)	(323,069)	(387,514)
General and administrative costs	4.1	(54,089)	(41,688)	(53,601)
Increases and reversals of amortization, depreciation and provisions	4.1	(95,535)	(86,006)	(96,187)
Other operating expenses and income	4.1	64	1,067	1,045
Operating income		**214,168**	**158,924**	**181,383**
Costs of net debt	3.16	(22,809)	(25,876)	(30,345)
Other financial expenses and income	3.16	(15,053)	(30)	3,510
Income from current operations before income tax		**176,306**	**133,018**	**154,548**
Income tax	3.18	(8,374)	(2,068)	(5,355)
Share in income (loss) of associates	3.5	3,063	4,042	4,042
Net income before net gains on equity interests sold and net income from discontinued operations		**170,995**	**134,992**	**153,235**
Net gains on equity interests sold		26,014	3,820	3,820
Net income from discontinued operations/operations held for sale	2.1	206,814	26,119	7,876
Gain on sale of equity interests		*203,038*		
Net income		**403,823**	**164,931**	**164,931**
Group share		390,751	152,891	152,891
Minority interests		13,072	12,040	12,040
Net earnings per share	5.2.1	7.07	2.77	3.05
Diluted net earnings per share	5.2.2	7.00	2.75	3.03
Net earnings per share – excluding income from discontinued operations/operations held for sale	5.2.1	3.33	2.30	2.89
Diluted net earnings per share – excluding income from discontinued operations/operations held for sale	5.2.2	3.29	2.28	2.87
Net earnings per share – income from discontinued operations/ operations held for sale	5.2.1	3.74	0.47	0.16
Diluted net earnings per share – income from discontinued operations/operations held for sale	5.2.2	3.70	0.47	0.16
Net earnings per share – excluding gains on equity interests sold and income from discontinued operations	5.2.1	2.86	2.23	2.82
Diluted net earnings per share – excluding gains on equity interests sold and income from discontinued operations	5.2.2	2.83	2.21	2.80
Net dividend per share		1.00(1)	0.60	0.60

(1) Recommendation of the Board of Directors at its meeting of March 10, 2008.

CONSOLIDATED CASH FLOW STATEMENT

(in € thousands)	2007	2006
Consolidated net income	**403,823**	**164,931**
Share in income/loss of associates	(6,445)	(15,005)
Tax expenses/income	15,562	5,342
Net amortization, depreciation and provisions	104,776	97,576
Gains and losses from changes in fair value	(23)	(4,257)
Calculated income and expenses related to stock options and similar benefits	2,291	1,994
Gains and losses on disposals	(279,477)	(25,675)
Income tax paid	(11,930)	(5,197)
Other	(1,965)	-
Cash flow	**226,611**	**219,709**
Effects of changes in working capital	9,335	(11,776)
Dividends received	(1,957)	(50)
Cost of net debt	24,189	30,654
Cash flows from operating activities (A)(**)	**258,178**	**238,538**
Acquisition of consolidated companies, net of cash acquired	(22,576)	(20,318)
Sale of consolidated companies, including cash transferred	440,690	-
Effect of other changes in the consolidation scope	(28,839)	-
Payments for property, plant and equipment and intangible assets	(638,019)	(466,257)
Proceeds from disposal of property, plant and equipment and intangible assets	135,135	169,971
Payments for acquisition of long-term financial assets	(3,333)	(66)
Proceeds from disposal of long-term financial assets	5,660	9,465
Dividends received	1,957	50
Change in loans and advances granted	(50,248)	(29,160)
Cash flows from investing activities (B)(**)	**(159,573)**	**(336,315)**
Capital increase	1,955	5,481
Capital repayment	(262)	(445)
Net sales (acquisition) of treasury shares	12	(269)
Proceeds from borrowings	433,555	397,585
Repayments of borrowings	(268,226)	(292,047)
Dividends paid to parent company shareholders	(30,111)	(25,046)
Dividends paid to minority interests	(1,016)	(1,569)
Net interest paid	(24,189)	(30,654)
Cash flows from financing activities (C)(**)	**111,718**	**53,036**
Effect of changes in exchange rates(**)	(12,935)	(13,332)
Effect of changes in accounting principles	-	-
Change in net cash (A) + (B) + (C)(**)	**197,388**	**(58,074)**
Cash at beginning of period	25,479	83,553
Cash at end of period(*)(**)	222,867	25,479
Change in cash	**197,388**	**(58,074)**
(*) including:		
– Marketable and other securities	1,687	90,030
– Cash and cash equivalents	320,864	180,971
– Bank overdrafts	(99,684)	(245,522)
(**) including discontinued operations:		
Cash flows from operating activities	60,503	3,806
Cash flows from investing activities	(52,141)	(11,849)
Cash flows from financing activities	(25,892)	8,429
Effect of changes in exchange rates	-	(132)
Change in net cash	**(17,529)**	**254**
Cash at beginning of period	17,529	1,063
Cash at end of period	-	1,317
Change in net cash	**(17,529)**	**254**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For 2007:

(in € thousands)	Capital and related reserves			
	Share Capital	Share Premium and reserves related to share capital	Reclassification of treasury shares	Consolidated reserves, group share
Shareholders' equity as of December 31, 2006	**31,884**	**49,145**	**(2,405)**	**634,851**
2006 earnings	-	-	-	152,891
Shareholders' equity as of January 1, 2007	**31,884**	**49,145**	**(2,405)**	**787,742**
Cash flow hedge (IAS 39)	-	-	-	-
Change in currency translation adjustments	-	-	-	-
Reclassification of treasury shares	-	-	320	-
Total income and expenses for the year recognized directly as shareholders' equity	***-***	***-***	***320***	***-***
2007 earnings	-	-	-	-
Total income/expenses for the year	***-***	***-***	***-***	***-***
Capital increase	3,345	(1,390)	-	-
Dividends paid by the parent company in 2007	-	-	-	(30,111)
Capital repayment	-	-	-	-
Recognition of share-based payments	-	-	-	2,291
Other changes	-	-	-	3,833
Shareholders' equity as of December 31, 2007	**35,229**	**47,755**	**(2,085)**	**763,755**

The other changes in minority interests are primarily related to changes in the scope of consolidation for the year (sale of consolidated companies).

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

Unrealized or deferred gains/losses			Net income, group share	Total shareholders' equity, group share	Minority interests	Total consolidated shareholders' equity
Currency translation adjustments	Change in fair value of available-for-sale investments	Change in fair value of hedging derivatives				
(55,147)	**-**	**9,334**	**152,891**	**820,553**	**52,875**	**873,428**
-	-	-	(152,891)	**-**	-	**-**
(55,147)	**-**	**9,334**	**-**	**820,553**	**52,875**	**873,428**
-	-	(44,713)	-	**(44,713)**	(1,367)	**(46,080)**
(21,724)	-	-	-	**(21,724)**	(2,666)	**(24,390)**
-	-	-	-	**320**	-	**320**
(21,724)	***-***	***(44,713)***	***-***	***(66,117)***	***(4,033)***	***(70,150)***
-	-	-	390,751	**390,751**	13,072	**403,823**
-	***-***	***-***	***390,751***	***390,751***	***13,072***	***403,823***
-	-	-	-	**1,955**	-	**1,955**
-	-	-	-	**(30,111)**	(1,016)	**(31,127)**
-	-	-	-	**-**	(262)	**(262)**
-	-	-	-	**2,291**	-	**2,291**
-	-	-	-	**3,833**	12,482	**16,315**
(76,871)	**-**	**(35,379)**	**390,751**	**1,123,155**	**73,118**	**1,196,273**

For 2006:

(in € thousands)	Capital and related reserves			
	Share Capital	Share Premium and reserves related to share capital	Reclassification of treasury shares	Consolidated reserves, group share
Shareholders' equity as of December 31, 2005	**31,267**	**44,281**	**(310)**	**452,864**
2005 earnings	-	-	-	205,039
Shareholders' equity as of 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 shareholders' 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	-	-	-	-
Recongnition of share-based payments	-	-	-	1,994
Other changes	-	-	-	-
Shareholders' equity as of December 31, 2006	**31,884**	**49,145**	**(2,405)**	**634,851**

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 shareholders' equity, group share	Minority interests	Total consolidated shareholders' 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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES AND METHODS

1.1 GENERAL INFORMATION

The consolidated financial statements for fiscal year 2007 were approved by the BOURBON Board of Directors on March 10, 2008. BOURBON is an incorporated company registered in France, the shares of which are listed for trading on Compartment A of Euronext Paris.

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's consolidated financial statements for the year ended December 31, 2007 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 as of December 31, 2007 are those published in the Official Journal of the European Union, the application of which was mandatory as of December 31, 2007.

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, 2006 and the auditors report on those statements, provided in the registration document filed on May 16, 2007 with the *Autorité des Marchés Financiers* (on pages 29-95 and 96 respectively);
- 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* (pages 25-75 and 76-77 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 shareholders' equity on the consolidated balance sheet separately from the group's share of income/loss and shareholders' 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, 2007 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.

- IFRS 7 Financial Instruments: disclosures;
- IFRIC 7 Applying the restatement approach under IAS 29 Financial reporting in hyperinflationary economies;
- IFRIC 8 Scope of IFRS 2;
- IFRIC 9 Reassessment of embedded derivatives;
- IFRIC 10 Interim financial reporting and impairment.

In addition, the group has elected not to apply the following standards and interpretations early: IAS 23, IFRS 8 and IFRIC 13.

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, 2007 was €4.9 million (€14.9 million in 2006). More details are provided in note 3.14.

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 and 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.

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 shareholders' equity, which is 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 shareholders' 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 entity. These differences are charged directly to shareholders' 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 two businesses of the group: Offshore 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 proportionate 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 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 businesses which are identifiable by activity. 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 cost of 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 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 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 shareholders' 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 the income statement, 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 designated at the initial accounting as financial assets at fair value through profit or loss.

As of December 31, 2007 and December 31, 2006, 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 or 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, 2007 and December 31, 2006, 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 shareholders' 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 shareholders' 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 shareholders' 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.

a. 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, on individually or collectively bases, for financial assets which are not individually significant. If it determines that there is 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.

b. 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 shareholders' 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 payearoll. 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-settled 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 using the "Black & Scholes" method.

This cost is recognized as personnel expenses as a contra entry to an equivalent increase in shareholders' 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.

Bonus shares

The cost of equity-settled 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 shareholders' 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").

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 assets 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, 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 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 shareholders' 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 cancels 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 with 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 in stockholders' equity shall be recognized in profit or loss in the same period or periods during which the hedged item affects profit or loss (for example, for assets that are hedged, at the rate of the amortization made).

If the hedging instrument reaching 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, 2007 are as follows:

Currencies		Average rate for the year 2007	Closing rate as of Dec 31, 2007	Closing rate as of Dec 31, 2006
AON	Angolan Kwanza	106,230	110,378	105,720
BRL	Brazilian Real	2,669	2,607	2,816
CFA	Franc CFA	655,957	655,957	655,957
CFP	Franc CFP	119,265	119,265	119,265
CHF	Swiss Franc	1,642	1,654	1,607
EGP	Egyptian pound	7,836	8,113	7,521
MGA	Madagascar Ariary	2,635,652	2,648,250	2,683,840
MGF	Madagascar Franc	12,542,899	13,477,300	12,081,100
MUR	Mauritian Rupee	43,116	40,091	43,787
MXP	Mexican Peso	14,976	16,052	14,323
NGN	Nigerian Naira	176,071	173,460	169,222
NOK	Norwegian Kroner	8,017	7,958	8,238
QAR	Qatari Rial	5,003	5,355	4,795
SGD	Singapore Dollar	2,063	2,116	2,020
USD	American Dollar	1,370	1,472	1,317
VND	Vietnamese Dong	22,505,527	23,543,700	21,126,400

2 SIGNIFICANT INFORMATION CONCERNING THE YEAR ENDED DECEMBER 31, 2007

2.1 CHANGES IN CONSOLIDATION SCOPE

2.1.1 Newly consolidated companies

The companies that were newly consolidated in 2007 were:

BOURBON SALVAGE INVESTMENTS	(Set-up – fully consolidated)
JACKSON OFFSHORE LLC	(Set-up – equity method)
BOURBON ASIA ASSET	(Set-up – fully consolidated)
BOURBON OFFSHORE IV AS	(Set-up – fully consolidated)
BOURBON OFFSHORE IV KS	(Set-up – fully consolidated)
OCEANTEAM BOURBON I AS	(Acquisition – proportionately consolidated)
OCEANTEAM BOURBON I KS	(Acquisition – proportionately consolidated)
OCEANTEAM BOURBON IV AS	(Acquisition – proportionately consolidated)
BOURBON SUPPLY ASIA	(Set-up – fully consolidated)
SNC BOURBON THEMIS	(Set-up – fully consolidated)
EIG SURFER 2007	(Set-up – fully consolidated)
SNC SURFER 2007BIS	(Set-up – fully consolidated)
SNC SURFER 325	(Set-up – fully consolidated)
CENTRE FORMATION OFFSHORE (BHMS)	(Set-up – fully consolidated)
SASU BOURBON OFFSHORE	(Set-up – fully consolidated)
BOURBON GAIA SUPPLY	(Set-up – fully consolidated)
BOURBON OFFSHORE GULF	(Set-up – fully consolidated)
BOURBON OFFSHORE SUPPLY	(Set-up – fully consolidated)
BOURBON I.M.R.	(Set-up – fully consolidated)
SNC SURFER 2008	(Set-up – fully consolidated)
SNC SURFER 2008 TT	(Set-up – fully consolidated)
BOURBON OFFSHORE NORWAY MANAGEMENT AS	(Set-up – fully consolidated)
BOURBON MARINE SERVICES MANILLA	(Acquisition – equity method)
MARINE NETWORK ASIA	(Set-up – fully consolidated)
DNT OFFSHORE	(Acquisition – fully consolidated)
AEQUO ANIMO	(Set-up – fully consolidated)
SNC AHTS 1	(Set-up – fully consolidated)
CAROLINE 8 SAS	(Set-up – fully consolidated)

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

2.1.2 Deconsolidated companies

Companies deconsolidated in 2007 include the sales related to discontinued operations and equity interests sold. Their impact on the consolidated financial statements as of December 31, 2007 is as follows:

(in € thousands)	Discontinued operations	Equity interests sold
Sale price of the shares	428,873	50,317
Amount collected in cash and cash equivalents	390,373	50,317
Gain on sale of equity interests	203,038	26,014

DISCONTINUED OPERATIONS

■ Vindémia (Retail business)
Following the decision of the Board of Directors to exercise the second put on May 29, 2007, BOURBON sold its remaining interest in Vindémia to Groupe Casino on July 3, 2007. Therefore, Vindémia was deconsolidated in the BOURBON consolidated statements as of July 1, 2007.

The exercise of this option represents the final step in BOURBON’s withdrawal from the Retail business.

For the same reason, BOURBON finalized the sale of its Vietnamese subsidiary Espace Bourbon Thang Long in February 2007.

Because of a dispute between BOURBON and Groupe Casino on the valuation of the sale price for the Vindémia shares and pursuant to the contractual provisions, only an installment was paid for the sale (arbitration in progress). Based on the prudential principle, the receivable recognized at December 31, 2007 represents the additional minimum price to be received determined on the basis of the price valuation established by the buyer.

Under IFRS, this business has been classified as “Operations held for sale” until the sale date.

■ Port towage
In line with its Horizon 2010 strategic plan, in which most of the investments are intended for the offshore marine services, BOURBON, on July 19, 2007, announced a planned purchase of its port towage activity by Grupo Boluda Corporación Marítima. This sale was finalized on December 21, 2007.

For the purpose of the segment information presented in note 4, the French coastal protection (Les Abeilles International) is included in the Offshore Division.

Pursuant to IFRS, the Port Towage activity has been classified as “Operations held for sale” until the date of sale.

■ Hotel assets
The sale of the hotel properties on Reunion Island was finalized in the second half of 2007; the assets in question were:
- Recif SAS;
- Villas du Lagon;
- Motel Les Brisants;
- SEHB Recif.

Pursuant to IFRS, this activity has been classified as “Operations held for sale” until the date of sale.

■ Compagnie Financière de Bourbon
In the first half, the group initiated the sale of its subsidiary Compagnie Financière de Bourbon, a sale which was finalized in July 2007.

Pursuant to IFRS, the company was classified as “Operations held for sale” for the first time on June 30, 2007 until the date of sale.

Effect of discontinued operations on the financial statements

The results for all operations held for sale are presented below for the past year and for 2006:

(in € thousands)	2007	2006
Revenues(*)	101,069	138,154
Costs of sales and general costs	(83,167)	(104,212)
Amortization/depreciation/provisions	(8,285)	(13,826)
Cost of net debt	(1,380)	(4,773)
Other financial income and expenses	(655)	3,086
Share of income/(loss) of associates	3,382	10,963
Income from discontinued operations before taxes	**10,964**	**29,392**
Tax income/(expense)	(7,188)	(3,273)
Net income from discontinued operations	**3,776**	**26,119**

(*) *inc. Port towage activity: €92,866 k for 2007.*

As all discontinued operations had been sold at December 31, 2007, there is no more impact on the consolidated balance sheet as of December 31, 2007.

The change in cash for these companies was as follows:

(in € thousands)	12.31.2007
Cash at beginning of period	17,529
Cash at end of period	0
Change in cash	**(17,529)**

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

SALE OF EQUITY INTERESTS IN CONSOLIDATED COMPANIES

Sugar assets in Vietnam

In 2007, the group initiated the progressive disposal of its sugar assets in Vietnam with the sale of Sucrerie de Bourbon Gia Lai and 31.6% of its stake in Sucrerie de Bourbon Tay Ninh.

Aqua Service Réunion

As part of its disposal of its non-strategic operations, the group initiated the sale of this company, which was finalized in August 2007.

2.2 INTERESTS IN JOINT VENTURES AND PURCHASE OF MINORITY INTERESTS

2.2.1 Bourbon Oceanteam I AS & KS

In February 2007, the group acquired 50% of these companies in Norway. As the two companies are jointly controlled, they are proportionately consolidated. The adjustment in fair value recognized at the time of the acquisition attributable to BOURBON amounted to 5 million euros and was allocated in its entirety to property, plant and equipment (vessel).

(in € thousands)	Bourbon Oceanteam I AS & KS
Acquisition cost of the shares	8,680
Statutory net equity of the company	7,391
Adjustment in fair value	9,971 (*)
Restated net equity of the company	17,362
Fair value of net assets acquired	8,681
Goodwill	-

(*) *Restatement of the vessels held by the company pursuant to the group's accounting policies.*

Pursuant to the acquisition agreement, the final valuation of the acquisition price for the shares will be determined in the first half of 2008. The adjustment in fair value allocated to property, plant and equipment may therefore be modified.

2.2.2 Minority interests in Bourbon Offshore Gaia

In September 2007, the group acquired 49% of Bourbon Offshore Gaia, raising its stake in that company to 100%.

The goodwill generated through this purchase of minority interests was valued as follows:

(in € thousands)	Bourbon Offshore Gaia
Acquisition cost of the shares	7,453
Restated net equity of the company	926
Goodwill	6,527

2.2.3 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)	31.12.2007	31.12.2006
Non-current assets	83,439	50,307
Current assets	19,560	11,437
Total	**102,999**	**61,744**
Non-current liabilities	62,520	41,696
Current liabilities	32,156	15,417
Total	**94,676**	**57,113**
Revenues	31,556	22,721
Net income	5,333	2,339

3 NOTES TO THE FINANCIAL STATEMENTS

3.1 GOODWILL

As of December 31, 2007, the net balance of goodwill totaled €35,046 k, broken down as follows:

(in € thousands)	Gross	Impairment	Net
01.01.2006	**2,327**	**-**	**2,327**
Goodwill on acquisition	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**
Goodwill on acquisition	22,225	-	22,225
Disposals	-	-	-
Impairment	-	-	-
Currency translation adjustment	-	-	-
Change in consolidation scope	(1,364)	-	(1,364)
Reclassification and other changes	-	-	-
12.31.2007	**35,046**	**-**	**35,046**

The accounting method is detailed in note 1.5.2.

The goodwill is allocated in its entirety to the Offshore CGU.

Based on the profitability of this activity, no impairment was recognized as of December 31, 2007.

Increases for the year come from the acquisition of the company DNT Offshore and the purchase of the minority interests of Bourbon Offshore Gaia (see note 2.2.2).

■ **DNT Offshore**

On December 21, 2007, the group acquired the company DNT Offshore (Italy), which is fully consolidated. Based on the acquisition date and pursuant to IFRS 3, the group recognized the possibility of allocating the goodwill provisionally.

(in € thousands)	DNT Offshore
Acquisition cost of the shares	18,059
Statutory net equity of the company	2,361
Adjustment in fair value	-
Restated net equity of the company	2,361
Fair value of net assets acquired	2,361
Goodwill	15,698

Under the acquisition agreement, the valuation of the acquisition cost of the shares will be finalized in the first half of 2008. Goodwill may therefore be changed.

3.2 INTANGIBLE ASSETS

Intangible assets can be analyzed as follows:

(in € thousands)	Gross value	Amortization and provisions	Net
01.01.2006	**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**
Acquisitions	2,411	(1,167)	1,244
Disposals	(47)	37	(10)
Change in consolidation scope	(2,112)	1,226	(886)
Currency translation adjustment	(262)	47	(215)
Reclassification and other changes	387	178	565
Reclassification as held for sale	-	-	-
12.31.2007	**10,302**	**(3,742)**	**6,559**

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

(in € thousands)	R&D costs	Concessions and patents	Leasehold rights	Business Goodwill	Other intangible assets	Advances and installments	Total
01.01.2006	**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**
Acquisitions	-	124	-	-	119	2,168	2,411
Disposals	-	(15)	(2)	-	(30)	-	(47)
Change in consolidation scope	-	(828)	-	(615)	(669)	-	(2,112)
Currency translation adjustment	-	(25)	-	-	(236)	-	(262)
Reclassification and other changes	-	1,482	-	-	-	(1,095)	387
Reclassification as held for sale	-	-	-	-	-	-	-
12.31.2007	**-**	**3,692**	**-**	**430**	**4,392**	**1,787**	**10,302**

As of December 31, 2007, the business goodwills are carried at initial cost due to the group's performance.

Amortization and impairment of intangible assets is as follows:

(in € thousands)	R&D costs	Concessions and patents	Leasehold rights	Business Goodwill	Other intangible assets	Advances and installments	Total
01.01.2006	**(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)**
Acquisitions	-	(474)	-	-	(693)	-	(1,167)
Disposals	-	15	-	-	21	-	37
Change in consolidation scope	-	772	-	430	24	-	1,226
Currency translation adjustment	-	18	-	-	29	-	47
Reclassification and other changes	-	178	-	-	-	-	178
Reclassification as held for sale	-	-	-	-	-	-	-
Total	**-**	**(1,579)**	**-**	**-**	**(2,163)**	**-**	**(3,742)**
12.31.2007							

3.3 PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment represent €1,927,441 k as of December 31, 2007, including €1,680 k for investment properties detailed in note 3.4 and €1,925,761 k in other tangible assets which break down as follows:

(in € thousands)	Gross	Depreciation & provisions	Net
01.01.2006	**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**
Acquisitions	608,293	(91,762)	516,531
Disposals	(105,947)	25,974	(79,972)
Impairment	-	-	-
Change in consolidation scope	(179,438)	50,308	(129,129)
Currency translation adjustment	(17,690)	3,969	(13,721)
Reclassification and other changes	(12,517)	4,553	(7,964)
Reclassification as held for sale	-	-	-
12.31.2007	**2,264,367**	**(338,606)**	**1,925,761**

Over fiscal year 2007, interim borrowing costs capitalized in the cost of the vessels amounted to €20,682 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
01.01.2006	**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**
Acquisitions	204	2,910	720	58,111	1,206	530,706	14,436	608,293
Disposals	(3)	(530)	(121)	(104,213)	(1,081)	-	-	(105,947)
Impairment	-	-	-	-	-	-	-	-
Change in consolidation scope	(1,622)	(6,109)	(4,094)	(152,660)	(2,432)	(12,520)	-	(179,438)
Currency translation adjustment	379	(2,279)	(5,314)	(3,469)	(276)	(6,368)	(364)	(17,690)
Reclassification and other changes	(544)	5,580	8,690	208,440	(628)	(214,214)	(19,841)	(12,517)
Reclassification as held for sale	-	-	-	-	-	-	-	-
12.31.2007	**6,334**	**32,928**	**53,534**	**1,575,449**	**5,908**	**590,213**	**-**	**2,264,367**

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
01.01.2006	**(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)**
Acquisitions	-	(1,131)	(9,332)	(80,601)	(699)	-	-	(91,762)
Disposals	-	549	117	24,263	1,046	-	-	25,974
Impairment	-	-	-	-	-	-	-	-
Change in consolidation scope	-	2,262	8,454	37,811	1,781	-	-	50,308
Currency translation adjustment	-	687	2,447	643	165	28	-	3,969
Reclassification and other changes	-	(514)	4,405	35	628	-	-	4,553
Reclassification as held for sale	-	-	-	-	-	-	-	-
12.31.2007	**-**	**(8,780)**	**(24,843)**	**(301,221)**	**(3,590)**	**(172)**	**-**	**(338,606)**

The disposals for the year include the removal from property, plant and equipment of the vessels Bourbon Dolphin and Athena, which were declared a total loss.

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

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

(in € thousands)	Land	Buildings	Technical facilities	Vessels and overhauls	Other tangible assets	Total
01.01.2006	**-**	**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**
Acquisitions	-	-	-	-	-	-
Disposals	-	-	-	-	(839)	(839)
Impairment	-	-	-	-	-	-
Change in consolidation scope	-	-	-	(1,006)	-	(1,006)
Currency translation adjustment	-	-	-	-	-	-
Reclassification and other changes	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-
12.31.2007	**-**	**-**	**-**	**102,178**	**-**	**102,178**

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

(in € thousands)	Land	Buildings	Technical facilities	Vessels and overhauls	Other tangible assets	Total
01.01.2006	**-**	**(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)**
Acquisitions	-	-	-	(5,423)	-	(5,423)
Disposals	-	-	-	-	839	839
Impairment	-	-	-	-	-	-
Change in consolidation scope	-	949	1,041	(689)	-	1,301
Currency translation adjustment	-	-	-	-	-	-
Reclassification and other changes	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-
12.31.2007	**-**	**-**	**-**	**(8,168)**	**-**	**(8,168)**

3.4 INVESTMENT PROPERTIES

Breakdown of investment properties:

(in € thousands)	Gross	Depreciation and impairment	Net
01.01.2006	**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**
Acquisitions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
Currency translation adjustment	-	-	-
Change in consolidation scope	-	-	-
Reclassification and other changes	-	-	-
12.31.2007	**1,680**	**-**	**1,680**

As of December 31, 2005, the fair value of the investment properties was valued at €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, 2007.

The net value of these properties at December 31, 2006 was €1,680 k, corresponding to the residual value. As a result, no depreciation was booked over fiscal year 2007.

3.5 INVESTMENTS IN ASSOCIATES

As of December 31, 2007, investments in associates totaled €12,913 k. The change in the equity value was as follows:

(in € thousands)	Investments in associates
01.01.2006	**99,000**
Reclassification as held for sale	(91,315)
Share of net income/loss	4,042
Currency translation adjustment	(823)
12.31.2006	**10,904**
Reclassification as held for sale	
Share of net income/loss	3, 063
Currency translation adjustment	(1,054)
12.31.2007	**12,913**

As of December 31, 2007, the item "investments in associates" included the amount of €1,158 k for the goodwill generated on the purchase of the Rigdon Marine shares in 2005.

Over 2007, the share of net income of €3,063 k represents the share of income of Rigdon Marine for €3,024 k, and the balance is the share of income from the companies consolidated in 2007: Jackson Offshore Llc and Bourbon Marine Services Manilla.

The main financial items of the companies consolidated by the equity method are presented below (calculated data indicated at 100%):

(in € thousands)	12.31.07
Non-current assets	211,423
Current assets	34,098
Total assets	**245,521**
Non-current liabilities	229,191
Current liabilities	16,330
Total liabilities	**245,521**
Revenues	52,693
Net income	7,520

3.6 NON-CURRENT FINANCIAL ASSETS

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

(in € thousands)	12.31.2007	12.31.2006
Available-for-sale assets	3,215	9,212
Receivables from non consolidated companies	-	-
Loans and securities	113,286	70,697
Other non-current financial assets	875	812
Derivative instruments	22,031	17,078
Total	**139,407**	**97,799**

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

The following tables show the change in the gross values and impairment 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 and securities	Total
01.01.2006	**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 trans. 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**
Acquisitions	-	-	61,444	61,444
Disposals	(5,660)	-	(6,774)	(12,434)
Change in consolidation scope	-	-	(368)	(368)
Currency trans. adjustment	(17)	-	(10,153)	(10,171)
Reclassification and other changes	(17)	-	(1,620)	(1,637)
Reclassification as held for sale	-	-	-	-
12.31.2007	**7,793**	**2**	**113,377**	**121,172**

Change in valuation allowance:

(in € thousands)	Available-for-sale assets	Other receivables from non-consolidated companies	Loans and securities	Total
01.01.2006	**(6,226)**	**(657)**	**(740)**	**(7,623)**
Acquisitions	-	-	(7)	(7)
Disposals	1,965	-	85	2,050
Change in consolidation scope	(14)	-	-	(14)
Currency trans. 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)**
Acquisitions	(320)	-	-	(320)
Disposals	-	-	41	41
Change in consolidation scope	-	-	-	-
Currency trans. adjustment	-	-	5	5
Reclassification and other changes	17	-	15	32
Reclassification as held for sale	-	-		-
12.31.2007	**(4,578)**	**(2)**	**(91)**	**(4,671)**

The main available-for-sale assets are:

(in € thousands)	Shareholders' equity	Net income	% held	Gross equity interests	Fair value of equity interests	Closing date
INNODIS	25,262	513	20%	4,720	2,302	06.30.2007

These equity interests represent the group's interest in the capital stock of this company, over which the group has no influence.

The derivative instruments are detailed in note 3.20.

3.7 INVENTORIES AND WORK IN PROGRESS

Inventories and work in progress present a net value of €7,397 k at December 31, 2007 and €14,035 k at December 31, 2006, broken down as follows:

Gross values:

(in € thousands)	12.31.2007	12.31.2006
Gross		
Raw materials and supplies	2,163	6,142
Work in progress	468	595
Finished and semi-finished goods	5,161	7,350
Merchandise	-	240
Total	**7,792**	**14,327**

Valuation allowance:

(in € thousands)	12.31.2007	12.31.2006
Valuation allowance		
Raw materials and supplies	(395)	(292)
Work in progress	-	-
Finished and semi-finished goods	-	-
Merchandise	-	-
Total	**(395)**	**(292)**

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 financial assets is detailed below:

	12. 31. 2007			12. 31. 2006		
(in € thousands)	Gross value	Valuation allowance	Net value	Gross value	Valuation allowance	Net value
Trade and other debtors	258,357	(2,522)	255,835	201,409	(7,149)	194,260
Current financial assets	17,267	-	17,267	18,356	(144)	18,212
Other current assets	22,533	-	22,533	9,602	-	9,602
Total	**298,157**	**(2,522)**	**295,635**	**229,367**	**(7,293)**	**222,074**

Details of current financial assets and other current assets:

(in € thousands)	12.31.2007	12.31.2006
Loans and securities	8,756	13,807
Accrued interests accrued on receivables and loans	4,458	1,625
Derivative instruments	4,052	2,780
Total current financial assets	**17,267**	**18,212**
Prepaid expenses	22,533	9,602
Total current assets	**22,533**	**9,602**

Derivative instruments are presented in note 3.20.

3.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(in € thousands)	12.31.2007	12.31.2006
Marketable securities	1,687	89,866
Other investments	-	100
Accrued interest	702	352
Cash on hand and in banks	320,162	179,365
Total	**322,551**	**269,683**

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

Marketable securities are primarily Euro money market SICAVs. The main part of the portfolio consists of Alteram Trésorerie Plus A FCP (€1 m), with a volatility coefficient close to 1. Note 3.19 on the stock risk specifies the group's strategy.

3.10 SHAREHOLDERS' EQUITY

■ **Capital stock (share capital)**

At the beginning of the year, the capital stock was composed of 50,195,528 fully paid-up shares representing a value of 0.64 euros.

The Special Shareholders' Meeting of May 29, 2007 decided to increase the capital stock by 3,188,879 euros to 35,077,680 euros through the capitalization of issue premiums. This capital increase was performed through the creation of 5,020,247 shares allotted to shareholders in the proportion of one new share for every ten shares held.

The group issued five stock option plans for 2,049,606 options for new shares as of 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.

In fiscal 2007, 245,527 options were exercised for a value of €1,955 k. The resulting creation of shares generated a capital increase of €157 k and an increase in additional paid in capital of €1,798 k.

After these various operations, the number of shares comprising the share capital is 55,461,302.

Changes in shares over 2007 are summarized as follows:

		Number of shares
Number of shares as of January 1, 2007		50,195,528
Creation of shares following the exercise of stock subscription options from January 1 to May 29, 2007	+	6,957
Capital increase through capitalization of issue premiums: 1 share allotted for every 10 shares held	+	5,020,247
Number of shares as of May 29, 2007		55,222,732
New shares created following the exercise of stock subscription options from June 1 to December 31, 2007	+	238,570
Number of shares as of December 31, 2007		55,461,302

3.11 STOCK OPTION PLANS

BOURBON has issued six stock option plans, five of which after November 7, 2002 are used for accounting for benefits granted to employees. The features of these plans are detailed below:

	September 2003	March 2005	December 2005	December 2006	December 2007
Date of authorization by Combined Annual and Special Shareholders' meeting	May 25, 2000	May 25, 2000	June 7, 2005	June 7, 2005	June 7, 2005
Date of Board authorization	September 8, 2003	March 8, 2005	December 5, 2005	December 4, 2006	December 10, 2007
Number of stock options	246,400	330,000	660,000	47,520	1,290,600
Total number of stock options allotted adjusted at 12.31.2007	-	279,400	577,720	44,880	1,290,600
Number of beneficiaries	11	17	299	60	681
Start date	September 2007	March 2009	December 2009	December 2010	December 2011
Expiration date	September 2009	March 2011	December 2011	December 2012	December 2013
Subscription price in euros adjusted at 12.31.2007	8.3	19.168	29.773	36.409	43.98

The September 2003 plan concerning 246,400 shares (after taking into account one bonus share for every ten old shares held) was exercised in its entirety as of December 31, 2007.

The expense recognized during the fiscal year for the stock option plans was €1,855 k.

3.12 ALLOTMENT OF BONUS SHARES

The combined annual and special shareholders' meeting of May 29, 2007 granted authority to the Board of Directors in its twentieth special resolution, in accordance with the terms set forth by Articles L 225-197-1 to L 225-197-5 of the Commercial Code, to issue, one or more times, to the employees of the company or of some categories of employees, and/or to the managers referred to in Article L 225-197-1 II of the Commercial Code, as well as to the employees and managers of the companies or of any economic interest groupings affiliated with the company as defined in Article L 225-197-2 of the Commercial Code, bonus share, either outstanding or to be issued.

Under this authority, in its August 27, 2007 meeting, the Board of Directors decided to grant, free of charge, 166,160 shares to the employees of the company or of any company in the group on November 1, 2007. The Board of Directors made this decision in order to involve the employees in the success of BOURBON's plans.

These shares will be granted as described below:
- to recipients residing in France on November 2, 2009; however the recipients shall remain subject to an obligation to retain the shares for a period of two years;
- to recipients not residing in France on November 2, 2011.

Acquiring these shares implies that after the acquisition period, the recipient is an employee of the group or of a company in the group. In addition, we hereby inform you that BOURBON's corporate officers were excluded from this grant.

In addition, we hereby inform you that BOURBON'S corporate officers were excluded from this grant.

The expense recognized for the year for the bonus share allotment plan was €436 k.

3.13 TREASURY SHARES

The treasury shares held by the group on the closing date were deducted from consolidated shareholders' equity. The total impact at the end of 2007 was € (2,085) k. The number of treasury shares held by BOURBON as of December 31, 2007 was 34,812.

3.14 EMPLOYEE BENEFIT OBLIGATIONS AND OTHER PROVISIONS

Provisions can be analyzed as follows:

(in € thousands)	Employee benefits obligations	Tax assessments	Disputes	General liability warranty	Other provisions for risks	Provisions for other obligations	Total
01.01.2006	**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 trans. adjustment	(40)	-	(4)	-	(126)	5	(165)
Reclassification & other changes	157	-	-	-	-	(157)	-
Reclassification as held for sale	-	-	-	-	(49)	-	(49)
Dec. 31, 2006	**14,968**	**445**	**369**	**5,644**	**4,901**	**1,120**	**27,447**
Additional provisions	858	-	158	900	10,741	35	12,692
Used during the year	(517)	-	-	-	(596)	(8)	(1,120)
Unused amount reversed		-	-	(599)	-		(599)
Change in consolidation scope	(10,244)	(445)	(184)	-	(1,889)	(371)	(13,134)
Currency trans. adjustment	(45)	-	15	-	(178)	9	(200)
Reclassification & other changes	503	-	-	-	193	(696)	-
Reclassification as held for sale		-	-	-	-	-	-
Dec. 31, 2007	**5,523**	**-**	**357**	**5,945**	**13,172**	**89**	**25,086**

This item reflects the provisions with maturity greater than one year. The short-term portion of the provisions is stated on the line "Provisions — portion < one year".

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

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

■ Employee benefit obligations

Employee benefit obligations include the long-term portion of the provision for retirement benefit obligations and the provision for seniority awards.

Retirement benefit obligations

The main assumptions used in 2007, as in 2006, to value the retirement benefit obligations are the following:
- discount rate: 4%;
- inflation rate: 2% in most cases, except for certain countries where a different rate was 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 pensions is as follows:

(in € thousands)	Dec. 31, 07
Present value of the obligation at the beginning of the year	**15,157**
Current service cost	650
Interest cost	161
Retirement indemnities paid	(390)
Past service cost	-
Current translation adjustment	(44)
Reclassifications	14
Effects of changes in consolidation scope and changes in consolidation method	(10,606)
Present value of the obligation at closing	**4,943**

The current service cost is the present value of benefit attributed to the current year (cost of one additional year of 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 2007.

Finally, there is no associated asset (investment, insurance policy) intended to finance the benefits granted to employees (retirement benefit obligations).

The items recognized in the income statement over 2007 for retirement benefit obligations were:

(in € thousands)	2007
Current service cost	(650)
Interest cost	(161)
Total expenses related to retirement obligations	**(811)**
Decrease in provision due to retirements during the year	390
Net impact on income statement	**(421)**

3.15 FINANCIAL LIABILITIES

Financial liabilities (€1,271,996 k as of December 31, 2007) appears on the balance sheet in the items "Borrowings and financial liabilities" and "Borrowings and bank loans (portion less than one year)".

a. Analysis by maturity

The maturities on the financial liabilities are as follows:

(in € thousands)	12.31.2007	12.31.2006
< 1 year	210,633	414,566
From 1 year and 5 years	681,612	474,723
> 5 years	379,751	396,241
Total	**1,271,996**	**1,285,530**
Including:		
Bank overdrafts (including accrued interests)	*99,684*	*245,522*
Finance lease liabilities	*79,723*	*84,104*
< 1 year	*3,111*	*4,347*
From 1 year and 5 years	*76,611*	*20,223*
> 5 years	*-*	*59,534*

b. Analysis by interest rates

Financial liabilities breaks down as follows:

(in € thousands)	12.31.2007	12.31.2006
Fixed rate or swapped-to-fixed rate	751,483	578,420
Medium or long-term variable rate	410,150	453,688
Bank overdrafts (variable rate)	75,326	231,545
Bank overdrafts (fixed rate)	24,124	13,218
Total borrowings and bank loans	**1,261,084**	**1,276,871**
Accrued Interests	10,912	8,659
Total financial liabilities	**1,271,996**	**1,285,530**

c. Analysis by currency

As of December 31, 2007, bank borrowings and finance lease liabilities breaks down as follows:

(in € thousands)	12.31.2007	12.31.2006
EUR – Euro	934,775	1,015,774
USD – American Dollar	130,087	71,947
NOK – Norwegian Kroner	192,620	184,973
VND – Vietnamese Dong	1,587	1,543
MGA – Ariary	43	41
MUR – Mauritian Rupee	1,950	2,466
SGD – Singapore Dollar	22	127
Total (ex. accrued interests)	**1,261,084**	**1,276,871**

Just before the monetary crisis in the summer of 2007, a loan of 450 million euros ("Club deal") was contracted (line drawn in the amount of 194 million euros as of December 31, 2007).

In addition, the group has unused short-term lines in the amount of about 300 million euros as of December 31, 2007.

An additional prefinancing line of 134 million euros maturing June 30, 2011 was signed in 2007 (line drawn in the amount of 54 million euros as of December 31, 2007).

d. Debt secured by collateral

As of December 31, 2007, the bank borrowings collaterized secured by mortgages, pledges of equipment or marketable securities and other securities represented a total of €524,368 k, compared with €578,383 k in 2006. The assets pledged are primarily vessels.

These mortgages were recorded with the "Bureau des Hypothèques" (Mortgage Registry) between 1999 and 2007 for a total value of €943,770 k.

3.16 FINANCE COSTS

Finance costs are as follows:

(in € thousands)	12.31.2007	12.31.2006
Cost of net debt	**(22,809)**	**(25,876)**
– cost of gross debt	*(37,566)*	*(37,099)*
– income from cash and cash equivalents	*14,757*	*11,222*
Other finance gains and expenses	**(15,053)**	**(30)**
– net foreign exchange income/(loss)	*(19,409)*	*(7,854)*
– other finance expenses	*(6,522)*	*(5,325)*
– other finance gains	*10,878*	*13,149*

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

Other finance income gains and expenses mainly include 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 impact of the fair value of the derivative financial instruments, which is recognized as other financial gains and expenses. The impact on the accounts as of December 31, 2007 was not significant.

3.17 DEFERRED TAX

As of December 31, the balances for deferred tax assets and liabilities were as follows:

(in € thousands)	12.31.2007	12.31.2006
Deferred tax assets	3,247	6,476
Deferred tax liabilities	(18,983)	(40,742)
Net deferred tax	(15,735)	(34,266)

Analysis of deferred taxes

(in € thousands)	12.31.2007	12.31.2006
Deferred tax assets	**3,247**	**6,476**
Retirement benefit obligations	504	*3,515*
Other temporary differences	506	*844*
Consolidation restatements	2,237	*2,126*
Other	0	*(9)*
Deferred tax liabilities	**(18,983)**	**(40,742)**
Restatements of amortization and depreciation	(5,704)	*(40,385)*
Other restatements and temporary differences	(13,278)	*(357)*

As of December 31, 2007, based on 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 €18,655 k.

3.18 INCOME TAXES

(in € thousands)	12.31.2007	12.31.2006
Current income tax	(4,784)	(4,738)
Deferred income tax	(3,590)	2,670
Tax (expenses)/income	(8,374)	(2,068)

Current income tax of €4,784 k payable as of December 31, 2007 includes the tax savings resulting from the application of the following tax rules:

- French tax consolidation in the amount of €9,644 k;
- tonnage tax in the amount of €27,661 k.

As of December 31, 2007, the theoretical corporate income tax of €60,677 k is calculated by applying the prevailing tax rate in France to the income before tax, the share in income/loss from associates, gains on equity interests sold and the net income from discontinued operations:

(in € thousands)		Dec. 31, 2007
Consolidated income before taxes, share in income/loss of associates, gains on equity interest sold and net income from discontinued operations :		176,306
French domestic income tax prevailing as of 12.31.2007:	33.33%	(58,763)
	3.30%	(1,914)
Theoretical income tax		(60,677)
Income tax expense		(8,374)
Difference		**52,303**

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

(in € thousands)	12.31.2007
Tax savings (Tax EIGs, Pons Law)	4,738
Tonnage tax	27,661
Companies in deficit excluded from tax consolidation	(942)
Non-taxable foreign companies	20,925
Change in additional tax rate	-
Other differences	(79)
Total	**52,303**

3.19 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 a change 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 activity is coordinated and controlled at the central level and 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. In order to optimize the total interest costs, 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, 2007, after consideration of the interest rate swaps, approximately 65% 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 rate hedges:

■ Fixed-rate position:

	As of December 31, 2007			
(in € thousands)	< 1 year	> 1 year and < 5 years	> 5 years	Total
Cash or cash equivalents	-	-	-	**-**
Short-term deposits	-	-	-	**-**
Loans and securities	4,619	102,042	-	**106,661**
Fixed-rate assets	**4,619**	**102,042**	-	**106,661**
Bank and overdrafts	(24,124)	-	-	**(24,124)**
Deposits and securities received	-	(80)	-	**(80)**
Borrowings under finance leases	(3,111)	(76,611)	-	**(79,723)**
Bank borrowings	(9,505)	(39,656)	(28,978)	**(78,139)**
Fixed-rate liabilities	**(36,741)**	**(116,347)**	**(28,978)**	**(182,066)**
Net fixed-rate position	**(32,121)**	**(14,306)**	**(28,978)**	**(75,405)**

■ **Variable-rate position:**

(in € thousands)	As of December 31, 2007 < 1 year	> 1 year and < 5 years	> 5 years	Total
Cash or cash equivalents	320,162	-	-	**320,162**
Short-term deposits	-	-	-	**-**
Loans and securities	4,137	7,779	-	**11,916**
Fixed-rate assets	**324,299**	**7,779**	**-**	**332,078**
Bank overdrafts	(75,326)	-	-	**(75,326)**
Deposits and securities received	(6)	(245)	-	**(251)**
Borrowings under finance leases	-	-	-	**-**
Bank borrowings	(87,648)	(565,021)	(350,773)	**(1,003,442)**
Variable-rate liabilities	**(162,980)**	**(565,266)**	**(350,773)**	**(1,079,019)**
Hedging	48,301	311,561	233,680	**593,543**
Net variable-rate position after hedging	**209,620**	**(245,925)**	**(117,093)**	**(153,398)**

As of December 31, 2006, the group's exposure to the rate risk was as follows:

■ **Fixed-rate position:**

(in € thousands)	As of December 31, 2006 < 1 year	> 1 year and < 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:

(in € thousands)	As of December 31, 2006 < 1 year	> 1 year and < 5 years	> 5 years	Total
Cash or cash equivalents	179,650	-	-	**179,650**
Short-term deposits	4,642	-	-	**4,642**
Loans and securities	-	-	-	**-**
Fixed-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)**
Hedging	67,190	218,194	175,521	**460,906**
Net variable-rate position after hedging	**(135,171)**	**(223,517)**	**(142,253)**	**(500,941)**

As of December 31, 2007, the rate swap contracts were on the group's borrowings, transforming variable rates into fixed rates. Those contracts break down by maturity as follows:

	Notional in thousands of currency	Maturity
Currency		
Fixed rate borrowing swaps		
NOK	725,851	Between Dec. 15, 2008 and Nov. 18, 2012
EUR	16,371	March 28, 2008
EUR	7,750	March 30, 2013
EUR	304,000	April 7, 2014
EUR	150,000	January 26, 2012
EUR	14,985	August 10, 2009
EUR	10,000	August 29, 2012
EUR	13,849	April 14, 2011
EUR	12,168	October 4, 2010

In 2007, a loan of 450 million euros ("Club deal") maturing in 2019 was contracted. The line, 194 million of which was drawn as of December 31, 2007, is hedged for 150 million euros, or 77%.

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 changes in the fair value of monetary assets and liabilities) to a reasonable variation in interest rates, with all other variables remaining constant.

	As of December 31, 2007			
(in € thousands)	< 1 year	> 1 year to < 5 years	> 5 years	Total
Variable rate assets	324,299	7,779	-	**332,078**
Variable rate liabilities	(162,980)	(565,266)	(350,773)	**(1,079,019)**
Net variable rate position before hedging	**161,319**	**(557,487)**	**(350,773)**	**(746,941)**
Hedging	48,301	311,561	233,680	**593,543**
Net variable rate position after hedging	**209,620**	**(245,925)**	**(117,093)**	**(153,398)**
Sensitivity to a 1% increase in rates before hedging	1,613	(5,575)	(3,508)	**(7,469)**
Sensitivity to a 1% increase in rates after hedging	2,096	(2,459)	(1,171)	**(1,534)**
Sensitivity to a 1% decrease in rates before hedging	(1,613)	5,575	3,508	**7,469**
Sensitivity to a 1% decrease in rates after hedging	(2,096)	2,459	1,171	**1,534**

As of December 31, 2007, if interest rates on borrowings had been 1% higher or lower, the group's cost of net debt would have been €1.5 m higher or lower.

As of December 31, 2006, the position was as follows:

	As of 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)**
Hedging	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 €5.0 m 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 67%) 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 25% 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, offshore oil and gas marine services are directly exposed to foreign currency risks, particularly on the US dollar.

On the other hand, the Bulk Division has a nearly perfect natural hedge (revenues and costs mainly in dollars). Therefore, the margin realized in US dollars is not hedged.

For the sugar activity 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 shareholders' 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 exchange rate permits, these borrowings will be converted into US dollars and subsequent acquisitions will be financed in US dollars.

The contribution of each of the main currencies to the consolidated balance sheet was as follows as of December 31, 2007:

	12.31.2007	
(in € thousands)	Assets	Liabilities
EUR	1,843,007	2,127,999
BRL	39,692	21,555
MXP	28,735	10,088
NOK	313,114	336,944
USD	474,957	193,161
VND	36,017	47,487
Other currencies	14,675	12,963
Balance Sheet Total	**2,750,196**	**2,750,196**

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

	12.31.2007		
(in € thousands)	Monetary assets	Monetary liabilities	Net position before hedging
BRL	4,151	1,066	3,085
MXP	487	317	169
NOK	21,073	197,403	(176,330)
USD	207,555	156,929	50,626
VND	9,430	1,932	7,498
Other currencies	8,340	4,215	4,125
Total	**251,036**	**361,863**	**(110,828)**

As of December 31, 2007, currency derivatives were on flows that were essentially in US Dollars (USD) and Norwegian kroner (NOK) and were as follows:

	Notional in thousands of currencies	Maturity	Average exchange rate
Forward contracts hedging commited future revenues			
Euro / NOK	300	01/30/2008	8,4475
Forward contracts hedging commited future purchases			
USD / Euro	656,232	Between Jan 2, 2008 and Dec 31, 2008	0.7311
USD / Euro	325,417	Between Jan 30, 2009 and Dec 31, 2009	0.7060
USD / Euro	250,339	Between Jan 29, 2010 and Apr 30, 2012	0.6906
USD / NOK	102,586	Between Jan 30, 2008 and Nov 30, 2009	5.9867
Contract hedging intra-group loans in foreign currencies and other transactions			
NOK / Euro	130,000	Jan 23, 2008	0.1249
USD / Euro	91,717	Between Jan 23, 2008 and Mar 17, 2008	0.7233
Cross-currency swap			
Euro / NOK	120,166	Between Feb 20, 2012 and Sep 29, 2017	8.0979
Euro / USD	11,221	Between Mar 27, 2008 and Sep 27, 2017	1.4680

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

	12.31.2007					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	4,151	1,066	3,085	-	3,085	(31)	31
MXP	487	317	169	-	169	(2)	2
NOK	21,073	197,403	(176,330)	120,167	(56,164)	556	(567)
USD	207,555	156,929	50,626	11,221	61,846	(612)	625
VND	9,430	1,932	7,498	-	7,498	(74)	76
Other currencies	8,340	4,215	4,125	-	4,125	N/S	N/S
Total	**251,036**	**361,863**	**(110,828)**	**131,387**	**20,560**	**(163)**	**166**

NB: 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, financial assets available for sale and certain derivative instruments, the group works only with top-ranking banks and pays particular attention in the choice of bank institutions.

■ 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 oil and gas marine services sector.

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 for which the redemption phase began in April 2007. As of December 31, 2007, the loan amount outstanding was 304 million euros.

Just before the summer 2007 monetary crisis, a loan of 450 million euros ("club deal") was taken out (line drawn down in the amount of 194 million euros as of December 31, 2007).

In addition, the group had unused short-term credit lines totaling around 300 million euros as of December 31, 2007.

An additional pre-financing line of 134 million euros expiring on June 30, 2011 was signed in 2007 (line drawn down in the amount in the amount of 54 million euros as of December 31, 2007).

The repayment schedule for long-term financial debt is included in note 3.15 in 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 and 450 million euros loans, require BOURBON to ensure that vessels that 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 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. Each of these bilateral loans is based on a vessel with a marine mortgage.

■ Stock Risk

The group's stock portfolio consists of open-ended investment funds with a volatility coefficient close to 1. 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. Of course, the volatility coefficient has increased in the past few months but it remains at completely acceptable levels.

3.20 FINANCIAL INSTRUMENTS

3.20.1 Financial assets

As of December 31, 2007 and December 31, 2006, financial assets were as follows:

	12.31.2007				
(in € thousands)	Available-for-sale assets	Loans & receivables	Derivative financial instruments at fair value	Cash equivalents	Balance sheet total
Non-current financial assets	3,215	114,161	22,031	-	139,407
Trade and other receivables	-	255,835	-	-	255,835
Current financial assets	-	13,215	4,052	-	17,267
Other current assets	-	22,533	-	-	22,533
Cash and cash equivalents	-	-	-	322,551	322,551
Total	**3,215**	**405,745**	**26,083**	**322,551**	**757,593**

	12.31.2006				
(in € thousands)	Available-for-sale assets	Loans & receivables	Derivative financial instruments at fair value	Cash equivalents	Balance sheet total
Non-current financial assets	9,212	71,509	17,078	-	97,799
Trade and other receivables	-	194,260	-	-	194,260
Current financial assets	-	15,432	2,780	-	18,212
Other current assets	-	9,602	-	-	9,602
Cash and cash equivalents	-	-	-	269,684	269,684
Total	**9,212**	**290,804**	**19,858**	**269,684**	**589,558**

a. Available-for-sale assets

Available-for-sale assets held by the group amounted to €3.2 m as of December 31, 2007.

Profits and losses recorded as equity and income/loss on available-for-sale assets were as follows:

	12.31.2007					
	Dividends	Subsequent valuation			Income from sale	Redemption
(in € thousands)		Change in fair value	Currency trans-adjustment	Valuation allowance		
Sh. equity	-	-	(17)	-	-	-
Income/loss	1,957	-	-	(320)	-	-
Cash and cash equivalents	-	-	-	-	-	5,660
Total	**1,957**	**-**	**(17)**	**(320)**	**-**	**5,660**

(in € thousands)	12.31.2006 Dividends	Subsequent valuation: Change in fair value	Subsequent valuation: Currency trans-adjustment	Subsequent valuation: Valuation allowance	Income from sale	Redemption
Sh. equity	-	-	(203)	-	-	-
Income/loss	50	-	-	-	3,820	-
Cash and cash equivalents	-	-	-	-	-	-
Total	**50**	**-**	**(203)**	**-**	**3,820**	**-**

b. Loans and receivables at amortized cost

Loans and receivables at amortized costs can be analyzed as follows:

(in € thousands)	12.31.2007			12.31.2006		
	Gross	Valuation allowance	Net	Gross	Valuation allowance	Net
Loans & rec. at amortized cost	150,001	(91)	149,910	96,840	(297)	96,543
Trade and other receivables	258,357	(2,522)	255,835	201,415	(7,155)	194,260
Total	**408,358**	**(2,613)**	**405,745**	**298,255**	**(7,451)**	**290,804**

Profits and losses recorded as equity and as income/loss on loans and receivables at amortized cost were as follows:

(in € thousands)	12.31.2007 Interest	Subsequent valuation: Currency trans-adjustment	Subsequent valuation: Valuation allowance	Income from sale
Sh. equity	-	(10,148)	-	-
Income	7,809	-	41	-
Total	**7,809**	**(10,148)**	**41**	**-**

(in € thousands)	12.31.2006 Interest	Subsequent valuation: Currency trans-adjustment	Subsequent valuation: Valuation allowance	Income from sale
Sh. equity	-	(6,008)	-	-
Income	4,710	-	78	-
Total	**4,710**	**(6,008)**	**78**	**-**

Interest income recognized on loans and receivables at amortized cost amounted to €7,809 k in 2007 and €4,710 k for 2006.

c. Cash and cash equivalents

Cash and cash equivalents totaled €323 m as of December 31, 2007 compared with €270 m as of December 31, 2006. This item does not include liquid assets subject to restrictions.

The policy for managing financial risks is presented in note 3.19. The cash and cash equivalents item is presented in note 3.9.

3.20.2 Derivative financial instruments

The fair value of the derivative financial instruments as of December 31, 2007 and December 31, 2006 can be analyzed as follows:

- **Financial assets:**

	12.31.2007			12.31.2006
(in € thousands)	Current	Non-current	Total	Total
Derivative instruments to hedge debt	103	22,031	22,134	16,231
Derivative instruments to hedge revenues in foreign currencies and other	3,949	-	3,949	3,627
Total	**4,052**	**22,031**	**26,083**	**19,858**

- **Financial liabilities:**

	12.31.2007			12.31.2006
(in € thousands)	Current	Non-current	Total	Total
Derivative instruments to hedge debt	-	3,133	3,133	-
Derivative instruments to hedge foreign exchange rate and other	36,801	9,297	46,098	4,096
Total	**36,801**	**12,430**	**49,231**	**4,096**

Hedging the interest rate risk

As of December 31, 2007 and as of December 31, 2006, the group held various swap contracts intended to cover changes in the rates on its variable rate borrowings. The swap contracts are used to hedge the rate risk for firm commitments.

The terms of the rate swaps have been negotiated to coincide with the terms of the firm commitments.

The hedges on future cash flows related to the borrowings were deemed highly effective and an unrealized gain of €934 k was recognized in shareholders' equity as of December 31, 2007.

Hedging the foreign exchange risk

As of December 31, 2007 and as of December 31, 2006, the group held various forward contracts intended to cover future sales or future purchases for which the group has firm commitments.

The terms of the forward currency contracts have been negotiated to coincide with the terms of the firm commitments.

The hedges on future cash flows related to future purchases or sales were considered to be highly effective. Therefore, the changes in fair value of the effective portion of the hedging instrument are recognized as shareholders' equity. As of December 31, 2007, an unrealized loss of €45,647 k was recognized under equity.

In 2007, the group contracted forward exchange rate hedges to cover certain intragroup transactions. Pursuant to IAS 39 § 80, these hedges have been classified as "trading" hedges, and the fair value booked directly as income/loss. The impact on the 2007 results was a gain of €2,309 k.

Derivative financial instruments are used as part of the group's risk management policy and are analyzed in note 3.20.

3.20.3 Financial liabilities

As of December 31, 2007 and December 31, 2006, financial liabilities were as follows:

	12.31.2007			12.31.2006
(in € thousands)	Current	Non-current	Total	Total
Financial debt	210,633	1,061,363	1,271,996	1,285,530
Derivative instruments	36,801	12,430	49,231	4,096
Trade and other payables	165,495	-	165,495	142,537
Other liabilities	19,842	3,187	23,029	17,252
Total	**432,771**	**1,076,980**	**1,509,752**	**1,449,415**

a. Financial debt

The financial debt is analyzed in note 3.15. It breaks down as follows as of December 31, 2007 and December 31, 2006:

	12.31.2007			12.31.2006
(in € thousands)	Current	Non-current	Total	Total
Bonds	-	-	-	-
Commercial paper	-	-	-	-
Draws on credit facilities	-	54,000	54,000	-
Borrowings on finance leases	3,111	76,611	79,723	84,104
Other bank loans	97,159	930,751	1,027,911	948,004
Accrued interests	10,679	-	10,679	7,900
Total borrowings	**110,949**	**1,061,363**	**1,172,312**	**1,040,008**
Bank overdrafts and cash current accounts	99,451	-	99,451	244,763
Accrued interests	233	-	233	759
Total financial debt	**210,633**	**1,061,363**	**1,271,996**	**1,285,530**

b. Derivative financial instruments

Derivative financial instruments recognized as liabilities on the balance sheet are presented in note 3.20.2.

c. Trade and other payables

(in € thousands)	12.31.2007	12.31.2006
Suppliers	60,631	51,621
Debt on non-current assets	5,678	422
Social security liabilities	27,043	31,408
Tax liabilities	17,313	13,613
Other liabilities	54,830	45,474
Deferred income	15,307	10,164
Total	**180,802**	**152,702**

The balance sheet value of all these debts represents a good approximation of their fair value.

3.20.4 Fair value of the financial assets and liabilities

The method for valuing financial assets and liabilities is detailed in notes 1.5.8 to 1.5.19.

3.20.5 Management of the risks related to financial instruments

The group's risk management policy is presented in note 3.19.

a. Credit risk

The policy for managing financial risks is presented in note 3.19.

Receivables outstanding and non-impaired were as follows as of December 31, 2007 and December 31, 2006:

As of December 31, 2007

	Assets outstanding at closing					Assets impaired	Assets not impaired or outstanding	Total
(in € thousands)	< 30 days	31-60 days	61-90 days	> 91 days	Total	Total	Total	
Loans & rec. at amortized cost	-	-	-	-	-	91	149,910	150,001
Trade and other receivables	30,641	9,183	2,329	5,390	47,543	2,522	208,292	258,357
Total	**30,641**	**9,183**	**2,329**	**5,390**	**47,543**	**2,613**	**358,202**	**408,358**

As of December 31, 2006

	Assets outstanding at closing					Assets impaired	Assets not impaired or outstanding	Total
(in € thousands)	< 30 days	31-60 days	61-90 days	> 91 days	Total	Total	Total	
Loans & rec. at amortized cost	-	-	-	-	-	297	96,543	96,840
Trade and other receivables	14,000	4,573	2,503	2,675	23,751	7,155	170,509	201,415
Total	**14,000**	**4,573**	**2,503**	**2,675**	**23,751**	**7,452**	**267,052**	**298,255**

b. Liquidity risk

As of December 31, 2007, the contractual undiscounted flows on outstanding financial liabilities by maturity date were as follows:

(in € thousands)	2008	2009	2010	2011	2012	> 5 years	Total	Balance sheet total
Bonds	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-
Draws on credit facilities	-	-	-	54,000	-	-	54,000	54,000
Borrowings on finance leases	3,111	3,212	3,349	3,491	66,559	-	79,723	79,723
Other bank loans	97,159	158,770	140,889	127,834	123,507	379,751	1,027,910	1,027,911
Accrued interests	10,679	-	-	-	-	-	10,679	10,679
Total borrowings	**110,949**	**161,982**	**144,238**	**185,325**	**190,066**	**379,751**	**1,172,312**	**1,172,312**
Bank overdrafts and cash current accounts	99,451	-	-	-	-	-	99,451	99,451
Accrued interests	233	-	-	-	-	-	233	233
Total financial debt	**210,633**	**161,982**	**144,238**	**185,325**	**190,066**	**379,751**	**1,271,996**	**1,271,996**

As of December 31, 2006, the contractual undiscounted flows on outstanding financial liabilities by maturity date were as follows:

(in € thousands)	2007	2008	2009	2010	2011	> 5 years	Total	Balance sheet total
Bonds	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-
Draws on credit facilities	-	-	-	-	-	-	-	-
Borrowings on finance leases	4,347	4,848	4,983	5,123	5,269	59,534	84,104	84,104
Other bank loans	156,797	120,783	139,802	103,967	89,948	336,707	948,004	948,004
Accrued interests	7,900	-	-	-	-	-	7,900	7,900
Total borrowings	**169,044**	**125,631**	**144,785**	**109,090**	**95,217**	**396,241**	**1,040,008**	**1,040,008**
Bank overdrafts and cash current accounts	244,763	-	-	-	-	-	244,763	244,763
Accrued interests	759	-	-	-	-	-	759	759
Total financial debt	**414,566**	**125,631**	**144,785**	**109,090**	**95,217**	**396,241**	**1,285,530**	**1,285,530**

c. Market risk

The group's exposure to market risk is analyzed in note 3.19.

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.

Following the sale of its Retail and Port Towage businesses in 2007, the segment reporting is now based on the Offshore and Bulk Shipping divisions:
- Offshore Division, a marine service provider in the oil and gas industry, supporting offshore operational and production activities;
- Bulk Division, which operates in the international maritime freight sector to transport dry bulk products (coal, ores, cement products, grain, etc.).

Expenses and income that cannot be allocated to the operational divisions are classified as Corporate.

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 2007 is as follows:

(in € thousands)	Offshore	Bulk	Corporate	Eliminations	TOTAL
Revenues (non group sales)	484,493	244,817	40,354	-	**769,664**
Cost of sales and general costs	(271,681)	(155,406)	(32,939)	-	**(460,026)**
Other operating expenses and income	2,134	(92)	(1,978)	-	**64**
EBITDA	214,946	89,319	5,437	-	**309,702**
Amortization/depreciation/provision(*)	(81,750)	(9,689)	(4,095)	-	**(95,534)**
Operating income	133,196	79,630	1,342	-	**214,168**
Share in income/loss of associates, net of goodwill	3,063	-	-	-	**3,063**
(*) *including impairment on asset*	-	-	-	-	**-**
Segment assets	2,103,377	202,797	1,137,764	(1,176,213)	**2,267,724**
Non-current segment assets classified as held-for-sale	-	-	-	-	**-**
Segment liabilities	804,858	82,845	844,623	(1,510,187)	**222,138**
Segment liabilities directly associated with non-current assets classified as held-for-sale	-	-	-	-	**-**
Capital expenditures(**)	507,742	98,714	3,457	-	**609,913**

(**) *Capital expenditures on intangible assets excluding assets classified as held-for-sale.*

For 2006, the breakdown was as follows (including the Retail and Port Towage activities sold in 2007):

(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**
Amortization/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.

4.2 SECONDARY SEGMENT INFORMATION

The breakdown of revenues by geographical region for 2007 was as follows:

(in € thousands)	France	International	TOTAL
Offshore	31,488	453,005	484,493
Bulk	30,200	214,617	244,817
Corporate	3,296	37,059	40,355
Total	**64,984**	**704,681**	**769,665**

Taking into account discontinued operations, revenues for 2006 were as follows:

(in € thousands)	France	International	TOTAL
Offshore	31,372	365,956	397,328
Bulk	27,100	142,145	169,245
Corporate	5,098	36,948	42,046
Total	**63,570**	**545,049**	**608,619**

4.3 ADDITIONAL SEGMENT INFORMATION

Offshore revenues (in € thousands)	2007	2006
Africa	320,931	262,445
Europe & Med./Middle East	101,080	92,003
American Continent	3,242	33,932
Asia	23,240	8,950
Total	**484,493**	**397,328**

5 OTHER INFORMATION

5.1 CONTRACTUAL OBLIGATIONS AND OTHER OFF-BALANCE SHEET COMMITMENTS

(in € thousands)	12.31.2007	12.31.2006
Pledges, Mortgages and collateral (see note 3.15)	524,368	578,383
Endorsements and guarantees given	420	134,596
Total commitments given	**524,788**	**712,979**
Endorsements and guarantees received	355,507	-
Total commitments received	**355,507**	**-**

Contractual obligations are as follows:

	Payments due by period			
(in € thousands)	Total	< 1 year	2 - 5 years	> 5 years
Finance leases	79,723	3,111	76,611	-
Operating leases	3,358	470	1,514	1,374
Balance payable on orders for vessels under construction	1,328,180	617,059	711,121	-
Total	**1,411,261**	**620,640**	**789,247**	**1,374**

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:

	12.31.2007	12.31.2006
Weighted-average number of shares over the period	55,259,594	55,137,796
Weighted-average number of treasury shares held over the period	(25,008)	(34,047)
Weighted-average number of shares outstanding during the period	**55,234,586**	**55,103,749**

The weighted-average number of shares outstanding in 2007 and 2006 takes into account the weighted average number of stock options exercised during each period.

The weighted-average number of shares outstanding in 2007 and 2006 has also been adjusted to take into account the June 1, 2007 allotment of one bonus share for every 10 held.

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

	12.31.2007	12.31.2006
Weighted-average number of shares used in the calculation of basis earnings per share	55,234,586	55,103,749
Net income (in € thousands)		
Consolidated, group share	390,751	152,891
Consolidated, group share – excluding income from discontinued operations	183,937	126,772
Net income from discontinued operations	206,814	26,119
Consolidated, group share – excluding gains on equity interests sold & net income from discontinued operations	157,923	122,952
Basis earnings per share (in euros)		
Consolidated, group share	7.07	2.77
Consolidated, group share – excluding income from discontinued operations	3.33	2.30
Net income from discontinued operations	3.74	0.47
Consolidated, group share – excluding gains on equity interests sold & net income from discontinued operations	2.86	2.23

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 on the basis of the “share buyback” method. It also includes the shares the issue of which is conditional. 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 established as follows:

Number of potential shares:

	12.31.2007	12.31.2006
Weighted-average number of shares outstanding during the period	55,234,586	55,103,749
Weighted-average number of shares, the issue of which is conditional during the period	27,693	-
Weighted-average number of diluting stock options during the period	592,495	579,102
Weighted-average number of potential shares	**55,854,774**	**55,682,851**

Pursuant to IAS 33, the determination of diluted net earnings per share for 2007 does not take into account the stock option plan authorized by the Board of Directors on December 10, 2007 because these options have an anti-diluting effect. Likewise, the determination of the diluted earnings per share for 2006 excludes the stock option plan authorized by the Board of Directors on December 4, 2006.

Diluted earnings per share:

	12.31.2007	12.31.2006
Weighted-average number of shares used in the calculation of diluted net earnings per share	55,854,774	55,682,851
Net income (in € thousands)		
Consolidated, group share	390,751	152,891
Consolidated, group share – excluding income from discontinued operations	183,937	126,772
Net income from discontinued operations	206,814	26,119
Consolidated, group share – excluding gains on equity interests sold & net income from discontinued operations	157,923	122,952
Diluted earnings per share (in euros)		
Consolidated, group share	7.00	2.75
Consolidated, group share – excluding income from discontinued operations	3.29	2.28
Net income from discontinued operations	3.70	0.47
Consolidated, group share – excluding gains on equity interests sold & net income from discontinued operations	2.83	2.21

5.3 WORKFORCE AND PAYEAROLL AS OF DECEMBER 31, 2007

The group's workforce was as follows:

Work force	12.31.2007	12.31.2006
Managers	210	194
Employees and workers	905	766
Seamen	2,264	2,005
– Officers	*904*	*797*
– Crews	*1,360*	*1,208*
Total	**3,379**	**2,965**

The change in payeroll was as follows:

(in € thousands)	12.31.2007	12.31.2006
Personnel expenses	134,678	104,827

5.4 EVENTS AFTER THE BALANCE SHEET DATE

In accordance with the price adjustment procedure set forth in the December 2007 contract for the sale of the Les Abeilles Port towage activity, on February 29, Boluda sent its sale price adjustment proposals concerning the financial statements closed on November 30, 2007. Those proposals are now being reviewed. In addition, Boluda has made some financial claims on BOURBON related to this deal, which BOURBON is formally contesting.

5.5 RELATED-PARTY TRANSACTIONS

■ Relations with SINOPACIFIC

The Chairman and Chief Executive Officer of BOURBON is a partner in the naval construction company Sinopacific, through Jaccar Holdings, a wholly-owned subsidiary of Jaccar.

In 2007, BOURBON, through one of its subsidiaries Bourbon Supply Investissements, acquired ten vessels from the Sinopacific group for a total amount of €127,688 k. As of December 31, 2007, the amount of the current orders is for one hundred and two vessels and totals €1,317,500 k, which generated down payments on orders in the amount of €408,833 k.

In addition, Jaccar has guaranteed certain BOURBON subsidaires in respect of repayments of advances paid by those subsidiaries to the shipyards of the Sinopacific group, for a total outstanding amount of €355,507 k as of December 31, 2007.

■ Relations with PIRIOU, WEST ATLANTIC SHIPYARD and SEAS

The Chairman and Chief Executive Officer of BOURBON is indirectly associated in the Piriou naval construction company and its subsidiaries West Atlantic Shipyard and SEAS, through Jaccar Holdings, a wholly owned subsidiary of Jaccar.

BOURBON, through its subsidiaries, in 2007 acquired seven vessels from these three companies for a total amount of €16,433 k. As of December 31, 2007, the amount of current orders was for twenty-four vessels for €41,808 k, which generated advances on orders in the amount of €14,571 k.

■ Relations with JACCAR

The Chairman and Chief Executive Officer of BOURBON is also Chairman of Jaccar SAS. Jaccar SAS invoices Bourbon Assistance, a BOURBON subsidiary, for services.

For 2007, these services totaled €1,110 k, including a fixed portion of €360 k and a variable portion of €750 k calculated on the basis of 1% of the consolidated net income, group share of BOURBON, and capped at €750 k excluding tax.

■ Relations with MARINE SAS

Christian Lefèvre, BOURBON Executive Vice President and Chief Operating Office, is also Chairman of Marine SAS. Marine SAS invoices Bourbon Management, a BOURBON subsidiary, for services.

For 2007, these services totaled €300 k, including a fixed portion of €150 k and a variable portion of €150 k calculated on the basis of 0.5‰ of the consolidated net income, group share of BOURBON, and capped at €150 k excluding tax.

5.6 EXECUTIVE COMPENSATION

Compensation of the corporate officers is set by the Board of Directors on the recommendation of the Nominating, Compensation and Governance Committee.

For the year 2007, compensation for the corporate officers who were in office during the year was follows (excluding directors' fees):

(in € thousands)	2007	2006
Fixed compensation		
• Salaries	382	389
• Services	510	660
Variable compensation(*)	1,050	903
TOTAL	**1,942**	**1,952**

(*) *Compensation that will be paid in 2008 for 2007.*

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
	2007	2006	2007	2006	
BOURBON	Parent company		Parent company		France (Paris)
Aequo Animo Shipping Navegacao Lda	100	-	100	-	Portugal (Madeira)
Abeille Cilaos	-	100	-	99.95	France (Reunion)
Abeille Mafate	-	100	-	99.95	France (Reunion)
Aqua Service Réunion	-	51	-	51	France (Réunion)
Avracs	100	100	100	100	France
Bourbon Asia Asset Pte Ltd	51	-	51	-	Singapore
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	100	100	United States
Bourbon Capital Holdings USA	100	100	100	100	United States
Bourbon Capital USA	100	100	100	100	United States
Bourbon Gaia Supply	100	-	100	-	France
Bourbon Interoil Nigeria Ltd	40	40	40	40	Nigeria
Bourbon Logistics Indonesia	100	95	95	95	Indonesia
Bourbon Management (formerly CFG)	100	100	100	100	France
Bourbon Maritime	100	100	100	100	France
Bourbon Offshore (formerly Holding)	100	100	100	100	France
Bourbon Offshore Asia	51	51	51	51	Singapore
Bourbon Offshore Associates	100	100	100	100	United States
Bourbon Offshore Craft	100	100	100	100	France
Bourbon Offshore Gaia	100	50.8	100	50.8	France
Bourbon Offshore Greenmar	100	100	100	100	Switzerland
Bourbon Offshore Gulf	60	-	60	-	Qatar
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	-	100	Norway
Bourbon Offshore II KS	-	100	-	100	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 IV AS	79	-	79	-	Norway
Bourbon Offshore IV KS	81.1	-	79	-	Norway
Bourbon Offshore Norway	100	100	100	100	Norway

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2007	2006	2007	2006	
Bourbon Offshore Norway Management AS	100	-	100	-	Norway
Bourbon Offshore Supply	100	-	100	-	France
Bourbon Offshore Surf	100	100	100	100	France
Bourbon Offshore Triangle	70	70	70	70	Egypt
Bourbon Subsea Services	100	-	100	-	France
Bourbon Salvage investments	100	-	100	-	France
Bourbon Supply Asia	100	-	100	-	Singapore
Bourbon Supply Investissements	100	100	100	100	France
Cador	100	100	100	100	France
Caroline 8 SAS	100	-	-	-	France
Centre Formation Offshore (BHMS)	100	-	100	-	France
Challenge hypermarket	50	50	50	50	Mauritius
Chambon Offshore International	100	100	100	100	France
Cogerem EIG	-	100	-	99.98	France
Compagnie Financière de Bourbon	-	51	-	51	France (Reunion)
Deepwaters Marine Eurofinance	100	100	100	100	United States
DNT Offshore	100	-	100	-	Italy
Domaine de la Convenance	-	99.99	-	99.99	France (Reunion)
DTI Océan Indien	100	100	100	100	Mauritius
Elbuque Shipping Lda	100	100	100	51	Portugal (Madeira)
Espace Bourbon Thang Long	-	65	-	65	Mauritius
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	100	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	100	99	100	99	France
EIG Abeille Liberté	100	99	100	99	France
EIG Abeilles 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	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

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2007	2006	2007	2006	
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	100	100	France
EIG Surfer 2006 Bis	100	100	100	100	France
EIG VS 4501 (Athena)	100	100	100	100	France
EIG Surfer 2007	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
Handy Shipping AG	99.95	99.95	99.95	99.95	Switzerland
Ivoirienne de remorquage et de sauvetage	-	50.99	-	50.99	Ivory Coast
Jade Navegacao Lda	100	100	100	100	Portugal (Madeira)
La Petrussienne	-	50.8	-	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	France
Les Abeilles Bordeaux	-	99.84	-	99.84	France
Les Abeilles Boulogne	-	100	-	100	France
Les Abeilles Brest	-	100	-	100	France
Les Abeilles Cameroun	-	98	-	98	Cameroon
Les Abeilles Côte d'Ivoire	-	99.6	-	99.6	Ivory Coast
Les Abeilles Dunkerque	-	100	-	100	France
Les Abeilles International	100	100	100	100	France
Les Abeilles La Réunion	-	95.41	-	95.41	France (Reunion)
Les Abeilles La Rochelle	-	100	-	100	France
Les Abeilles Le Havre	-	99.88	-	99.88	France

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2007	2006	2007	2006	
Les Abeilles Marseille-Fos (formerly Société de remorquage portuaire et d'assistance en méditerranée)	-	100	-	100	France
Les Abeilles Nantes Saint-Nazaire	-	100	-	100	France
Les Abeilles Tanger Med	-	99.97	-	99.97	Morocco
Les Villas du Lagon	-	100	-	100	France (Reunion)
Marine Network Asia	51	-	51	-	Singapore
Mastshipping Shipping Lda	100	100	51	51	Portugal (Madeira)
Motel Les Brisants	-	50	-	50	France (Reunion)
Navegaceano Shipping Lda	100	100	51	51	Portugal (Madeira)
O.D.B.	100	100	100	100	France
Offshore Structured Assets Finance	100	100	100	100	United States
Onix Investimentos e Servicos Lda	100	100	100	100	Portugal (Madeira)
Paris Shipping & Chartering	100	100	100	100	France
Placements Provence Languedoc	100	100	100	100	France
Recif SAS	-	99.12	-	98.45	France (Reunion)
Sagrim	74.97	74.97	74.97	74.97	Madagascar
SASU Bourbon Offshore	100	-	100	-	France
SCI Claire Fontaine	100	100	100	100	France (Reunion)
Sehb Le Récif	-	99.79	-	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
SNC AHTS 1	100	-	-	-	France
SNC Bourbon Themis	100	-	100	-	France
SNC Surfer 2007 bis	100	-	100	-	France
SNC Surfer 2008	100	-	100	-	France
SNC Surfer 2008 TT	100	-	100	-	France
SNC Surfer 325	100	-	100	-	France
Société Mahoraise de remorquage de sauvetage et de lamanage	-	100	-	100	Mayotte
Société nouvelle Arpec	-	100	-	100	France
Somarsal marine service (SMS)	-	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	Vietnam

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2007	2006	2007	2006	
Sucrerie de Bourbon Madagascar	100	100	100	100	Madagascar
Sucrerie de Bourbon Tay Ninh	68.62	100	68.62	100	Vietnam
Surf Viking AS	-	100	-	100	Norway
Thermidor (ex Babor)	100	100	100	100	France
Tribor	100	100	100	100	France
Union des remorqueurs de Dakar	-	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
	2007	2006	2007	2006	
Bourbon Gulf	49	49	49	49	Qatar
Delba Maritima Navegacao	50	50	50	50	Brazil
Delba Operadora de Servicios Ltda	50	50	50	50	Brazil
EPD Asia Group Ltd	50	50	50	50	United States
EPD Yangzhou Ltd	50	50	50	50	China
Naviera Bourbon Tamaulipas	49	49	49	49	Mexico
Oceanteam Bourbon I AS	50	-	50	-	Norway
Oceanteam Bourbon I KS	50	-	50	-	Norway
Oceanteam Bourbon IV AS	50	-	50	-	Norway
Servicios y Apoyos	49	49	49	49	Mexico
Sonasurf Angola	50	50	50	50	Angola
Toesa	50	50	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
	2007	2006	2007	2006	
Bourbon Marine Services Manilla	24.98	-	24.98	-	Philippines
Agence rialto	-	30	-	30	France (Reunion)
Austral d'Investissement	-	30	-	30	Mauritius
Bourbon Distribution Mayotte	-	30	-	21	France (Mayotte)
Carmart	-	30	-	30	Mauritius
Cie Mauricienne d'Hypermarché Ltd	-	30	-	23.98	Mauritius
Distri-Food	-	30	-	22.8	France (Reunion)
Espace Bourbon An Lac	-	30	-	24	Vietnam
Espace Bourbon Dong Nai	-	30	-	19.5	Vietnam

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2007	2006	2007	2006	
Espace Bourbon Hai Fon	-	30	-	30	Vietnam
Fim Colimo	-	30	-	30	France (Reunion)
Grains du Capricorne	-	30	-	30	France (Reunion)
Home City	-	30	-	30	France (Reunion)
Jackson Offshore LLC	34.36	-	34.36	-	United States
Magma	-	30	-	21	France (Reunion)
Mayotte Distribution	-	30	-	20.98	France (Mayotte)
Ortem	-	30	-	23.98	Mauritius
Rigdon Marine Corporation	40.26	40.26	40.26	40.26	United States
Rigdon Marine Holdings LLC	24.50	24.50	24.50	24.50	United States
S2FOI	-	30	-	22.8	France (Reunion)
Salaison de Bourbon	-	30	-	26.78	France (Reunion)
Sapmer Distribution de marques	-	30	-	30	France (Reunion)
Saprim	-	30	-	29.76	France (Reunion)
SCI Armagnac	-	30	-	29.7	France (Reunion)
SCI Badamier	-	30	-	30	France (Reunion)
SCI des Centres commerciaux	-	30	-	30	France (Reunion)
SCI du Chaudron	-	30	-	30	France (Reunion)
SCI Jacaranda	-	30	-	30	France (Reunion)
SCI Kerveguen	-	30	-	29.7	France (Reunion)
SCI Ligne du Paradis	-	30	-	29.7	France (Reunion)
SCI Omega	-	30	-	30.07	France (Mayotte)
SCI Timur	-	30	-	30	France (Reunion)
SCI Toscane	-	30	-	21.01	France (Reunion)
SCI Vava Industrie	-	30	-	29.7	France (Reunion)
SCIM3	-	30	-	21	France (Reunion)
Score Digue	-	30	-	29.94	Madagascar
Score Madagascar	-	30	-	29.39	Madagascar
Selata(n) Indah	-	30	-	30	France (Mayotte)
SEMS SA	-	30	-	29.76	France (Reunion)
Sicre	-	30	-	30	France (Reunion)
SNIE Distribution	-	30	-	21	France (Mayotte)
Société de restauration rapide de la Réunion – S3R	-	30	-	30	France (Reunion)
Société des Hypermarchés bénédictins	-	30	-	30	France (Reunion)
Sodexmar	-	30	-	30	France (Reunion)
Sodimar	-	30	-	30	France (Reunion)
Sofimex	-	30	-	30	France
Sogim	-	30	-	30	France (Reunion)
Sogramo	-	30	-	30	France (Reunion)

	% of control of capital held directly or indirectly		% of capital interest held directly or indirectly		Country
	2007	2006	2007	2006	
Somags	-	30	-	30	Mauritius
Sorecom	-	30	-	30	France (Reunion)
Soretravi	-	30	-	30	France (Reunion)
Sormac	-	30	-	30	France (Reunion)
Spar Mauritius	-	30	-	30	Mauritius
SSTIC – Prestations informatiques	-	30	-	30	France (Reunion)
Transit SNIE	-	30	-	20.89	France (Mayotte)
Usine de Traitement de Viande – UTV	-	30	-	21	France (Mayotte)
UTV Investissement SNC	-	30	-	21	France (Mayotte)
Vindémia	-	30	-	30	France (Reunion)
Wheathervane Ltd	-	30	-	30	Mauritius
Agence rialto	-	30	-	30	France (Reunion)

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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 Shareholders,

Following our appointment as statutory auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of the BOURBON for the year ended December 31, 2007.

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

I–Opinion on the consolidated financial statements

We conducted our audit in accordance with 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 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, 2007 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the European Union.

II–Justification of 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

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

Lyons and Marseilles, April 15, 2008

The Statutory Auditors

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

CHAIRMAN'S REPORT

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 Shareholders,

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, 2007;
- The internal control procedures established by the company;
- and the scope of the powers of the Chairman and Chief Executive Office.

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 9 members:
- Mr. Jacques d'Armand de Chateauvieux : Chairman of the Board and Chief Executive Officer;
- Mr. Christian d'Armand de Chateauvieux;
- Mr. Henri d'Armand de Chateauvieux;
- Mr. Guy Dupont;
- Mr. Marc Francken;
- Mr. Christian Munier;
- Ms. Dominique Senequier;
- Mr. Roger Wright;
- Ms. Thi Huyen Lan Vo (coopted at the meeting of the Board of Directors held on December 10, 2007).

The Board of Directors of BOURBON, meeting on December 10, 2007, coopted Ms. Thi Huyen Lan Vo for the position of director left vacant following the resignation of Ms. Victoire de Margerie. This appointment to serve for the remainder of the term of office of Ms. Victoire de Margerie, i.e. until the annual shareholders' meeting of 2010, will be submitted for approval by the shareholders at the next combined annual and special meeting of Bourbon to be held on May 30, 2008.

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

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

In 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. Therefore, this restriction ceased to apply on December 17, 2007.

■ 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 sees to it that the company always meets the requirement to have at least three out of ten independent Directors on the Board.

The Board of Directors, in its March 10, 2008 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.

Directors are considered independent if they are not involved in any significant relationship with the company or its Management that could compromise the exercise of freedom of judgment or that would be liable to place them in a position of conflict of interest with the company or its Management.

Therefore, the Board of Directors has concluded that the notion of independence applies to the three persons listed below:
- Mr. Guy Dupont;
- Mr. Marc Francken;
- Mr. Roger Wright.

■ **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 shareholders, 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 MODUS OPERENDI OF THE BOARD OF DIRECTORS

The Board of Directors adopted bylaws at a meeting held on December 10, 2007. These bylaws, in addition to existing laws and regulations, define the modus operendi of the Board of Directors. Every member of the Board of Directors is required to comply with these internal regulations.

They also include a director's charter spelling out the rights and obligations of the 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 shareholders' 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, 2007 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 account.

During the year ended, four meetings of the Board of Directors were held – on March 19, May 29, August 27, and December 10, 2007.

The attendance rate for all the Directors was 96.9%.

1.4 EVALUATING THE WORK OF THE BOARD OF DIRECTORS

During 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).

During its March 19, 2007 meeting, the members of the Board of Directors reviewed the document containing an overview of the questionnaire and some decisions were made to make further improvements in the modus operendi of the Board.

In addition, at its March 10, 2008 meeting, the Board discussed the way it operates; as a result of this discussion, the Directors feel that the BOURBON Board operates satisfactorily and that the major issues are appropriately analyzed in advance and discussed.

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 accuracy and fairness of the BOURBON parent company and consolidated financial statements and the quality of the internal control and of the information issued to the shareholders and to the markets.

Its main responsibilities are listed below:
- managing the procedure for selecting auditors before submitting results to the Board;
- reviewing in advance and giving its opinion on draft annual and midyear financial statements;
- examining the relevance and permanence of the accounting rules and principles used in preparing the financial statements and preventing any violations of such rules;
- ensuring that any changes in the scope of the consolidated companies are presented, and providing any necessary explanations;
- interviewing, as it deems necessary, the auditors, the Management, Financial Management, internal audit or any other member of the management;
- evaluating the effectiveness and quality of the group's internal control systems and procedures, and in particular, seeing to it that the internal control committee is established and operating properly;
- reviewing the group's financial and cash position and any significant risks faced by it;
- examining the procedures adopted to evaluate and manage risk.

■ Composition and modus operendi of the Audit Committee

The Audit Committee is made up of at least three members appointed by the Board of Directors. The duration of the members' term of office coincides with their term as directors. The Committee appoints a chairman from among its members.

As of now, the Committee is composed of three people:
- Mr. Roger Wright, chairman;
- Ms. Dominique Senequier;
- Mr. Christian Munier.

For the deliberations of the committee to be valid, at least half of its members must be present. Committee members participating in the meeting by video-conferencing or telecommunications shall be deemed present, provided they can be identified and can guarantee their participation, the nature and terms of which shall be determined by Council of State decree.

■ Work of the Audit Committee

During fiscal year 2007, the Audit Committee met three times. The attendance rate of the members was 100%. The auditors attended the meetings of the committee devoted to closing the audited financial statements.

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;
- following up on the Horizon 2010 investment program.

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 approval of the midyear and annual financial statements.

1.5.2 The Nominating, Compensation and Governance Committee

At its August 27, 2007 meeting, the Board of Directors approved the principle of expanding the role of the compensation committee by assigning to it the tasks of studying the appointments of the new Directors and reviewing the succession plans of the corporate officers. To reflect these new responsibilities, the name of the committee was changed to the "Nominating, Compensation and Governance committee." In addition, the Board of Directors decided in its March 10, 2008 meeting, on the recommendation of the Chairman of the Board, and according to the market recommendations, as follows:
- that the chairman of this committee be responsible for ensuring that the principles of good governance are followed and actually enforced;

- accordingly, that the name of the "Nominating and Compensation Committee" be changed to the "Nominating, Compensation and Governance Committee."

The responsibilities of the Nominating, Compensation and Governance Committee are:
- reviewing all applications for nominating to a position as a member of the Board and formulating an opinion and/or recommendation to the Board of Directors on those applications;
- making recommendations to the Chairman concerning the compensation, the retirement and protection system, in-kind benefits and other pecuniary rights, including any stock options awarded to the corporate officers and/or senior managers of the group;
- making certain there is a succession plan for the members of the management team.

In addition, as discussed above, the Chairman of the committee is also responsible for oversight in terms of good governance in a situation where the Chairman of the Board of Directors and the Chief Executive Officer are the same person.

Regarding the principle of setting the compensation of senior managers, please refer to the Management Report (subsection 3.3).

■ Composition and modus operendi of the Nominating, Compensation and Governance Committee

The committee consists of at least three directors appointed by the Board of Directors. The committee appoints its Chairman from among its members.

The committee meets at least once a year.

At present, the Nominating, Compensation and Governance Committee is made up of the following three persons:
- Mr. Marc Francken, Chairman;
- Mr. Henri d'Armand de Chateauvieux;
- Ms. Dominique Senequier.

■ Work of the Nominating, Compensation and Governance Committee

The committee met once in 2007 with a 66.7% 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 Committee, in particular those relating to the method and amount of compensation for the corporate officers.

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**.

The **Management Committee** sees to it that the strategy objectives are established and deals with issues of general interest to the group. In addition to the members of the Executive Committee, this committee consists of 12 members representing the organization of the group.

In addition, the "**Quarterly Business Review**" provides a means for the Executive Committee to keep up with the performance of the group's operational activities and measure the progress of BOURBON's inter-departmental projects.

Lastly, in each business unit, 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. Likewise, BOURBON sees to it that its operations have no negative impact on the environment or on property. 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.

The Internal Control Committee is made up of the two Executive Vice Presidents and the managers of BOURBONS's operational divisions.

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 activities. 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. An interim audit in the form of a limited review is also done by the auditors on June 30 of every year.

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 operational division, 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 2007 and was presented to the Audit Committee as well as to the Board of Directors at its December 10, 2007 meeting.

The cartography of risks is updated regularly and discussed in the Executive Committee, and then presented annually to the Audit Committee and the Board of Directors.

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 ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L 225-235 of French company law on the report prepared by the Chairman of the Board of Directors on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.
This report should be read in conjunction with, and construed in accordance with, French law and the relevant professional standard applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of BOURBON and in accordance with Article L 225-235 of French company law (Code de Commerce), we hereby report on the report prepared by the chairman of your company in accordance with Article L 225-37 of French company law (Code de Commerce) for the year ended December 31, 2007.

It is the Chairman's responsibility to describe in his report the preparation and organization of the Board's work and the internal control procedures implemented by the company. It is our responsibility to report to you on the information contained in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information.

We conducted our work in accordance with the relevant French professional standard. This standard requires that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information.

These procedures consisted mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report are based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L 225-37 of French company law (Code de Commerce).

Lyons and Marseilles, April 15, 2008

The Statutory Auditors

EurAAudit C.R.C.
Cabinet Rousseau Consultants

Jean-Marc Rousseau

Deloitte & Associés

Vincent Gros

OTHER LEGAL AND FINANCIAL INFORMATION

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 shareholders' 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 shareholders' 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 SHAREHOLDERS' MEETINGS (ARTICLE 19 OF THE BYLAWS)

Shareholders' 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 shareholder, 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, either in nominative form or else in registered form, and held in a bearer securities trading account held by a certified intermediary no later than the third business day preceding the meeting at midnight Paris time.

Registration as an accounting entry in a bearer securities account held by the certified intermediary shall be indicated by a stock certificate issued by the intermediary, attached to the mail-in voting form or proxy or when requesting the admission card.

Shareholders who have already voted by mail, sent in a proxy or requested their admission card or stock certificate, may no longer choose any other method of participating in the meeting.

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 shareholders' 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 shareholders' 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 shareholders' 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 shareholders when the shareholders' 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 shareholders and is charged against the profits from subsequent years until it is extinguished.

The shareholders' meeting has the option of granting to each shareholder 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 shareholders' 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 shareholders' meeting, which may not exceed three months from the date of the meeting.

No return of dividends may be required of shareholders, 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 shareholders' 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 Euronext 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 10, 2008, the BOURBON capital amounts to 35,229,221 euros. It is divided into 55,461,302 shares, fully paid-up.

As of December 31, 2007 (and after one bonus share was granted for every ten old shares on June 5, 2007):
- the total number of shares comprising the capital was: 55,461,302 euros;
- the number of voting rights was 55,426,490.

These figures are adjusted 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".

During 2007, more than 48.3 million BOURBON shares were traded (or nearly 50% more than in 2006 and more than 87% of the total number of shares in the company).

The Company's market capitalization amounted to €2,486 million at December 31, 2007 for a latest price listed of 44.82 euros.

According to the criteria "number of shares traded", "capital rotation rate" and "market capitalization", in 2007, depending on the month, BOURBON ranked between number 62 and number 92 among the companies listed on Euronext Paris.

As of December 31, 2007, there were 816 employee shareholders holding stock through the FCPE "Bourbon Expansion" for 481,312 shares, or 0.87% of the capital.

In the Combined Annual and Special Shareholders' Meeting of December 16, 2004, double voting rights were eliminated. There is also no limitation on the voting right.

2.2 OPTION PLANS FOR NEW STOCK OR STOCK PURCHASE OPTIONS

- **The combined annual and special shareholders' 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 shareholders 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 shareholders' 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

The Board of Directors in its September 10, 2001 meeting decided to grant, as from 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 shareholders' 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.

The number of options and the price were adjusted for transactions conducted on the capital after allotment.

These options were exercisable from October 9, 2005 to October 8, 2007. Any options not exercised as of October 8, 2007 were cancelled.

Plan No. 2

The Board of Directors in its 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 shareholders' 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 preceding September 8, 2003.

These stock options can 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.

As of December 31, 2007, all options not cancelled were exercised.

Plan No. 3

The Board of Directors in its 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 shareholders' 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, and the grant of 1 new share for every 10 held on June 5, 2007, the number of options corresponding to Plan No. 3 increased to 330,000 and the price was adjusted to 19.168 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 shareholders' 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

The Board of Directors in its 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 shareholders' 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, and the grant of 1 new share for every 10 held on June 5, 2007, the number of options corresponding to Plan No. 4 increased to 660,000 shares and the price was adjusted at 29.773 euros.

■ Plan No 5

The Board of Directors in its 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 shareholders' 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 all the employees directly involved in successfully meeting the five-year objectives. After the grant of 1 new share for every 10 held on June 5, 2007, the number of stock options corresponding to Plan No. 5 was raised to 47,520 shares and the price adjusted to 36.409 euros.

■ Plan No. 6

The Board of Directors in its December 10, 2007 meeting decided to grant one last tranche of 1,290,600 new stock subscription options in the company under the authority granted by the annual shareholders' meeting of June 7 at the price of 43.98 euros, corresponding to the average, without discount, of the prices quoted at the 20 trading sessions preceding December 10, 2007.

These options may be exercised from December 10, 2011, the start of the fifth year of allotment, and until December 9, 2013, 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.

In addition, the Board of Directors in its March 10, 2008 meeting decided to modify the form of this allotment by substituting stock purchase options for stock subscription options.

Capital increases in fiscal year 2007

- Firstly, in its May 29, 2007 meeting, the Board of Directors noted the stock subscription options exercised between January 1, 2007 and the combined annual and special shareholders' meeting of May 29, 2007.
As a result, between January 1, 2007 and May 29, 2007, 6,957 new shares were issued at the price of 5.645 euros. This price is adjusted for any transactions conducted on the capital stock.
- Furthermore, 5,020,247 new shares were issued on June 5, 2007, following the allotment to shareholders of one new share for every 10 old shares held; the exercise of the rights of the holders of stock options was suspended between May 29 and June 5, 2007.
- Lastly, in the first Board of Directors' meeting of 2008, i.e. during the Board meeting of March 10, 2008, the capital increase carried out between June 5, 2007 and December 31, 2007 was noted.

As a result, between June 5, 2007 and December 31, 2007, 28,250 new shares were issued at a price of 5.131 euros, 209,440 new shares at the price of 8.30 euros per share, 440 new shares at the price of 29.772 euros and 440 new shares at the price of 36.409 euros. These prices are adjusted for any transactions conducted on the capital after the annual and special shareholders' meeting of May 23, 2006 doubling (from June 1, 2006) the number of shares comprising the capital; furthermore, following the combined annual and special shareholders' meeting and the May 29, 2007 meeting of the Board of Directors carrying out capital increases by issuing new bonus shares to shareholders from June 5, 2007, at the rate of one new share for every ten old shares.

The Board of Directors, in its March 10, 2008 meeting, noted that BOURBON's statutory capital, rounded down to the nearest whole number, was set at 35,229,221 euros, and therefore decided to amend article 7 of the Company's bylaws accordingly.

■ Article 7 – Capital stock

The capital stock is set at 35,229,221 euros. It is divided into 55,461,302 shares. The shares are all in the same class.

2.3 GRANTING OF BONUS SHARES

The combined annual and special shareholders' meeting of May 29, 2007 granted authority to the Board of Directors in its twentieth special resolution, in accordance with and pursuant to Articles L 225-197-1 to L 225-197-5 of the Commercial Code, to proceed, one or more times, to allot bonus shares in the company, either outstanding or to be issued, to the company's employees and some classes thereof, and/or to the members of the management referred to in Article L 225-197-1 II of the Commercial Code, as well as to the employees and managers of companies or economic interest groupings affiliated with the company, pursuant to Article L 225-197-2 of the Commercial Code.

Under this authority, in its August 27, 2007 meeting, the Board of Directors decided to grant free of charge 166,160 shares to the employees of the company or of any company in the group on November 1, 2007. The purpose of this allotment by the Board of Directors was to involve the employees in the success of BOURBON's plans.

These shares will be allotted to:
- beneficiaries residing in France on November 2, 2009; however, the beneficiaries shall be required to retain these shares for two years;
- beneficiaries not residing in France on November 2, 2011.

The corporate officers of BOURBON SA were excluded from this allotment.

The acquisition of bonus shares implies that after the acquisition period, the beneficiary is either an employee in the company or of a company in the group.

2.4 INFORMATION ON STOCK SUBSCRIPTION AND STOCK PURCHASE OPTIONS

Date of shareholders' 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[(1)]	Plan No.6	Total
Date of Board meeting	09.10.2001	09.08.2003	03.08.2005	12.05.2005	12.04.2006	12.10.2007	
Total number of shares that can be subscribed or purchased by specifying:	1,260,073	246,400	330,000	660,000	47,520	1,290,600	
the number that can be subscribed or purchased by – corporate officers	289,802	53,900	88,000	132,000	-	80,000	
– the top ten employee optionees	362,041	167,090	178,200	136,400	21,780	175,000	
Start date for exercising options	10.09.2005	09.08.2007	03.08.2009	12.05.2009	12.04.2010	12.10.2011	
Expiration date	10.08.2007	09.07.2009	03.07.2011	12.04.2011	12.03.2012	12.09.2013	
Subscription or purchase price	€5.13	€8.30	€19.17	€29.77	€36.41	€43.98	
Number of shares subscribed as of 12.31.2007	1,104,584	209,440	-	440[(2)]	440[(2)]	-	
Options cancelled as of 12.31.2007	155,489	36,960	50,600	81,840	2,200	-	
Options remaining as of 12.31.2007	0	0	279,400	577,720	44,880	1,290,600	**2,192,600**

(1) *Figures adjusted following the different transactions since the plans were allotted.*
(2) *Exercised early in accordance with the settlement terms.*

2.5 POTENTIAL CAPITAL DILUTION AS OF DECEMBER 31, 2007

As of December 31, 2007, 55,461,302 shares of BOURBON stock were outstanding. Any stock subscription options not yet exercised and not cancelled, as well as any bonus shares will result in a dilution of the capital when exercised (stock subscription options) or when acquired (bonus shares).

There is no other form of potential capital.

The Board of Directors in its March 10, 2008 meeting decided to modify the form of the options it had granted under Plan No. 6 at its December 10, 2007 meeting, substituting stock purchase options for stock subscription options. Therefore, assuming that the 902,000 stock subscription options (Plans No. 3, No. 4 and No. 5) were exercised, and taking into account the allotment of the 166,160 bonus shares, the potential capital dilution would be at most 1.89%: [(902,000 + 166,160) / (55,461,302 + 902,000 + 166,160)].

2.6 CHANGES IN THE CAPITAL OVER THE PAST FIVE YEARS

		Share issues				
Date	Operation	Amount of capital increase (€)	Number of shares	Issue and merger premium	Total amount of capital	Total number of shares
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-for-1 stock split	-	-	-	-	50,122,476
03.19.2007	Exercise of stock options (June 1 to December 31, 2006)	46,403	73,052	365,976	31,884,382	50,195,528
05.29.2007	Exercise of stock options (January 1 to May 29, 2007)	4,419	6,957	34,853	-	50,202,485
06.05.2007	Allotment of 1 new share for 10 old shares	3,188,879	5,020,247	-	35,077,680	55,222,732
03.10.2008	Exercise of stock options (June 5 to December 31, 2007)	151,541	238,570	1,760,882	35,229,221 (1)	55,461,302

(1) *Capital increase related to the options exercised, amended only on March 10, 2008.*

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".

2.7 SIGNIFICANT TRANSACTIONS AFFECTING THE DISTRIBUTION OF CAPITAL OVER THE PAST THREE YEARS

On June 27, 2005, Jaccar reported the acquisition of 985,114 shares and 100,000 shares on June 13 and 14, 2006; thus its holdings amounted to 23.64% as of December 31, 2007.

On October 10, 2006, Schroders reported it had exceeded the 5% threshold, with 2,523,062 shares on that date. On April 19, 2007, Schroders reported it had fallen below the 5% threshold on April 17, 2007 with 2,420,812 shares as of that date.

On September 10, 2007 the company Pleyel Investissements reported it had exceeded the 5% threshold with 2,770,140 shares as of that date.

After these operations, and until the registration date of the "2007 Registration Document", and to the Company's knowledge, Pleyel Investissements owns more than 5% and Jaccar owns more than 20%.

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".

2.8 CHANGES IN THE SHAREHOLDER BASE

	Position at 12.31.2007			Position at 12.31.2006			Position at 12.31.2005		
Shareholder	Number of shares	% of capital	% of voting rights	Number of shares	% du capital	% of voting rights	Number of shares	% of capital	% of voting rights
Jaccar(*)	13,111,954	23.64	23.66	11,919,960	23.75	23.77	5,909,980	23.60	23.60
Pleyel Investissements	2,994,868	5.40	5.40	-	-	-	-	-	-
Schroders	-	-	-	2,523,062	5.03	5.03	-	-	-
Treasury Stocks	34,812	0.06	-	43,936	0.09	-	660	0.00	-
Employees	481,312	0.87	0.87	474,107	0.94	0.94	237,888	0.95	0.95
Public	38,838,356	70.03	70.07	35,234,463	70.19	70.26	18,897,049	75.45	75.45
TOTAL	**55,461,302**	**100.00**	**100.00**	**50,195,528**	**100.00**	**100.00**	**25,045,577**	**100.00**	**100.00**

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

2.9 DISTRIBUTION OF CAPITAL AND VOTING RIGHTS

Total number of shares (December 31, 2007)	55,461,302
Total number of voting rights (December 31, 2007)	55,426,490
Approximate number of shareholders (TPI shareholder identification procedure at January 31 2008)	40,000
Shareholders owning 5% or more of the capital or voting rights (December 31, 2007):	
• more than 20%	Jaccar
• more than 10%	None
• more than 5%	Pleyel Investissements

To the Company's knowledge, there are no other shareholders 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: 29.3%;
- Voting rights: 29.3%.

As of December 31, 2007, the company held 34,812 shares, or 0.06% of the capital.

In addition, as of that same date, 816 employees owned 0.87% of the capital with 481,312 share.

Since December 31, 2004, there has been a shareholders' 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.

2.10 PRICE TREND IN EUROS OVER 18 MONTHS

Date	High	Low	Volume of shares traded	Capital traded in € millions
2006				
September	37.25	33.46	3,465,685	133.16
October	40.91	32.92	3,616,462	144.79
November	40.26	36.55	3,875,941	164.53
December	38.35	36.12	3,599,883	147.35
2007				
January	39.26	35.85	3,611,655	149.93
February	44.27	39.00	2,983,584	137.82
March	47.82	37.69	4,615,058	223.31
April	49.15	44.84	3,658,098	189.94
May	51.14	46.27	3,106,334	168.90
June	51.15	45.12	3,912,741	186.53
July	49.30	45.60	3,787,755	180.48
August	51.83	43.60	7,001,468	337.56
September	49.40	40.50	5,110,816	226.01
October	50.10	43.56	4,671,091	221.74
November	48.90	41.12	3,793,469	171.10
December	46.20	41.90	2,094,629	92.88
2008				
January	48.79	34.01	7,281,923	310.38
February	43.39	35.50	6,140,201	239.06

2.11 DIVIDENDS

Closing Date	Net dividend/share	Dividend tax credit/share	Gross dividend/share	Total payout in thousands €
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
December 31, 2007[(5)]	1.00	-	1.00	55,461

(1) *7,032,000 shares.*
(2) *24,612,000 shares.*
(3) *25,045,577 shares.*
(4) *50,195,528 shares.*
(5) *55,461,302 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 REAL PROPERTIES, 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 2007, the fleet owned by the Offshore Division included 136 crewboats and 85 supply vessels including 5 intervention and assistance tugs.

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 55).

ANNUAL INFORMATION DOCUMENT

■ BOURBON PRESS RELEASES FROM JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

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
February 8, 2007	2006 annual revenues
February 28, 2007	BOURBON announces an order for 46 next generation vessels and reinforces its growth in modern offshore
March 7, 2007	BOURBON announces that it is holding exclusive negotiations in view of selling its hotel interests in La Réunion
March 15, 2007	Valuation of the sell option for the 30% of Vindemia still held by BOURBON
March 21, 2007	2006 annual results
March 22, 2007	All teams operational for imminent start-up of Les Abeilles Tanger Med in Morocco
March 28, 2007	BOURBON innovates, standardizes and intensifies its training policy for seamen-Development of two anchor handling simulators for modern offshore vessels
April 12, 2007	Accident with the AHTS Bourbon Dolphin at 75 nautical miles west of Scotland's northern Shetland islands
April 13, 2007	BOURBON is giving top priority to rescue operations and to crew members' relatives
April 16, 2007	Bourbon Dolphin sinks soon after the beginning of salvage operations
April 23, 2007	Progressive disposal of the company Sucrerie de Bourbon Tay Ninh in Vietnam
May 10, 2007	Revenues for 1st quarter 2007 up 18.1% (+25.7% at constant exchange rates)
May 30, 2007	Combined Annual and Special Shareholders' Meeting of May 29, 2007
June 20, 2007	Exercise of the put for the residual 30% stake still held in Vindémia
July 19, 2007	BOURBON announces plan to sell the harbor towage business to Grupo Boluda Corporación Marítima
August 9, 2007	First half 2007 revenues
August 27, 2007	BOURBON announces the sale of its hotel interests in La Reunion
August 30, 2007	First half 2007 results
September 11, 2007	Pleyel Investissements SAS controlled by Monnoyeur SAS exceeds the 5% statutory shareholding threshold in BOURBON's capital
October 25, 2007	BOURBON announces order for 2 Multi Purpose Supply Vessels from Socarenam, the French shipyard in Boulogne-sur-Mer
November 8, 2007	BOURBON Quarterly Financial Results
November 22, 2007	Inauguration of the "BOURBON Training Center" in Marseilles. First AHTS (Anchor Handling Tug Supply vessel) simulator installed in France
December 21, 2007	The sale of the harbor towage business is finalized today
December 21, 2007	Ms. Vo Thi Huyen Lan joins BOURBON's Board of Directors

STRATEGIC AND FINANCIAL PRESENTATIONS

Documents available on the website *www.bourbon-online.com* (under the heading "Slideshows").

Date	Description
March 21, 2007	2006 annual results
May 29, 2007	2007 Combined Annual and Special Shareholders' Meeting
August 30, 2007	First half 2007 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 16, 2007	Registration Document/Annual Report 2006

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 8, 2007	Declaration of purchases/sales of own shares
February 12, 2007	Declaration of purchases/sales of own shares
March 12, 2007	Declaration of purchases/sales of own shares
April 10, 2007	Declaration of purchases/sales of own shares
May 21, 2007	Declaration of purchases/sales of own shares
June 25, 2007	Declaration of purchases/sales of own shares
September 3, 2007	Declaration of purchases/sales of own shares
November 14, 2007	Declaration of purchases/sales of own shares
November 19, 2007	Declaration of purchases/sales of own shares

Declarations of operations by management and related persons on the stock of the company

Date	Description
January 12, 2007	Declaration of operations on the stock of the company
September 25, 2007	Declaration of operations on the stock of the company
December 26, 2007	Declaration of operations on the stock of the company

Thresholds crossed

Date	Description
April 19, 2007	Threshold crossed
September 13, 2007	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: *http://www.journal-officiel.gouv.fr/balo/*.

Date	Description
February 9, 2007	Fourth quarter revenues 2006
April 20, 2007	Invitation to the annual and special shareholders' meeting of May 29, 2007
May 4, 2007	Annual financial statements as of December 31, 2006
May 14, 2007	First quarter 2007 revenues
June 1, 2007	Notice of allotment of bonus shares following the capital increase approved by the combined annual and special shareholders' meeting of May 29, 2007
June 8, 2007	Notice of non-modification of the annual financial statements at December 31, 2006
August 10, 2007	First half 2007 revenues
September 24, 2007	Consolidated financial statements at June 30, 2007
November 12, 2007	Revenues for the first three quarters of 2007 and 2006

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