Angola

Brazil

Cameroon

China

Congo

Ivory Coast

France

Indonesia

Reunion

Madagascar

Mauritius

Mayotte

Mexico

Nigeria

Norway

Senegal

Vietnam

2004 ANNUAL REPORT

GROUPE BOURBON

Contents

Profile

Created in 1948 from the merger of several family-owned companies determined to rebuild the sugar industry on Reunion Island, Groupe Bourbon quickly became the island's top sugar company and then became a benchmark worldwide.
After a phase involving the gradual consolidation of the retail, food processing businesses, then marine services, Groupe Bourbon decided in 2001 to focus its growth on the deepwater offshore marine services market in which it already had acknowledged expertise on the west coast of Africa.

Groupe Bourbon is now poised to become a major international player in marine services.

With a product range including offshore oil and gas marine services, towage, assistance and salvage and bulk shipping, Groupe Bourbon is now poised to become a major international player in marine services. The group is also active in mass retailing through its subsidiary Vindémia.
True to the pioneer spirit behind its growth, Groupe Bourbon relies on the richness, diversity and entrepreneurial spirit of its employees in its drive to conquer new service-oriented markets worldwide requiring a level of technical know-how.

Chairman's Message

In 2004, Groupe Bourbon exceeded its earnings targets and demonstrated its ability to begin a new stage in its growth: a business portfolio focused solely on marine services, backed by a responsible, enthusiastic and solidary staff.

In 2004, Groupe Bourbon achieved and exceeded the targets set in the 2003-2007 plan in terms of growth in cash flow (up 29.4%) and investments (356.9 million euros). This year, the group share of net income amounted to more than 100 million euros.

Business in the marine sector, with sales up 22.1% to 492.6 million euros, reaped the benefits of strong growth in bulk shipping and the commissioning of new vessels for offshore oil marine services. The offshore fleet in service consisted of 145 units at year-end; 29 other vessels are under construction for deliveries in 2005 and 2006. While the offshore market is experiencing strong recovery owing to capital expenditures on exploration & production by the oil companies, the fact that these vessels will soon be available is an indisputable asset for our Offshore Division.

At the same time, the directly-owned bulk carrier fleet is reaping the full benefits of persistently high freight rates. The fleet will contain a total of six ships with an average age of three years after the deliveries expected in March and December 2005. The towage business remained stable in 2004, keeping pace with the prevailing economy. Nonetheless, sales by this business will increase with the addition to the Les Abeilles International fleet in 2005 of two new salvage tugs, Abeille Bourbon and Abeille Liberté.

Our future achievements in marine services will depend on our safety performance and our attention to issues of quality and occupational health and the way respect for the environment is reflected in our choices.

In the retail business, the negligible increase in sales in Reunion may be explained by the lack of new store openings and the fact that competition continues to rage. The results achieved are due mainly to growth in non-food items and imports from Asia and to that portion of sales accounted for by the new rice production business.

Internationally, the substantial increase in local currency (up 20%) suffered from the increase in the value of the euro. Vietnam and Mayotte are booming, while in Mauritius, in a climate of aggressive competition, the desired level of operating efficiency has not yet been reached.

The goal of the retail business is to grow sales and profitability abroad and to harness resources with the potential for improving business by using supplies from Asia to beef up the product line. In Reunion, any further expansion must be studied in light of the economic growth and prospects offered by shopping malls in the north and south of the island.

The year 2004 also saw a new stage in the strategy of gradually shifting the focus of Groupe Bourbon's business portfolio solely to marine services. After the sales completed or to be finalized in food processing and retailing, Groupe Bourbon spun off to CBo Territoria its entire real estate and property business and decided to distribute the shares received in the form of an in-kind dividend to the Groupe Bourbon shareholders. This dividend was paid out on May 19, 2005, at the same time as the company went public with an IPO on the Alternext market of Euronext Paris.
In addition, the other holdings will be sold off gradually, namely Sapmer and the two sugar refineries in Vietnam, so that only the marine business will be retained.

In this context the positioning of the company, its name and its logo as well as its registered office will be changed after the June 7, 2005 Annual and Special Shareholders' Meeting.

Now as the new year begins, holding out hopes for a good harvest in 2005, our thanks go out to all those men and women who in going about their jobs are living examples of the values of Groupe Bourbon as responsible, enthusiastic and solidary professionals.

Jacques de Chateauvieux
Chairman of the board, President and
Chief Executive Officer

Corporate Governance

In its concern to comply with changes in the standards in this area, Groupe Bourbon continued the work of adjusting its corporate governance. Thus two independent directors were named and two specialized committees formed to assist the Board in its deliberations and its decisions.

Board of Directors

▲ **Jacques de Chateauvieux**
Chairman of the board, President & CEO

▲ **Jean-Marc Brébion**
Member of the board, Executive Vice President

▲ **Christian Munier**
Member of the board, Executive Vice President

▲ **Christian de Chateauvieux**
Director

▲ **Henri de Chateauvieux**
Director

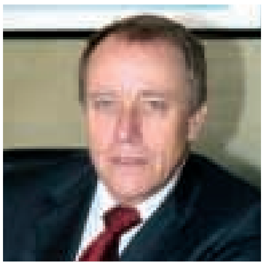
▲ **Guy Dupont**
Director

▲ **Marc Francken**
Director

▲ **Victoire de Margerie**
Director (since June 8, 2004)

▲ **Dominique Sénéquier**
Director

▲ **Roger Wright**
Director (since September 13, 2004)



Management

- Jacques de Chateauvieux,
Chairman, President & CEO

- Jean-Marc Brébion,
Member of the board, Executive Vice President

- Christian Munier,
Member of the board, Executive Vice President

Committees of the Board of Directors

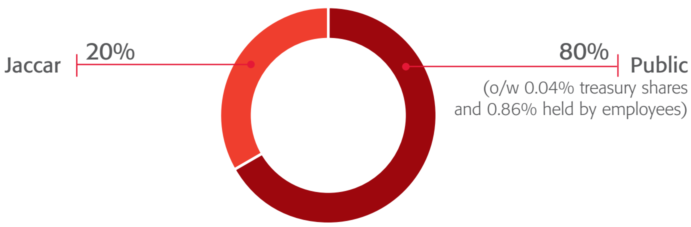
Compensation Committee

- Marc Francken
- Henri de Chateauvieux
- Dominique Sénéquier

Audit Committee

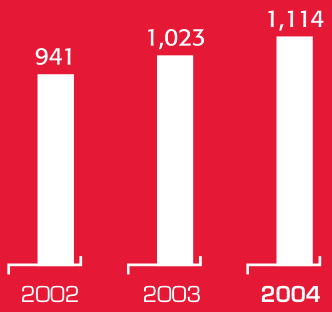
- Victoire de Margerie
(Chairperson)
- Dominique Sénéquier
- Roger Wright

Capital structure at March 31, 2005

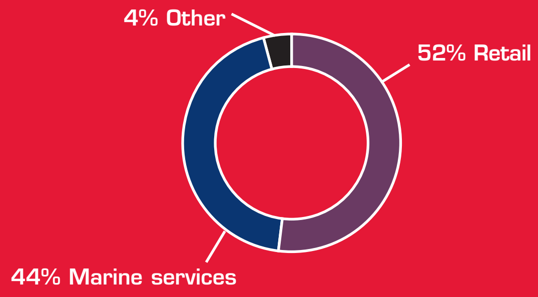


Key figures

Sales (in €m)

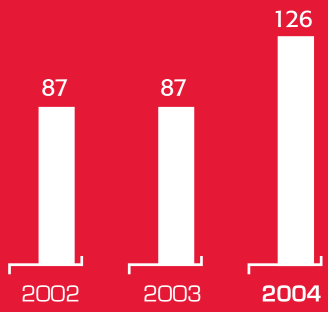


Sales breakdown by activity

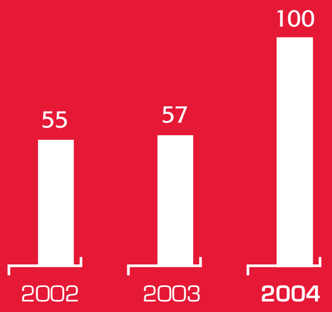


Sales breakdown by geographical area

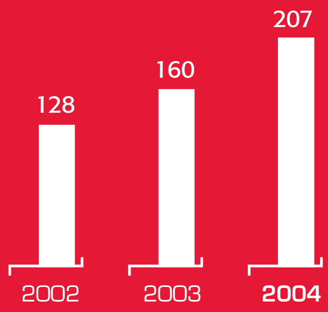
Operating income



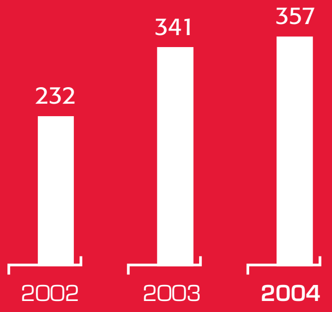
Net income group share



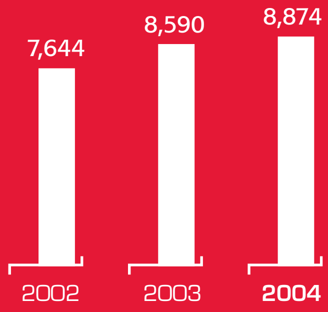
Cash flow



Net investments

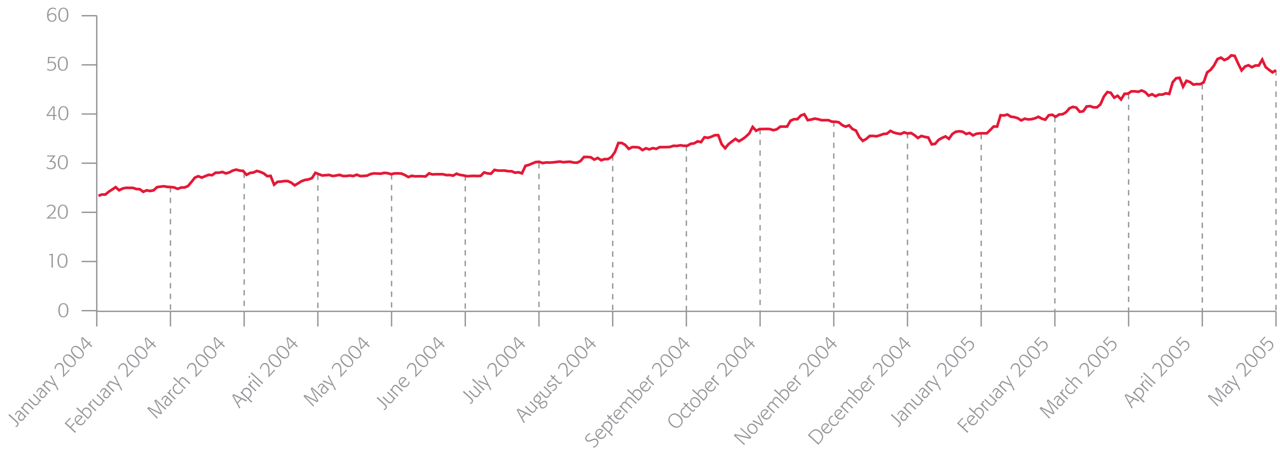


Workforce



The Groupe Bourbon Share

Trends in the share price



Market data

	2002	2003	2004*
Number of shares at 12/31	7,032,000	7,032,000	**24,612,000**
Share price in euros			
- high	76.45	83.80	**37.51**
- low	50.51	52.00	**22.00**
- last	67.60	81.80	**36.13**
Market capitalization at 12/31 (in millions of euros)	475	575	**889**
Net earnings per share	8.04	8.15	**4.07**
Dividend per share	1.08	1.4	**0.56**

* In 2004, 24,612,000 shares as opposed to 7,032,000 shares in 2003.

Estimated schedule of financial announcements

Publications:

2005

- August 10 Semi-annual sales report for 2005
- September 14 Semi-annual results 2005
- November 9 Q3, 2005 Sales

2006

- February 10 Q4, 2005 Sales
- March Annual results 2005

Combined Annual and Special Meeting: June 7, 2005 (Reunion Island)

Payment of dividends: June 9, 2005

Person in charge of information

Jacques de Chateauvieux

Person in charge of Investor Relations:
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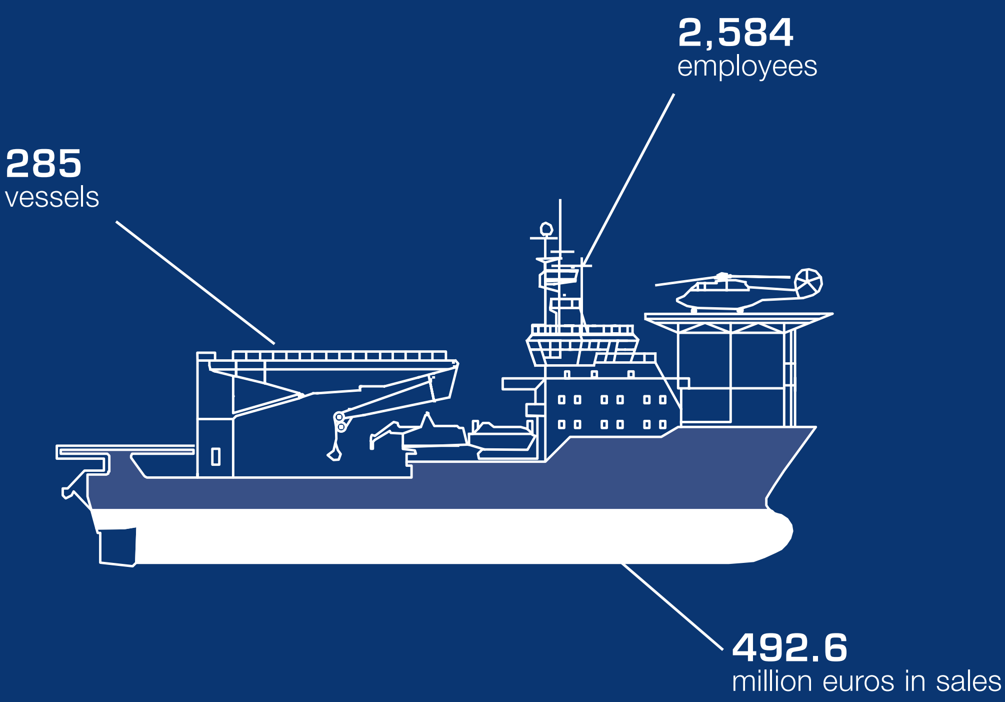

Marine Services

Groupe Bourbon is a world leader in marine services with a range of services based on three business lines: offshore oil and gas marine services, towage, assistance and salvage, and lastly bulk shipping.

From designing to operating vessels, Groupe Bourbon is developing expertise that covers quality of service, changes in technology and the ability to create and sustain lasting business relationships.

True to the pioneer spirit that spurred its growth, Groupe Bourbon is backed by the quality and entrepreneurial spirit of its employees in its drive to conquer new service-oriented markets worldwide requiring a level of technical know-how.

Active in 16 countries, Groupe Bourbon posted sales of 492.6 million euros in 2004, which is an increase of 22.1%.

Offshore

Bourbon Offshore provides a complete range of services for deepwater oil and gas production and operation, including platform maintenance and repair, towing and anchor handling, supplying of platforms, oil terminal assistance and rapid transportation of passengers. Thus, the group designs, builds and operates increasingly efficient vessels.

Objectives confirmed

■ In 2004, sales by Bourbon Offshore rose sharply (up 19.9% and up 27.4% at constant exchange rates) and its gross operating surplus was also up. The year saw a continuation in the delivery of new vessels, the sale of old vessels and the impact of the restructuring in Norway, which is now complete. Improvements in terms of safety and the availability in the near future of a number of modern vessels now under construction are an undeniable asset for Groupe Bourbon in this business.

An ultra-modern fleet

■ Over the past 15 years, the offshore oil and gas business has undergone a genuine technological revolution. With oil and gas exploitation at depths of as much as 2,000 meters and more, and the increasing number of underway facilities installed farther and farther from the coast, new and more powerful ships have had to be commissioned. Determined to become a leader in this sector, Groupe Bourbon undertook a construction program that has made its fleet one of the most up-to-date and versatile in the world. Fitted with the latest in technology, such as dynamic positioning systems, deepwater heave compensated drill rigs and high-power winches, the vessels of Bourbon Offshore can meet the needs of both the traditional offshore market (depths of less than 200 meters) and the deepwater market (depths of as much as 3,000 meters), a market with growth estimated at 15% a year.

As part of the 2003-2007 plan, which calls for a total investment of 1.2 billion euros for the construction of new ships, in 2004 Groupe Bourbon took delivery of 24 ships, raising the number of vessels in its fleet to 145. Out of the 29 under construction, 15 are slated for use in offshore oil and gas services.

A policy of alliances with local operators

■ Groupe Bourbon concentrates its operations in the “Golden Triangle” made up of the West African coast, Mexico and Brazil, but also in the North Sea and more recently in Asia. To boost its market share, the group forms alliances with regional operators in the form of joint ventures. The purpose of this approach is to forge closer ties with the countries where the group operates, which helps to design individualized solutions suited to local conditions.

By taking full control of Norwegian company Havila Supply AS, now Bourbon Offshore Norway, in July 2003, Groupe Bourbon consolidated its overall growth strategy. This company has all the human and technical skills needed to implement the powerful marine resources used by it in the North Sea, which is unusually rough.

The purpose is also to expand our presence in Mexico. Our successes in Angola, in partnership with state-owned oil company Sonangol illustrate the merits of a strategy based on geographical diversification in cooperation with local companies. The major

$85 million contract signed with Exxon in 2001 to supply marine services in the future for the exploitation of block 15 is proceeding according to plan.
In 2004, the delivery of Bourbon Jade, a supply and anchor-handling tug helped to boost the group's presence in that country, where it already owns a fleet of 30 ships.
Groupe Bourbon also boosted its presence in Nigeria by forming a joint venture with Interoil Services Ltd: Bourbon Interoil Nigeria Ltd. Aside from a fleet of 14 ships already in operation, Bourbon Interoil Nigeria Ltd is planning to expand its range of services by rapidly adding new ships. An order for 4 new crew boats has already been signed for 2005 with the West Atlantic Shipyard in Port Harcourt.
In all, Groupe Bourbon is lining up a fleet in Africa of 108 ships, consisting of supply ships and crew boats.

In the same spirit, a partnership was formed in Brazil with the acquisition of 50% of Delba Maritima, and a major contract has since been signed with Petrobras for three AHTS (Anchor Handling Tug Supply Vessels) representing an investment of $90 million. These units built in Brazil have led to 8-year contracts with Petrobras and long-term financing (18 years) at special rates. The three ships were delivered in 2004 and are now in operation.

A rigorous HSE policy

■ Because the success of any provider of marine services depends to a large extent on the degree of specialization and skills of its employees, Groupe Bourbon applies the highest possible health, safety and environmental (HSE) and quality standards.
Determined to see that its employees comply with best practices and to raise their awareness of these issues, Groupe Bourbon has drafted a health and safety charter for its offshore oil and gas marine services business.
In terms of the environment, Groupe Bourbon agrees to the following:
- to design ships, equipment and systems that reduce environmental emissions and spills at sea;
- to select suppliers, builders and shipyards that comply with these principles;
- to develop operating and maintenance standards that respect the environment.

In terms of safety, Bourbon Offshore has introduced a safety management and environmental protection system, and now publishes an annual health, safety and environmental report. The report notes the fact that the overall incident rate recorded in 2004 fell to 0.37% per 200,000 hours worked from 0.7% in 2003.

As the genuine foundation of Bourbon Offshore's operating structure and that of its subsidiaries, this system meets ISO 9001 version 2000 standards and is based on the following principles:
- commitment by management;
- employee training and qualification;
- risk analysis, work preparation, application of specific procedures to each operation;
- selecting equipment that meets environmental standards, that is safe to use and easy to maintain.

Human resources

■ Hiring a ship's crew is a vital aspect of the safety and efficiency of the operations conducted on board. At present, Bourbon Offshore employs more than 1,750 seamen on its vessels that specialize in offshore oil and gas marine services. Given the growth in the fleet and the increasing size of its global network, this number should double in the very near future.
Training is a major concern of Groupe Bourbon, which invests regularly in improving the know-how of its crews. In addition to the exercises designed to teach safety and prevent emergency situations, training programs are designed that are especially tailored to the requirements of contracts and work sites.
As part of its policy of hiring local employees, Groupe Bourbon has opened seamen's training centers in several countries. These centers are officially certified as STCW (Standards of Training, Certification & Watchkeeping) training centers. For the sake of helping to promote jobs in the marine services sector, in 2004, Bourbon Offshore contributed to the opening of the first certified training center for operators of dynamic positioning systems in partnership with the Marseilles National Merchant Marine School.

Towage & Salvage

With Les Abeilles and Les Abeilles International, Groupe Bourbon is one of the leading towage, assistance and salvage operators in the world. Les Abeilles operates ports and terminals in France, in the Indian Ocean and on the African coast. The purpose of Les Abeilles International is to protect the French coastline by providing assistance and salvage operations under contract with the French Navy.

2004: a reflection of French national growth

■ In a business that changes apace with the national economy, the towage, assistance and salvage business held steady in term of growth, with sales up 2.2% and the gross operating surplus remaining sound at 27.4 million euros in 2004, a 3.8% increase over 2003. The following news is worthy of note: the fine performance by this business line in Ivory Coast, the start-up in Cameroon as planned, and a net capital gain of 3 million euros from sales of old tugs.

Towage

■ With more than 60 tugs, Les Abeilles offers world-class port towage service. The Les Abeilles fleet offers towage and assistance services combining efficiency and safety.

By guaranteeing permanent accessibility to the principal ports in France, the Indian Ocean and the African coast as well as the strictest possible safety conditions, especially in terms of maneuverability, Groupe Bourbon helps its customers to perform as efficiently as possible. Our tugs are fitted with fire and pollution fighting equipment, and, in addition to the towage and assistance services available daily, our crews can also provide around-the-clock environmental protection as well as protection for infrastructures, crewmembers and ships.

In June 2004, Les Abeilles commissioned a new tug, the Croisic, chartered out of the autonomous port of Nantes Saint-Nazaire, the sistership of the Barfleur commissioned in late 2003 at the port of Le Havre. This tug has up to 60 tons of traction power and meets the highest safety standards, particularly in terms of fire-fighting (FIFI1 classification). This new delivery raises to 20 the number of units built by Les Abeilles in the past few years for the largest ports in France.

With a presence in all the major ports of France, Les Abeilles is also active in Africa. In 2004, the group pursued its international growth policy by establishing operations in Cameroon. Already active in Senegal and Ivory Coast, Les Abeilles won an international bid to manage all the towage and pilot services at the port of Douala. This 10-year contract will involve 90 employees and the deployment of 4 tugs and 2 newly built pilot boats.

In 2004, Les Abeilles conducted more than 45,000 operations.

Salvage and assistance

■ Backed by the expertise of more than 90 employees, Les Abeilles International, which has been under contract with the French Navy for over 20 years, initiates, coordinates and carries out deep sea raising, refloating, rescue and towing operations and fights oil pollution. Its fleet includes 6 vessels fitted with state-of-the-art resources in terms of speed, pull, maneuverability, crew safety, fire-fighting equipment and dispersant storage capacity.

Under a contract signed with the French Navy for the construction of 2 vessels specializing in maritime safety in the English Channel and the Atlantic, the group commissioned the Abeille Bourbon in 2005, the successor to the Abeille Flandre that had left to bolster the Mediterranean fleet. The sistership of the Abeille Bourbon, the Abeille Liberté, will rejoin the port of Cherbourg in the second half of 2005, replacing the Abeille Languedoc, which will be redeployed in the Atlantic.
The Les Abeilles International corporation is a member of the International Salvage Union (ISU), which includes 46 companies worldwide, all specializing in salvage and assistance.

A pioneer in quality, safety, health and the environment

■ Les Abeilles has been ISO-certified since 1999, and very early on it incorporated a "QSHE" policy into its procedures, which is also ISM code-compliant. More committed than ever, the company now has ISO 9001-2000 multisite certification from Lloyd's Register Quality Assurance.
Each employee is deeply involved and has made a personal commitment to assess and improve the performance of the group in terms of human and environmental protection by using risk analysis and evaluation methods applicable to the oil and gas industry.

To consolidate its share of the traditional towage market, Les Abeilles will continue to expand its range of services and to modernize its fleet.

Bulk

Specializing in the bulk shipping of dry raw materials with its subsidiary Setaf-Saget, Groupe Bourbon has developed undisputed expertise. Customers can count on the experience and skills of expert crews under any and all circumstances.

2004 – An outstanding year

■ With 12 million tons transported in 2004, Setaf-Saget posted 46.5% growth in sales to 158.7 million euros (up 63.5% at constant exchange rates), with record amounts of freight driven by growing supply needs in Asia. The group's outstanding performance in 2004 proves the merit of the policy of directly-owned vessels.

An updated fleet

■ Setaf-Saget owns a permanent fleet of newly-designed bulk carriers. The recent construction and commissioning of 3 additional 55,000-ton vessels has boosted its share of the handymax vessel market. These vessels are equipped to optimize self-contained loading and unloading. In 2004, the company sold its oldest ship (earning a capital gain of 8 million euros) and took delivery of a new 56,000-ton bulk carrier. Its sistership was delivered in March 2005. Delivery of a 53,500-ton bulk carrier is planned for the end of 2005.

A complete range of high value-added logistical services

■ Setaf-Saget's Market Research service can respond to any of its customers' specific requests. Specifically, it offers analysis of new markets, research on the specific features of a given port or the different possibilities for implementing a charter agreement.
Our operators are available to quote freight rates and contracts, guarantee contract performance or supervise any shipping-related logistical operations, including assistance with loading and unloading using the vessel's own equipment.
Upon request, our "Expert Captains" can be at loading or unloading ports to assist charterers, shippers and consignees.
Finally, a team of experienced and trained specialists offers customers invaluable legal assistance, especially in settling disputes.

A responsible attitude towards safety and the environment

■ Being mindful of working conditions, pollution and environmental protection, Setaf-Saget employees have made it a priority to protect the people, environment and property for which the company is responsible.
The vessels in the Groupe Bourbon fully-owned fleet are fitted with equipment designed to reduce the emission of atmospheric pollutants. The latest bulk carrier to be delivered, the M/V Dalior, is equipped with marine pollution prevention equipment that exceeds the international standards now required.

Retail

Vindémia, the Groupe Bourbon's retail branch, is a leader on the islands of Reunion, Mauritius and Mayotte, and is also active in Madagascar and Vietnam, where it provides consumers from diverse cultures with services appropriate for today's business world.

Now that Casino has bought into Vindémia, and with its booming purchasing group, our retail business is bringing new life to imports from Europe.

Supplies from China and the Far East are starting to predominate, accounting for an increasing percentage of the products offered in the group's stores.

To facilitate and step up the pace of new openings in Vietnam, Madagascar, Mayotte and Mauritius, Groupe Bourbon has entered into partnerships with local companies. In the future an increasing percentage of Vindémia's sales will come from growth abroad where, since late 2003, the amount of selling space (49,600 sq. m.) has been greater than in Reunion (48,760 sq. m.).

Retail

The Island of Reunion

■ Vindémia operates 8 "Jumbo Score" hypermarkets on the Island of Reunion (including 5 with shopping malls) on the outskirts of the main cities, and 12 "Score" supermarkets that focus on convenience services.

A logistics service handles supplies from a platform for dry and fresh products, and a main warehouse for refrigeration. The Casino purchasing group, through its special prices and its company brand, has made this system more competitive in terms of supply and pricing.

Vindémia manages manufacturing and packaging units in the fish, meat, delicatessen, coffee, bottling and rice sectors.

It has also expanded its production and wholesale business. From two warehouses (dry and liquid, fresh and frozen) and through five Cash and Carry stores, it provides quality service to independent retailers and to the growing food consumption market outside the home.

In addition to its business as a major retailer, Vindémia is developing related products, such as the customer loyalty card (93,400 cardholders) and the "Bourbon Advantage" payment card (23,400 cardholders), and specialized multi-cultural department stores like Agora. With nearly 3,000 direct jobs, Vindémia is a driver of growth in the island's economy.

Madagascar

■ Vindémia has been active in Madagascar since 1994. In the capital Antananarivo it manages a 6,500 sq. m. hypermarket in a 3,500 sq. m. complex of shops and services, as well as 2 smaller hypermarkets under the Jumbo Score name in Digue and in Tanjombato (opened in 2004). There are plans to open a new store in Majunga, in the western part of the island in 2005. This organization, which is modeled after the one in Reunion, is contributing to the high level of growth now returning to the region.

Vietnam

■ As the top major retailer in Vietnam, Vindémia changed its 3 hypermarkets with shopping malls to the Big C name, the Casino banner in Thailand.

Groupe Bourbon's first operations in that country provided it with an opportunity to list and organize a thousand local suppliers producing 95% of the 35,000 products listed. Thanks to the proximity and similar behaviors between the Taiwan and Thailand stores operated by Casino, these synergies can be developed.

In early 2005, Groupe Bourbon opened its fourth shopping mall in Hanoi. This is a 6,000 sq. m. Big C hypermarket located on an upper floor above a ground floor occupied by a 15,000 sq. m. shopping mall. Located in the heart of Vietnam's capital, this complex is proving to be extremely popular.

Mayotte

■ The shopping mall located in the town of Mamoudzou on Grande Terre is providing local residents with access to modern retailing with a 3,500 sq. m. Jumbo Score and a 25-shop complex.
With a bush delivery service by coaster van, through a network of Cash and Carry stores, Vindémia has now improved its geographical and logistical coverage of the archipelago.

Mauritius

■ Vindémia is active in Mauritius with 2 Jumbo Score hypermarkets with shopping malls attached: the Phoenix shopping mall acquired in 2001, and the Riche Terre shopping mall with a 6,000 sq. m. hypermarket, specialized medium-sized department stores, and a number of recently-opened shops.
The merger with the Rogers group in 2002 led to 5 additional supermarkets under the Spar name, helping to cover a broader customer base. The company jointly owned by Vindémia and Rogers now accounts for around 25% of retail food sales on the Island of Mauritius.

Description of the Group

Contents

Background

Groupe Bourbon was created from Sucreries de Bourbon, a corporation formed on Reunion Island on December 2, 1948. After the Second World War, a certain number of sugar-producing families with cane plantations on the islands decided to merge their real estate and industrial holdings to create the first sugar-producing group in Reunion and gradually modernize the plants that had suffered during the war years.

From 1948 to 1978, Groupe Bourbon plants produced sugar and rum, mainly for the mainland French market. In 1979, a period of asset restructuring began, whereby the smaller sugar refineries across the island were gradually closed down in favor of those more strategically located. Of the 8 sugar refineries operating in 1978, Reunion kept only 2 European-sized refineries at the end of this restructuring plan that was to last 18 years. One of those two sugar refineries, Sucrerie de Bois-Rouge, was owned and operated by Groupe Bourbon until it was sold on February 28, 2001 to Union SDA.

It was in that context that Groupe Bourbon began to diversify its business activities starting in Reunion with industrial fishing in 1989, followed by retailing in 1991 and dairy products in 1992, before expanding into mainland France with the marine services business in 1992.

Groupe Bourbon thus became an industrial and services group, active in the fields of retailing, food processing and marine services. This latter sector was given real impetus with the purchase in 1996 of the companies Les Abeilles, specializing in towage, and Setaf-Saget, specializing in dry bulk shipping.

Given the limited size of the Reunion market, Groupe Bourbon successfully moved into retailing and food processing in Madagascar in 1994, into Vietnam in 1995 and more recently into Mayotte in 1999, then to Mauritius in late 2001.

In the latter part of the year 2000, Groupe Bourbon began a major strategic shift by focusing gradually on its offshore division, and more specifically on deep offshore marine services.

Thus in November 2000, Groupe Bourbon sold its majority stake in Cilam (dairy products), and in late February 2001, the historic “Reunion-Europe” sugar business was sold in turn.

In April 2001, Groupe Bourbon bought a 50% stake in Delba Maritima (Brazil), whose principal client was Petrobras.

In December 2001, Casino subscribed to a capital increase to acquire 33.34% of Vindémia (Retail Division). Groupe Bourbon and Casino signed a shareholders’ agreement governing future relations between them, allowing them to consolidate the retail business (Vindémia) proportionately from January 1, 2002.

In May 2002, Groupe Bourbon bought a 25% stake in Havila Supply AS, a company listed on the Oslo Stock Exchange, and then in July 2003, after a price-support operation followed by a mandatory delisting, Groupe Bourbon took over the company completely. At the same time, Havila’s North Sea salvage and assistance business (RRV) was sold, and the company took the name of “Bourbon Offshore Norway”.

In recognition of Groupe Bourbon’s strong emphasis on offshore marine services, Footsie and Euronext both classify Groupe Bourbon under “Oil Services” (February 2004).

In 2004, Groupe Bourbon continued its gradual shift in focus, with the sale of 14% of the equity owned in Compagnie Thermique de Bois-Rouge, then the spin-off of Groupe Bourbon’s real estate and property assets to the company CBo Territoria, created for that purpose, the stock in which was distributed to Groupe Bourbon shareholders on May 19, 2005, in the form of stock dividends (1 CBo Territoria share for 1 Groupe Bourbon share) at the same time as its market flotation on Alternext.

Organization Chart

Groupe Bourbon

66.66% — Retail **Vindémia**

- France (Reunion Island)
- International
  - Madagascar
  - Vietnam
  - Mauritius
  - Mayotte

100% — Marine Services **Bourbon Maritime**

- Offshore Division
  - Bourbon Offshore Norway
  - Delba Maritima (50%)
  - Sonasurf (51%)
  - Surf
- Towage & Salvage Division (Les Abeilles)
- Bulk Division (Setaf-Saget)

100% — Other Businesses

- Bourbon Capital
- Industrial Fishing (Sapmer)
- Sugar (Vietnam)

Business Description

Marine Services

Groupe Bourbon's marine activities are based on 3 businesses: offshore oil and gas marine services; towage, assistance and salvage; and dry bulk shipping.

From ship design to operation, each and everyone of our marine services businesses is developing genuine know-how including technological changes, professional expertise and "strong" customer relationships.

Thus Groupe Bourbon's major public and semi-public industrial customers can outsource any of their logistical services that call for sophisticated marine resources that are not part of their core business.

The goal set by Groupe Bourbon for the next few years is to win a significant share of the now booming global market in deep-water offshore marine services for the oil and gas industry.

Bourbon Maritime

Offshore Division

Bourbon Offshore Norway (100%)
Delba Maritima (50%)
Sonasurf (51%)
Surf (100%)

Towage & Salvage Division

Les Abeilles (100%)
Les Abeilles International (100%)

Bulk Division

Setaf-Saget (100%)

The sales breakdown by sector and by geographical area is given in detail (cf Notes to the consolidated financial statements, 2.14). Owing to the diversity of the businesses and geographical areas in which Groupe Bourbon marine services business operates, no customer or supplier has a significant position in terms of sales. In the offshore oil marine services sector, Total is the main customer (accounting for around 30% of sales), but its relative position has been declining from year to year because of the increasing popularity of major contracts signed with companies like Exxon and Petrobras and the overall growth of the offshore business.

Key figures in the marine services sector

(in millions of euros)	**2004**	**2003**	**2002**
Sales	492.6	403.6	353.3
EBITDA	159	113.9	92.1
EBIT	92.3	56.4	56.5
Invested capital	1,070.8	809.2	550.1
- Net fixed assets	1,039	778.9	499.6
- Working capital requirement	31.8	30.3	50.5
EBITDA/sales	32.3%	28.2%	26.1%
EBITDA/invested capital	14.8%	14.1%	16.7%
EBIT/invested capital	8.6%	7.0%	10.3%
Net investments	**358.8**	**307.2**	**206.5**

In 2004, the marine services sector had sales of 492.6 million euros, up 22.1%, or 30.3% at constant exchange rates.

The gross operating surplus amounted to 159 million euros compared with 113.9 million euros in 2003.

The fine performance of operating income was in keeping with forecasts thanks to a balanced business portfolio that limited the effects of the economic situation. The year 2004 reflects the effects of a vast investment program (20 vessels delivered in the year and 34 under construction).

Offshore oil marine services

Satisfactory growth was reported in sales (up by 19.9% and 27.4% at constant exchange rates) and in the gross operating surplus. In 2004, the group continued to deliver new vessels, to sell old ones (a net capital loss of 3 million euros) and to feel the final effects of the restructuring in Norway, which is now complete. Groupe Bourbon's major assets in this business are an improved performance in terms of safety and the fact that a number of modern vessels under construction will soon be available.

Towage, assistance and salvage

The gross operating surplus in this business is still sound at 27.4 million euros in 2004, an increase of 3.8% over 2003, in the context of a business that is changing apace with the national economy. The fine performance in Ivory Coast is worthy of mention, as well as a start-up in keeping with expectations in Cameroon and a net capital gain of 3 million euros from sales of old tugs.

Bulk shipping

With 12 million metric tons transported in 2004, sales from this business grew by 46.5% to 158.7 million euros (up 63.5% at constant exchange rates).

In 2004, this business profited from record amounts of freight.

During the year, Groupe Bourbon sold its oldest ship (earning a capital gain of 8 million euros) and took delivery in August of a new 56,000-ton bulk carrier.

Another vessel of the same kind was delivered in March 2005.

The policy of keeping directly-owned ships was validated by the excellent performance recorded in 2004, which is expected to continue in 2005.

Growth

Drivers of growth are mainly in offshore oil marine services. Key factors for success are contingent on the ability of Groupe Bourbon to:
- validate choices on a permanent basis by means of careful, critical strategic observation;
- manage customer relations with the “Oil Majors”;
- adapt human resources (in hiring, training and local integration);
- achieve autonomous growth financing through self-financing and sales of other businesses;
- develop sufficient resources to face international competition.

The towage, assistance and salvage market depends very directly on the level of the prevailing economic activity.

Groupe Bourbon's bulk shipping business involves the outsourcing of logistical services by its major industrial customers. Hence growth hinges essentially on the level of business activity and the amount of freight carried by the Group's directly-owned vessels.

Risks

Risks in the deepwater offshore marine services market depend on the focus of the operating budgets of the "Oil Majors" and on proper control of the foregoing key factors for success, and are limited by barriers to the entry of new rivals, such as:
• the level of capital investment required;
• the technical qualifications required prior to any contract;
• the nature of the contracts themselves, most of which are generally renewable;
• the incentives for first comers.

From a legal standpoint, contracts are based on the obligation to use best endeavors and do not include escalator clauses for oil price fluctuations.

The marine services sector is highly capital intensive.

Medium-term vessel chartering contracts are generally renewable. The financial risks associated with these investments are noticeably reduced by the soundness of the businesses signing them, the amount of cash flow produced, and the value of the assets, the useful life of which is normally between 20 and 30 years.

Value

In a new market such as marine services for deepwater oil fields, the value will depend on:
• the size of the market shares gained in high-growth periods;
• the extent of these market shares by geographical area;
• owning the means necessary to gain these market shares.

In more general terms, the value generated by Groupe Bourbon will result from:
• growing its business in geographical areas and business segments with high structural profitability;
• controlling associated risks, successful developments in special environments proving the group's know-how;
• gaining significant market shares leading not only to large-scale savings but also allowing the group to claim a leading position in high-growth markets, where possible.

Business climate in the sector

The marine services business is not particularly seasonal.

Offshore oil marine services customers are mainly the "oil majors". Relations are governed on the basis of contract prices. The business depends on the amount of the contracts.

In towage, the end customers are all ship-owners. Commercial relations are based on the contract prices set under the control of port authorities. The amount of business depends mainly on the prevailing economic activity.

In bulk shipping, Groupe Bourbon works for major industrial customers that outsource their marine logistical services. The best way to measure business volume is through the tonnage transported rather than in terms of sales, which are subject to changes in freight rates.

None of the marine services businesses faces a significant risk of unpaid invoices or special factors causing dependence on its suppliers.

Retail

The retail business (Vindémia), which owns and operates assets mainly on Reunion Island and in Madagascar, Vietnam, Mayotte and Mauritius, had been wholly-controlled by Groupe Bourbon since January 2001. In December 2001, with a capital increase (€91.5 million), Casino acquired 33.34% of Vindémia so as to boost future growth capacity. The statement released at the time explained that "the interest acquired will be consolidated proportionately" (January 2002) and that "this partnership includes a shareholders' covenant and agreements governing future relationships between the 2 groups." Following the sale of another 36.66% of Casino in 2005 (May 18, 2005 Board of Directors' meeting), this business will be consolidated by the equity method from July 1, 2005.

To facilitate and step up the establishment of operations in Vietnam, Madagascar, Mayotte and Mauritius, Groupe Bourbon has entered into partnerships with local players. The minority shareholders are local partners.

The Groupe Bourbon retail business operates hypermarkets and supermarkets in the department of Reunion under the Score name, as well as a food processing wholesale business, and fresh products (meat and fish) processing and packaging units, delicatessen products, coffee roasting and wine and spirits packaging. The retail segment owns 80% of the equity in its commercial buildings.

After Casino became a retail affiliate, some changes in company names were made in 2003. In Vietnam, the “Big C” name is used, and in the other countries, “Jumbo Score.” At the same time, purchases were routed through “EMC”, the Casino group’s purchasing group.

As of December 31, 2004

Groupe Bourbon 66.66% — 33.34% **Casino**

Vindémia

100%

France (Reunion Island)

- Jumbo hypermarkets
  - Sodexmar
  - SOGRAMO
  - SOHYBE
- Score supermarkets
  - SEMS
- Wholesale business
  - Sorécom
  - SDM
- Logistics and production
  - Saprim
  - Sicre
  - Salaisons de Bourbon
  - Sogim

International

Madagascar
- Hypermarkets
  - Codismag (78%)
- Score supermarkets
  - S2M (100%)

Vietnam
- Big C hypermarkets
  - Espace Bourbon Dong Nai (65%)
  - Espace Bourbon An Lac (80%)

Mauritius
- Jumbo hypermarkets/Spar supermarkets
  - Somags (69%)

Mayotte
- Score hypermarkets/supermarkets
  - Bourbon Retail Mayotte (70%)
  - SNIE wholesale distribution (70%)
  - UTV (production) (70%)

A detailed sales breakdown by sector and by geographical area is given (*cf.* notes to the consolidated financial statements, 2.14). The nature of this business and the geographical areas in which it operates are such that no customer or supplier is in a significant position in terms of sales.

Key figures in the retail sector

(in millions of euros)	2004	2003	2002
Sales	575.3	568.6	523.2
EBITDA	52.7	49.6	48.1
EBIT	31.5	28.3	29.6
Invested capital	213.1	224.4	202.7
- Net fixed assets	190.9	199.9	194.2
- Working capital requirement	22.2	24.5	12.1
EBITDA/sales	9.2%	8.7%	9.2%
EBITDA/invested capital	24.7%	22.1%	23.3%
EBIT/invested capital	14.8%	12.6%	14.3%
Net investments	**13.0**	**37.0**	**25.0**

2004, maintaining growth

With sales of 575.3 million euros in 2004, and given that Groupe Bourbon is consolidating 66.6% of the business, the retail sector had a gross operating surplus of 52.7 million euros, compared with 49.6 million in 2003. EBIT growth was positive thanks to the proper management of supplies and overhead.

The year 2004 saw a slowdown in sales in Reunion (with growth of 0.3%) and international growth curbed by the increase in the value of the euro (up 5.6% and up 19.6% at constant exchange rates). Because of the fact that no new stores were opened in 2004, investments amounted to 13.1 million euros compared with 36.9 million euros in 2003.

In France and in Reunion, reorganizing supplies for the Asian countries helped both to regain market share and to maintain profits. The impact of this strategic choice will be felt even more in 2005.

Internationally, the strong growth of the business (up 19.6% at constant exchange rates) is masked by the increase in the value of the euro. International business is a driver of growth for Vindémia, particularly in Vietnam, Mayotte and Mauritius.

Markets and strategies

Groupe Bourbon's leading position in the Reunion retail sector will be maintained by the latest developments in shopping malls featuring hypermarkets, and by the efficiency of its logistical and sales organization.

The group's stores will also be able to offer other services to the one million two hundred thousand customers who pass by their cash registers every month. Productivity gains and a broader range of activities offered to customers are essentially the same as those offered by the business on the mainland.

With the "Bourbon Advantage" customer loyalty and payment card, which is the result of a partnership with Franfinance (Société Générale) in which Groupe Bourbon is the majority partner, consumer habits can be consolidated, contributing to the growth of "average baskets".

In Madagascar, despite substantial inflation, growth resumed along with profitability. The organization, which is largely modeled on that used in Reunion, proved to be a major contributing factor.

In Vietnam, Groupe Bourbon is demonstrating that like the successful achievements in Madagascar, Mayotte and Mauritius, modern retailing is bringing the Vietnamese consumer the same services that are found elsewhere in the world.

Groupe Bourbon's first operations provided an opportunity to list and organize one thousand local suppliers producing 95% of more than 35,000 products listed. Thanks to proximity and to the similarity of behaviors between the Taiwan stores and the Thailand stores, which are operated by Casino, synergies are being developed.

In Mauritius, through the merger with the Rogers group, Groupe Bourbon was able to boost its business operations (2 hypermarkets) by adding 5 supermarkets under the Spar name to cover a broader customer base.

In Mayotte, Groupe Bourbon enhanced its geographical and technical coverage of the archipelago by expanding its supermarket services to include deliveries in the bush by coaster van through a network of Cash and Carry stores.

It is international growth, where selling space (49,600 sq. m.) has exceeded that of Reunion (48,760 sq. m.) since late 2003, that will drive future growth in sales by the retail sector.

Business activities

In retail sales

The hypermarkets and supermarkets managed by Vindémia are leaders in their respective sectors. They have an integrated logistical service that supplies them from a platform for dry and fresh products, and a central warehouse for refrigeration. Changes in the retail business in Reunion included strong growth in hypermarkets associated with shopping malls outside cities. The Groupe Bourbon retail business contributed very actively to the growth of this sector, both in food products (65% of sales) and in non-food products (35% of sales). Because of the limit on selling space for food products to 25% of total selling space by retail group (the Thien Ah Koon amendment) opening new stores is a risky undertaking, although a CNEC [*building permit*] for a specialized 900 sq. m. selling area was obtained in St-André.

In the wholesale business

From 2 warehouses (dry and liquid, fresh and frozen) and through five Cash and Carry stores, the wholesale business provides quality services to independent retailers and to the growing food consumption market outside the home. A program to renovate the Cash and Carry stores is now underway.

In logistics and production

The Casino purchasing group, through its loss-leader prices and company brand, has made the system more competitive in terms of supply and prices. The quality of Casino brand products has led to loyalty from new customers.

At the same time, Saprim manages a local purchasing group in Reunion and a 30,000 cubic meter main warehouse, including 3,000 cubic meters of above-zero and 10,000 cubic meters of below-zero storage facilities. The group's retail business also manages manufacturing and packaging units in the fisheries, meat, delicatessen, coffee, bottling and rice sectors. These units, which are owned by Vindémia, supply mainly the group's stores with the exception of brand name products with a leading market share in Reunion (coffee and fish).

Madagascar

The retail business has been operating in Madagascar since 1994. In the capital Antananarivo it manages a 6,500 sq. m. hypermarket in a shopping mall containing 3,500 sq. m. of shops and services, as well as 2 smaller hypermarkets operating under the Jumbo Score name in Digue and Tanjombato (opened in 2004). A Score store was opened in Tamatave in December 2002. There are plans to open a new store in Majunga, in the western part of the island in 2005.

By introducing modern retailing to Madagascar, where local production accounts for more than 80% of the products listed, the group has become an integral part of the island's economic environment. Despite the slow pace of positive developments, this business achieved satisfactory growth. Groupe Bourbon believes it has a leading market share along with the Shoprite network.

Vietnam

Groupe Bourbon's retail business in Vietnam began in August 1998 with the opening of the first "French style" hypermarket north of Ho Chi Minh City. With 20,000 sq. m. of selling space on the ground floor, this shopping mall includes a 6,000 sq. m. hypermarket under the Big C name, specialized medium-sized department stores and 30 shops.

This first operation was followed by a second development south of Ho Chi Minh City in An Lac. This involves a 26,000 sq. m. complex, including a 6,000 sq. m. An Lac Big C supermarket inaugurated in August 2001, a few weeks before the Mien Dong Big C, located in downtown Ho Chi Minh City with 3,000 sq. m. of rented space this time.

In early 2005, Groupe Bourbon opened its fourth shopping center in Vietnam, in Hanoi. The driving force behind this project was another 6,000 sq. m. Big C hypermarket, located on an upper floor above a ground floor occupied by a 15,000 sq. m. shopping mall in the heart of Vietnam's capital. This complex is turning out to be a huge success.

Mayotte

In Mayotte, the shopping mall located in the town of Mamoudzou on Grande Terre, gives the local people access to modern retailing thanks to a 3,500 sq. m. Jumbo Score and a complex of 25 shops.

The outlook for increased buying power in Mayotte and the contribution by SNIE incorporated into the network since April 2003 at the same time the Petite Terre Score was opened in November 2003 are leading to significant steady growth in sales. This is the leading network in its market.

Mauritius
In Mauritius, the purchase of the Phoenix shopping mall in late 2001 helped to boost the group's business in the islands of the Indian Ocean. This shopping mall has a hypermarket and is anchored by medium-sized non-food department stores and has around 30 shops.

In November 2002, Groupe Bourbon announced it was merging its business with the Rogers group, which operates the Spar stores. The new company, which is owned in proportion to the equity tendered in the deal – 69% by Vindémia and 31% by Rogers – accounts for around 25% of the island's retail food business. In addition, a second shopping mall including medium-sized department stores, 40 shops and a 6,000 sq. m. hypermarket was opened in Riche Terre, north of Port-Louis.

Business climate in the sector

In Reunion, the business gets 65% of its supplies from local suppliers and 35% from European suppliers, including 30% through the Casino EMC purchasing group. For the group to be more competitive, the need arose to diversify import supply sources based on the proximity of some industrialized countries and on customs duties. Vindémia is actively developing its own regional purchasing and logistics group, with special emphasis on low-cost products (from places like China and Thailand) and currencies that are weak in terms of the euro.

In the international market, this is less of an issue because local products account for a much larger portion of the supply (except in Mayotte where 95% of the needs are met by imports). The need arose to diversify import supply sources based on the proximity of some industrialized countries and on customs duties. This is the reason why Vindémia is developing a regional purchasing and logistic group to supply the stores in the area with products from Asia, South Africa, Australia and New Zealand.

Growth

Growth will result from the spin-off effect of the investment policy of the past few years in emerging countries where Groupe Bourbon has chosen to operate (Madagascar, Vietnam, Mayotte and Mauritius). The increase in global sales (up 5.4% in 2004 and 19.6% at constant exchange rates) is the concrete result of this strategy. Growth will increase abroad in the next few years in the time it normally takes to become established and build up a business, supported by growth in local purchasing power. Furthermore, in Reunion, growth is maintained naturally through population growth.

Risks

The know-how and the consistent results generated by its Reunion Island business are such that the overall risk related to new developments is reduced.

Value

The value of the business corresponds to the value of the sound market share built up by Vindémia in the geographical areas where it operates and to the overall profitability of the network.

Following agreements with the Casino group, the value of the Groupe Bourbon stake in Vindémia (66.6%) is defined by set multiples of gross operating surplus minus the net debt and income for the 2 years preceding the fiscal year in question.

Calculated based on the 2003/2004 financial statements, the value would be:
- for the first put option: 199.6 million euros in 2005;
- and for the second put option: 125 million euros in 2007 (estimated).

The May 18, 2005 meeting of the Groupe Bourbon Board of Directors decided to exercise the first put at the above price. The business will be deconsolidated from July 1, 2005.

Other businesses

These include mainly the sugar business in Vietnam, industrial fishing, the management of historic real estate heritage sites and holding company charges that cannot be broken down.

Key figures: other businesses

(in millions of euros)	**2004**	**2003**	**2002**
Sales	46.3	50.0	64.0
EBITDA	12.1	13.6	13.3
EBIT	2.2	2.4	1.2
Invested capital	155.0	165.0	184.4
- Net fixed assets	119.5	131.8	152.0
- Working capital requirement	35.5	33.2	32.4
EBITDA/sales	26.20%	26.7%	20.8%
EBITDA/invested capital	7.80%	8.2%	7.2%
EBIT//invested capital	1.40%	1.5%	0.7%
Net investments	**18**	**12**	**5.3**

Sugar Vietnam

Groupe Bourbon diversified its geographical presence in the sugar business by creating a new sugar refinery in Vietnam. This business is conducted in a totally different market from Reunion, and the group was unable to sell it at the same time as the “Reunion Europe” sugar business in February 2001. With a capacity of 100,000 metric tons of sugar, Sucrerie Bourbon Tay Ninh is the country’s largest sugar complex. Work began on the plant in February 1998, and production targets mainly the local market. The refinery is perfectly operational from a technical standpoint, but its production capacities are still underutilized. It currently operates at around 75% of capacity due to a lack of raw materials (sugarcane). Nonetheless, the return is improving regularly.

In 1997, the group also invested in a sugar refinery in central Vietnam, in the plateau region. With a 20,000-ton capacity, this refinery is substantially smaller, but it is profitable and has a positive cash flow. Groupe Bourbon has decided to sell these 2 sugar refineries when market conditions are more favorable.

Industrial fishing

For a number of years, Sapmer has used Reunion Island as a base to fish for spiny lobsters and pelagic fish in the cold waters off the Saint-Paul and Amsterdam Islands and the Kerguelen Islands. The need for sound, high-quality marine resource management has led to the adoption of a fishing quota managed by the agency in charge of France’s southern and Antarctic territories. To harvest its quotas Sapmer uses a mixed (trawler and crayfishing) vessel and three new-generation longliners. The catch (around 3,000 metric tons) is sold mainly on the Japanese market. As part of Groupe Bourbon’s gradual shift in focus to marine services, Sapmer was sold for 21 million euros in early 2005.

Real estate assets

Groupe Bourbon has extensive real estate holdings on Reunion Island (3,610 hectares of which 211 hectares are appropriate for construction). These holdings were used regularly for hedging purposes or sold off in industrial or residential development deals. By decision of the December 16, 2004 annual shareholders’ meeting, Groupe Bourbon spun off (at a net worth of 32.5 million euros) its land, buildings and equity shares in its real estate division to the company CBo Territoria, created for that purpose.

This spin-off was authorized under articles 210-D and 115-2 of the General Tax Code, which allows the direct distribution to Groupe Bourbon shareholders of securities issued in payment for the spin-off. Therefore, the same Groupe Bourbon shareholders’ meeting decided to distribute its securities to Groupe Bourbon shareholders at the rate of one share of CBo Territoria for one Groupe Bourbon share.

On May 19, 2005, at the same time the shares were distributed to the Groupe Bourbon shareholders, the company CBo Territoria was listed on Alternext Paris.

The company plans to increase as much as possible the worth of its assets, which consist of plots located in strategic areas, by building residences and office buildings.

The investment program may be on the order of 400 million euros between 2005 and 2011.

Climate for the other businesses

Vietnamese sugar production is destined for the local market and mainly for industrial purposes. Up until now, Vietnam has been an importer of sugar.

Markets and strategy

The market is a buoyant one and is growing at the pace of the region. Food processing industries in particular consume high quality industrial sugar. Given these factors, we can be confident in the future of this business and also in its worth in the event of a possible sale.

Now that the fisheries business has been sold and the real estate business distributed to shareholders in the first half of the year, our strategic priority is bringing the Tay-Ninh plant up to full capacity. Substantial support and follow-up work to boost local sugar cane production is gradually paying off.

Groupe Bourbon - Key figures

(in millions of euros)	**2004**	**2003**	**2002**
Sales	1,114	1,023	941
Gross operating surplus (EBITDAP)	224	177	154
Operating income(1)	126	87	87
Income from ordinary activities before taxes	96	77	78
Non-recurring income	7	1	9
Consolidated net income	106	66	61
o/w group share	100	57	55
Cash flow	207	160	128

(1) After accounting for employee profit-sharing.

In 2004, Groupe Bourbon posted an 8.9% increase in **consolidated sales** to 1,114.2 million euros. This increase came mainly from the marine services business, which posted a 22.1% increase, compared with 1.2% for the retail division. At constant exchange rates, the overall increase amounted to 13.6%, with a 30.3% increase in marine services.

In 2004, the gross operating surplus or **EBITDAP** totaled 223.8 million euros (up 26.4% over 2003, thanks mainly to the marine services division).

Operating income was up by 44.7% to 126 million euros from 87.1 million euros in 2003, owing mainly to the increase in the bulk shipping business.

The group share of net income rose by 74.7% to 100.1 million euros for 2004. However, this includes a net positive impact of 8 million euros from sales of vessels, 6.7 million euros in net proceeds from sales of equity interests, and the reversal of a tax allowance in the amount of 10.2 million euros related to the tonnage duty applied in late 2003.

The increase in **cash flow** (up 29.4% for an increase of 206.6 million euros), combined with a tightening of the working capital requirement, led to internally financed growth.

The **condensed consolidated balance sheet** for 2004 is shown below:

(in millions of euros)

Assets	**2004**	**2003**	**2002**
Net fixed assets	1,355	1,123	851
Inventories	95	99	87
Accounts receivable	231	228	258
Cash	193	179	203
Total	**1,874**	**1,629**	**1,399**

(in millions of euros)

Liabilities	**2004**	**2003**	**2002**
Shareholders' equity	488	409	407
Provisions	61	67	52
Borrowings and other liabilities	1,088	904	674
Accounts payable	237	249	266
Total	**1,874**	**1,629**	**1,399**

Condensed statement of cash flow

(in millions of euros)	**2004**	**2003**	**2002**
Total net income from consolidated companies	106	66	61
Cash flow	206	160	128
Net flow generated by (allocated to) the business	205	185	100
Net flow from (allocated to) investments	– 357	– 362	– 229
Net flow from (allocated to) financing	150	170	61
Change in cash position	– 2	8	67
Opening cash position	5	13	80
Closing cash position	7	5	13

Changes in the Groupe Bourbon's Principal Financial Ratios

(in millions of euros)	2004	2003	2002
EBIT/sales	20.10%	14.8%	16.3%
Operating income/sales	11.30%	7.3%	9.3%
Consolidated net income/sales	9.50%	6.5%	6.5%
Consolidated net income/consolidated shareholders' equity	21.70%	16.0%	15.0%
Net financial liabilities/cash flow	4.33%	4.54%	3.69%
Net financial liabilities/consolidated shareholders' equity	1.83	1.77	1.16

The changes in financial ratios are due mainly to the following:
- the on-going strategy of Groupe Bourbon, which involves massive investments in offshore oil and gas marine services in anticipation of the plan to sell the retail division (Vindémia) to Casino;
- the effect on shareholders' equity of foreign currency changes against the euro;
- the amount of down-payments on orders (93 million euros) related to orders in progress in offshore vessels.

Groupe Bourbon's investment policy is dictated by the ability to achieve a rapid safe return in terms of cash flow through contracts won by Groupe Bourbon in its offshore division.

The ratio of net financial liabilities to cash flow must be assessed in terms of the substantial down-payments on orders, which at this stage are not reflected in the company's operating performance.

The ratio of net financial liabilities to consolidated shareholders' equity amounted to 1.83. For purposes of analysis, it must be weighted by the positive effects on net debt of the estimated value of the 2004-2006 puts, which now amounts to 325 million euros (200 million euros for 36.6% of the equity capital) and the 2007-2009 puts (125 million euros for 30% of the equity capital) to be received by Groupe Bourbon for the sale of its retail division (Vindémia) to Casino.

Thus, restated for the above effects (and before the sale of the retail division), the following ratios can be shown, based on net operating debt (before down-payments on orders) or NOD.

(in millions of euros)	December 2004	December 2003	December 2002
Total net liabilities	895	725	471
Down-payments on vessels under construction	93	132	53
Net operating debt (NOD)	802	593	418
Annual cash flow	207	160	128
NOD/cash flow	3.87	3.71	3.27
Shareholders' equity	488	410	407
NOD/shareholders' equity	1.64	1.45	1.03

Workforce as of December 31, 2004

	2004					2003	2002
	Total	France	Madagascar	Vietnam	Other		
Retail	5,359	2,975	556	641	1,187	5,153	4,557
Offshore	2,584	1,452			1,132	2,305	1,924
Other	931	88	6	837	0	1,132	1,163
Total	**8,874**	**4,515**	**562**	**1,478**	**2,319**	**8,590**	**7,644**

Investments

Gross investments in 2004 by the different divisions of Groupe Bourbon amounted to €389.9 million compared with €356.4 million in 2003, broken down as follows:

(in millions of euros)	2004	2003	2002
Retail	13.1	37.0	25.0
Offshore	358.8	307.2	206.5
Other	18.0	12.2	11.5
Total	**389.9**	**356.4**	**243.0**

Overall Strategy

Back in 2000, Groupe Bourbon identified the booming offshore oil and gas marine services market (with growth of around 15% per year), in which it already had recognized expertise on the West African coast.

This business calls for substantial investments. It is protected by major entry barriers.

Groupe Bourbon Board of Directors has decided to focus primarily on this market, to outpace the market and to acquire a significant share of the global market.

With this in mind, a major strategic shift was undertaken in late 2000, starting with the sale of the "milk and fruit juice" business, followed by the sale in February 2001 of "Sucre Réunion Europe", its historic food processing business.

This step continued with the purchase by Casino of 33.34% of the retail division in late 2001 following a capital increase and the signing of agreements governing future relationships between the 2 companies. The stake owned by Casino will be raised to 70% by 2005 and, theoretically, to 100% by 2007.

Groupe Bourbon is now actively developing offshore oil and gas marine services in the "golden triangle" (stretching from the West coast of Africa to Brazil and Mexico), and consolidating the mature businesses in its offshore division, namely towage, assistance and salvage and bulk shipping.

There are plans to sell the other non-strategic businesses eventually, as opportunities arise. Thus, industrial fishing (Sapmer) and the real estate business (CBo Territoria) were sold in the first half of 2005.

Consolidated Financial Statements

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Balance Sheet as at December 31, 2004

(in thousands of euros)

ASSETS	2004	2003	2002
Goodwill	34,572	35,016	37,511
Intangible assets	26,384	24,922	26,896
Property, plant and equipment	1,147,178	971,525	694,568
Long-term financial assets	146,696	91,532	48,822
Equity interests	–	–	43,067
Fixed assets	**1,354,830**	**1,122,995**	**850,864**
Inventories and work in progress	94,855	98,704	87,212
Trade receivables	109,190	97,618	98,589
Other receivables and prepaid expenses	110,730	130,284	159,489
Marketable securities	37,516	23,973	28,730
Cash and cash equivalents	155,334	154,609	174,136
Current assets	**507,625**	**505,188**	**548,156**
TOTAL ASSETS	**1,862,455**	**1,628,183**	**1,399,020**
(1) o/w less than one year (gross)	13,900	7,716	3,957
(2) o/w over one year (gross)	13,268	19,627	29,284

LIABILITIES	2004	2003	2002
Capital stock	31,267	26,801	26,801
Additional paid-in capital	44,281	48,747	48,747
Reserves	338,032	290,471	252,138
Currency translation adjustment	– 68,732	– 57,961	– 20,258
Income for the year	100,148	57,319	54,895
Shareholders' equity	**444,996**	**365,377**	**362,323**
Minority interests	**43,114**	**44,219**	**44,948**
Additional equity capital	**0**	**0**	**5**
Provisions for risks and contingencies	**55,434**	**53,789**	**47,103**
Provisions resulting from goodwill	**5,580**	**12,410**	**5,045**
Loans and financial liabilities	1,087,519	903,946	674,098
Suppliers and other operating debt	113,117	128,977	144,418
Other liabilities and prepaid income	112,695	119,465	121,080
Liabilities	**1,313,331**	**1,152,388**	**939,596**
TOTAL LIABILITIES	**1,862,455**	**1,628,183**	**1,399,020**
o/w less than one year	528,552	530,941	535,058
o/w over one year	784,779	621,447	404,543

2004 Income Statement

(in thousands of euros)

	2004	2003	2002
Sales	1,114,173	1,023,133	940,500
Other operating income	49,721	52,349	55,966
Cost of goods sold	– 699,824	– 683,239	– 634,963
Personnel costs	– 192,981	– 175,788	– 157,477
Other operating expenses	– 6,262	– 3,149	– 9,658
Income and other taxes	– 24,339	– 21,935	– 23,058
Amortization, depreciation and provisions	– 114,764	– 102,199	– 83,541
Operating income	**125,724**	**89,172**	**87,769**
Share of income from joint operations	**234**	**– 2,025**	**– 326**
Financial income	14,252	86,285	38,102
Financial expenses	– 43,805	– 96,081	– 47,238
Currency translation adjustment		–	–
Financial income	**– 29,553**	**– 9,796**	**– 9,136**
Income from operations of consolidated companies	**96,405**	**77,351**	**78,307**
Non-recurring income and expenses	7,208	644	8,770
Income taxes	– 2,752	– 8,161	– 22,363
Net income from consolidated companies	**100,861**	**69,834**	**64,714**
Share in results of equity affiliates after amortization and recovery of goodwill	0	148	– 228
Net income of consolidated entity before amortization of goodwill for consolidated companies	**100,861**	**69,982**	**64,486**
Amortization and write-backs on provisions for goodwill of consolidated companies	4,787	– 3,756	– 3,535
Net income of the consolidated entity	**105,648**	**66,226**	**60,951**
Minority interests	– 5,500	– 8,907	– 6,056
NET INCOME, GROUP SHARE	**100,148**	**57,319**	**54,895**
Basic net income per share, group share	4.07	2.33	2.30
Diluted net income per share, group share	3.97	2.27	2.24

Statement of Cash Flows

(in thousands of euros)

	2004	2003	2002
Total net income of consolidated companies	**105,648**	**66,226**	**60,951**
Elimination of amortization, depreciation and provisions	91,815	102,467	66,232
Elimination of change in deferred taxes	– 8,742	– 6,377	6,090
Elimination of gains or losses from disposals	17,846	– 2,602	– 5,141
Elimination of the share of income from companies consolidate under the equity method			228
Other income and expenses without cash impact			
Cash flow	**206,567**	**159,714**	**128,360**
Dividends received from equity affiliates			
Impact of the change in working capital requirements related to the business	– 1,694	25,221	– 28,429
Net cash flows generated by (used in) operating activities (A)	**204,873**	**184,935**	**99,931**
Acquisitions of fixed assets	– 387,375	– 312,835	– 255,808
Sales of fixed assets	33,009	13,703	16,977
Impact of changes in consolidation	– 2,434	– 62,702	9,951
Net cash flows generated by (used in) investing activities (B)	**– 356,800**	**– 361,834**	**– 228,880**
Dividends paid by the parent company	– 9,758	– 7,595	– 6,108
Dividends paid to minority interests	– 162	– 237	– 212
Capital increases (reductions)	70	1,553	17,772
Investment subsidies			
Bond issues	382,168	449,238	126,846
Bond redemptions	– 221,781	– 272,785	– 77,476
Net cash flows generated by (used in) financing activities (C)	**150,537**	**170,174**	**60,822**
Impact of the change in foreign exchange rates (D)	3,328	– 1,069	901
Impact of the change in accounting principles (E)			
Change in cash (A)+(B)+(C)+(D)+(E)	**1,938**	**– 7,794**	**– 67,226**
Cash at beginning of year	4,733	12,527	79,753
Cash at end of year	6,671	4,733	12,527
Change in cash	**1,938**	**– 7,794**	**– 67,226**

During the year, the group acquired an additional stake in Score Madagascar, SEMS and SONASURF and acquired the companies GAIA, Island 7, Grains du Capricorne, SCI M3, Spar and Utinvest. The net cash allocated to these operations can be broken down as follows:

- cash disbursed by the group: €(2,599) k;
- cash from companies acquired: €165 k;
- impact on the group's cash position: €(2,434) k.

The impact on other balance sheet items was as follows:

- fair value of assets and liabilities:
  - fixed assets: €1,812 k,
  - current assets: €1,725 k,
  - medium and long-term debt: €(618) k,
  - other liabilities: €(1,222) k;
- goodwill amortized over the year: €927 k;
- minority interests: €(186) k.

Change in Consolidated Equity Capital, Group Share

(in thousands of euros)

	Capital	Additional paid-in capital	Consolidated reserves	Income for the year	Currency translation adjustment	Total equity capital
Position at 2002 year-end	**26,801**	**48,747**	**252,138**	**54,895**	**– 20,258**	**362,323**
Consolidated income, group share				57,319		57,319
Distributions paid by the parent company			– 7,595			– 7,595
Appropriation of earnings for 2002			54,895	– 54,895		0
Change in currency translation adjustments					– 37,703	– 37,703
Change in fair value with change from equity affiliate to full consolidation			– 8,967			– 8,967
Position at 2003 year-end	**26,801**	**48,747**	**290,471**	**57,319**	**– 57,961**	**365,377**
Consolidated income, group share				100,148		100,148
Distributions paid by the parent company			– 9,758			– 9,758
Appropriation of earnings for 2003			57,319	– 57,319		0
Capital increase	4,466	– 4,466				0
Financière Jaccar/G. Bourbon merger (1)						
Capital increase	9,472	39,393				48,865
Capital reduction	– 9,472	– 39,393				– 48,865
Change in currency translation adjustment					– 10,771	– 10,771
Position at 2004 year-end	**31,267**	**44,281**	**338,032**	**100,148**	**– 68,732**	**444,996**

(1) Special Shareholders' Meeting of August 23, 2004, see note 1.18.

Notes to the Consolidated Financial Statements

1. Accounting rules and methods

1.1 Accounting standards

The consolidated financial statements for the year ended December 31, 2004 were prepared in accordance with the rules stipulated by the law of January 3, 1985, the decree of February 17, 1986 and regulation 99-02 from the French accounting regulatory commission (CRC).

1.2 Change in accounting method

The consolidation accounts were prepared using the same accounting principles as for the previous year, with no changes in valuation or presentation methods, with the exception of the change in method which requires, for the first time, that the companies concerned book provisions for the indemnities paid to employees receiving seniority awards. The impact of this change in method, under the existing option if a provision is not tax deductible, was recorded in its entirety under income for the year in the amount of €691 k.

1.3 Scope of consolidation

All the companies under the direct or indirect control of Groupe Bourbon, and the companies in which the group exerts a significant influence, are included in the scope of consolidation. Companies below the thresholds of significant influence defined as follows under CRC regulation 99-02 are not included in the consolidation:

- for a fully consolidated company:
  - total of balance sheet = 1% of the consolidated balance sheet,
  - shareholders' equity = 1% of consolidated shareholders' equity,
  - sales = 5% of consolidated sales;
- for a company accounted for using the equity method:
  - total balance sheet = 1% of the consolidated balance sheet,
  - shareholders' equity = 1% of consolidated equity.

Companies under these thresholds, but which represent a strategic investment, are consolidated.

The following were consolidated for the first time in 2004:

- retail division:
  - Grains du Capricorne (acquisition),
  - SCI M3 (acquisition),
  - Spar (acquisition),
  - SNC Utinvest (acquisition);
- offshore division:
  - Bourbon Interoil Nigeria Ltd (creation),
  - Bourbon Offshore Interoil Ltd (creation),
  - Fructidor (creation),
  - GAIA (acquisition),
  - GIE Antenor (creation),
  - GIE Argonaute (creation),
  - GIE Asterie (creation),
  - GIE Surfer 2004 (creation),
  - GIE Saint-Nazaire (creation),
  - Greenmar (creation),
  - Les Abeilles Cameroun (creation);
- other:
  - CBo Territoria (creation).

During the year, the merger-consolidation of CFCI by Setaf-Saget and the creation of CBo Territoria by a spin-off were recorded. The assets contributed are essentially land parcels. The contribution gain was neutralized in consolidation.

1.4 Consolidation methods

Consolidated companies are:

- companies under exclusive control, which are fully consolidated;
- companies under significant influence, which are consolidated directly using the equity method;
- companies under joint control, which are proportionately consolidated;
- companies under the exclusive controls of companies under significant influence, which are consolidated directly using the equity method.

1.5 List of consolidated companies

A) Fully consolidated companies

	SIREN No.	% of control of capital held directly or indirectly 2004	2003	% of interest in capital held directly or indirectly 2004	2003	Registered Office
Groupe Bourbon	310879499	Parent company		Parent company		Reunion
Antilles Trans Express	340057470	97.93	97.93	97.93	97.93	Pointe-à-Pitre
Armement Sapmer Distribution	408532307	99.60	99.60	99.60	99.60	Reunion
Avracs	420626228	100.00	100.00	100.00	100.00	Suresnes
Bourbon Assistance	310879499	100.00	100.00	100.00	100.00	Reunion
Bourbon Brazil Participacoes	33300266682	100.00	100.00	100.00	100.00	Brazil
Bourbon Capital	–	100.00	100.00	100.00	100.00	Luxembourg
Bourbon Interoil Nigeria Ltd	–	40.00	–	40.00	–	Nigeria
Bourbon Maritima	–	100.00	100.00	100.00	100.00	Madeira
Bourbon Maritime	55802540	100.00	100.00	100.00	100.00	Marseilles
Bourbon Capital Holding USA	16-1637477	100.00	100.00	100.00	100.00	USA
Bourbon Capital USA	35-2186699	100.00	100.00	100.00	100.00	USA
Bourbon Offshore Interoil Ltd		55.00	–	55.00	–	Madeira
Bourbon Offshore Norway	979751621	100.00	100.00	100.00	100.00	Norway
Bourbon Supply Invest	–	100.00	100.00	100.00	100.00	Marseilles
CFCI SARL	322950486	–	100.00	–	99.99	Suresnes
Carming Shipping SA	407883992	100.00	100.00	99.99	99.99	Pointe-à-Pitre
CBo Territoria	–	99.80	–	99.80	–	Reunion
Chambon Finance Gestion GIE	404670911	100.00	100.00	99.99	99.99	Marseilles
Chambon Offshore International	321006132	100.00	100.00	100.00	100.00	Marseilles
Compagnie Financière de Bourbon	343778023	51.00	51.00	51.00	51.00	Reunion
Deepwater Marine Eurofinance	–	100.00	100.00	100.00	100.00	USA
Dockwise France SA	394276661	100.00	99.84	100.00	99.84	Suresnes
Eidsurf	984806698	51.00	51.00	51.00	51.00	Norway
Elbuque Shipping Lda	–	100.00	100.00	51.00	51.00	Madeira
Financière Bourbon	328723721	100.00	100.00	100.00	100.00	Marseilles
Fipargest	349439133	100.00	100.00	100.00	100.00	Reunion
Flash Light	–	100.00	100.00	51.00	51.00	Madeira
Fructidor	–	100.00	–	100.00	–	Suresnes
GAIA	–	50.80	–	50.80	–	Marseilles
GIE 4501	439084799	100.00	100.00	100.00	100.00	Marseilles
GIE Antenor	451347991	100.00	–	100.00	–	Marseilles
GIE Argonaute	451441976	100.00	–	100.00	–	Marseilles
GIE Asterie	452252687	100.00	–	100.00	–	Marseilles
GIE Barfleur	–	100.00	100.00	100.00	100.00	Marseilles
GIE Cogerem	43413575200013	100.00	100.00	99.98	99.98	Marseilles
GIE Gestion SB	381865419	100.00	100.00	99.99	99.99	Reunion
GIE Kemba	448331826	100.00	100.00	100.00	100.00	Marseilles
GIE Luzolo	–	100.00	100.00	100.00	100.00	Marseilles
GIE Nemed	–	100.00	100.00	100.00	100.00	Marseilles
GIE Saint-Nazaire	452495773	100.00	–	100.00	–	Marseilles
GIE Surf Express	449951490	100.00	100.00	100.00	100.00	Marseilles
GIE Surfeur 2003	447484825	100.00	100.00	100.00	100.00	Marseilles
GIE Surfeur 2004	451159925	100.00	–	100.00	–	Marseilles
Greenmar		70.00	–	70.00	–	Bale
Grena Navegacao Lda	1933	100.00	100.00	100.00	100.00	Madeira

		% of control of capital held directly or indirectly		% of interest in capital held directly or indirectly		
	SIREN No.	2004	2003	2004	2003	Registered Office
Handy Bulk	527551	100.00	50.00	100.00	50.00	Zurich
Handy Shipping SA	3000003495	99.95	99.95	99.95	99.95	Zurich
Handy Size Owner (HSO)	421245408	100.00	99.80	100.00	99.79	Suresnes
Island Offshore II AS	–	75.50	75.50	75.50	75.50	Norway
Island Offshore II KS	–	77.95	77.95	75.50	75.50	Norway
Island Offshore VII AS	–	100.00	74.99	100.00	74.99	Norway
Island Offshore VII KS	985232660	100.00	77.51	100.00	75.00	Norway
Ivoirienne de remorquage et de sauvetage	199829	50.99	50.99	50.99	50.99	Abidjan
Jade Navegacao Lda	1796	100.00	100.00	99.99	99.99	Madeira
La Petrussienne	–	50.70	50.70	25.85	25.85	San Pedro
Lastro Companhia Internacional de Navegacao Lda	0D955	100.00	100.00	99.99	99.99	Madeira
Latin quarter Servicos Marine	4887	100.00	100.00	51.00	51.00	Madeira
Les Abeilles Bayonne SARL	389545817	100.00	100.00	99.99	99.99	Bayonne
Les Abeilles Bordeaux SA	348203472	99.80	99.80	99.80	99.80	Bordeaux
Les Abeilles Boulogne SARL	617020094	100.00	100.00	99.99	99.99	Boulogne
Les Abeilles Brest SARL	347979171	100.00	100.00	99.99	99.99	Brest
Les Abeilles Cameroun		98.00	–	98.00	–	Douala
Les Abeilles Cilaos	413559683	100.00	100.00	99.95	99.95	Reunion
Les Abeilles Côte d'Ivoire	124A	99.58	99.58	99.58	99.58	Abidjan
Les Abeilles Dunkerque SA	77050011	100.00	100.00	100.00	100.00	Dunkirk
Les Abeilles International SA	313701187	100.00	100.00	100.00	100.00	Le Havre
Les Abeilles La Rochelle SARL	347987901	100.00	100.00	99.99	99.99	La Rochelle
Les Abeilles Le Havre SA	368500708	99.88	99.84	99.88	99.84	Le Havre
Les Abeilles Mafate	413559642	100.00	100.00	99.95	99.95	Reunion
Les Abeilles SA	712006493	99.99	99.99	99.99	99.99	Marseilles
Les Abeilles Saint-Nazaire SA	348197880	100.00	100.00	100.00	100.00	Saint-Nazaire
Les Armements Réunionnais	414550079	100.00	100.00	99.99	99.99	Reunion
Les Domaines de la Convenance	342293263	99.99	99.99	99.99	99.99	Reunion
Mahe Cruise	842961.1	79.99	79.99	79.99	79.99	Seychelles
Mastshipping	4233	100.00	100.00	51.00	51.00	Madeira
Moroccan towing and salvage company	89985	100.00	100.00	100.00	99.99	Casablanca
Navegaceano Shipping Lda	–	100.00	100.00	51.00	51.00	Madeira
N'Duva	444059182	100.00	100.00	100.00	100.00	Marseilles
Offshore Structured Asset	–	100.00	100.00	100.00	100.00	USA
Onix Participacoes e Investimentos Lda	0D362	100.00	100.00	99.99	99.99	Madeira
Opale Shipping	414564997	100.00	100.00	100.00	100.00	Pointe-à-Pitre
Owner Dry Bulk (ODB)	421248394	100.00	99.80	100.00	99.80	Suresnes
Paris Shipping & Chartering SARL	333955078	100.00	99.99	100.00	99.99	Suresnes
Placement Provence Languedoc	731620399	100.00	100.00	100.00	100.00	Marseilles
Recif SAS	320921679	99.11	99.11	98.79	98.79	Reunion
Rivages Croisières	402497903	100.00	100.00	100.00	100.00	Pointe-à-Pitre
Sagrim	8380	74.97	74.97	74.97	74.97	Madagascar
Sapmer	350434494	99.99	99.99	99.99	99.99	Reunion
Seaward SAS	412104903	100.00	100.00	100.00	100.00	Marseilles
Sehb Le Récif	325777068	100.00	100.00	99.27	99.27	Reunion
Sermar	343200374	100.00	100.00	100.00	100.00	Le Havre
Setaf Saget	440281087	100.00	100.00	100.00	100.00	Suresnes
Setaf	407514850	100.00	100.00	100.00	100.00	Suresnes
Setapar SARL	409611837	100.00	100.00	99.99	99.99	Suresnes
Sinvrac	451355358	100.00	100.00	100.00	100.00	Suresnes

	SIREN No.	% of control of capital held directly or indirectly 2004	2003	% of interest in capital held directly or indirectly 2004	2003	Registered Office
Société de Développement Immobilier	345376263	99.98	99.98	99.98	99.98	Reunion
Société de remorquage et de sauvetage de la Réunion SA	310863360	95.36	95.36	95.36	95.36	Reunion
Société de remorquage port et d'assistance en Méditerranée	404350639	100.00	100.00	100.00	100.00	Port de Bouc
Société Mahoraise de remorquage et d'assistance	4411/92	100.00	100.00	100.00	100.00	Mamoudzou
Société nouvelle Arpec	384092532	100.00	100.00	100.00	100.00	Port de Bouc
Somarsal marine service (SMS)	024085524	100.00	100.00	100.00	100.00	Mayotte
Sonasurf	–	100.00	51.00	51.00	51.00	Angola
Sonasurf International	5938	51.00	51.00	51.00	51.00	Madeira
Sopade	434222089	100.00	100.00	100.00	100.00	Reunion
SRET	339894529	98.92	81.87	98.92	81.87	Reunion
Sucrerie de Bourbon GIA LAI	–	51.00	51.00	51.00	51.00	Vietnam
Sucrerie de Bourbon Tay Ninh	03/bbh-hdqt	100.00	100.00	100.00	100.00	Vietnam
Sucreries de Bourbon Madagascar	10230	100.00	100.00	100.00	100.00	Madagascar
Surf SA	72801749	100.00	100.00	100.00	100.00	Marseilles
Union des remorqueurs de Dakar SA	3898 B	99.93	99.93	99.93	99.93	Dakar

B) Companies consolidated using the equity method

	SIREN No.	% of control of capital held directly or indirectly 2004	2003	% of interest in capital held directly or indirectly 2004	2003	Registered Office
None						

C) Companies consolidated proportionately

	SIREN No.	% of control of capital held directly or indirectly 2004	2003	% of interest in capital held directly or indirectly 2004	2003	Registered Office
Agence rialto	402598833	66.66	66.66	66.66	66.66	Reunion
Austral d'Investissement	–	66.66	66.66	66.66	66.66	Mauritius
Bourbon Distribution Mayotte	02404912400019	66.66	66.66	46.65	46.65	Mayotte
Carmart		66.66	66.66	53.28	53.28	Mauritius
Cie Mauricienne d'Hypermarché Ltd	11275 B 140 1870	66.66	66.66	53.28	53.28	Mauritius
Delba Maritima	–	50.00	50.00	50.00	50.00	Brazil
Distri-Food	434555827	66.66	66.66	50.66	50.66	Reunion
Espace Bourbon an Lac	2013/GP DC2	66.66	66.66	53.33	53.33	Vietnam
Espace Bourbon Dong Nai	1751/GP	66.66	66.66	43.33	43.33	Vietnam
Fim Colimo	343694527	66.66	66.66	66.66	66.66	Reunion
Grains du Capricorne	37767059900014	66.66		66.66		Reunion
Home City	440262962	66.66	66.66	66.66	66.66	Reunion
Magma	024065617	66.66	66.66	46.65	46.65	Reunion
Mayotte Distribution	024046971	66.66	66.66	46.62	46.62	Mayotte
Ortem	–	66.66	66.66	53.28	53.28	Mauritius

	SIREN No.	% of control of capital held directly or indirectly 2004	2003	% of interest in capital held directly or indirectly 2004	2003	Registered Office
S2FOI	434577094	66.66	66.66	50.66	50.66	Reunion
Salaisons de Bourbon	309646719	66.66	66.66	66.66	66.66	Reunion
Sapmer Distribution de marques	331621052	66.66	66.66	66.66	66.66	Reunion
Saprim	316392224	66.66	66.66	66.13	65.93	Reunion
SCI Armagnac	434525374	66.66	66.66	65.99	65.99	Reunion
SCI Badamier	424684272	66.66	66.66	66.66	66.66	Reunion
SCI des Centres commerciaux	399553676	66.66	66.66	66.66	66.66	Reunion
SCI du Chaudron	301050780	66.66	66.66	66.66	66.66	Reunion
SCI Jacaranda	415067776	66.66	66.66	66.66	66.66	Reunion
SCI Kerveguen	439852864	66.66	66.66	66.00	66.00	Reunion
SCI Ligne du Paradis	434373387	66.66	66.66	65.99	65.99	Reunion
SCI Omega	378058812	66.66	66.66	66.70	66.70	Mayotte
SCI Timur	382921773	66.66	66.66	66.66	66.66	Reunion
SCI Toscane	425124286	66.66	66.66	46.68	46.68	Reunion
SCI Vava Industrie	379118813	66.66	66.66	65.99	65.99	Reunion
SCIM3	42258763400011	66.66		66.66		Reunion
Score Digue	587806	66.66	66.66	66.53	65.24	Madagascar
Score Madagascar	12695	66.66	66.66	65.30	52.41	Madagascar
Selatan Indah	428173652	66.66	66.66	66.66	66.66	Mayotte
SEMS	332332386	66.66	66.66	66.13	65.93	Reunion
Sicre	383468196	66.66	66.66	66.66	66.66	Reunion
SNIE Distribution	–	66.66	66.66	46.66	46.66	Mayotte
Société de restauration rapide de la Réunion – S3R	389392523	66.66	66.66	66.66	66.66	Reunion
Société des Hypermarchés bénédictins	428663348	66.66	66.66	66.66	66.66	Reunion
Sodexmar	383766581	66.66	66.66	66.66	66.66	Reunion
Sodimar	391649183	66.66	66.66	66.66	66.66	Reunion
Sofimex	394643407	66.66	66.66	66.65	66.65	Rungis
Sogim	349073841	66.66	66.66	66.66	66.66	Reunion
Sogramo	438063372	66.66	66.66	66.66	66.66	Reunion
Somags	–	66.66	66.66	46.00	46.00	Mauritius
Sonasurf angola	–	50.00	50.00	50.00	50.00	Angola
Sorecom	310837331	66.66	66.66	66.66	66.66	Reunion
Soretravi	312301096	66.66	66.66	66.66	66.66	Reunion
Sormac	379262744	66.66	66.66	66.66	66.66	Reunion
Spar Mauritius		66.66		46.00	–	Mauritius
SSTIC – Prestation informatique	432594125	66.66	66.66	66.66	66.66	Reunion
Transit SNIE	94130473	66.66	66.66	46.43	46.43	Mayotte
Usine de Traitement de Viande – UTV	94128402	66.66	66.66	46.66	46.66	Mayotte
UTV Investissement SNC	413623984	66.66		46.66		Mayotte
Vindémia	380859025	66.66	66.66	66.66	66.66	Reunion
Wheathervane		66.66	66.66	53.28	53.28	Mauritius
Zoom Madagascar	601310	66.66	66.66	65.30	52.45	Madagascar

1.6 Closing date of accounts

The closing date for all the consolidated companies was December 31, 2004.

1.7 Conversion of financial statements of foreign subsidiaries

The accounts of the foreign companies were converted to euros as follows:
- balance sheet items, with the exception of income, were converted on the basis of the exchange rate in effect on December 31, 2004;
- income statement items were converted on the basis of the average rate for fiscal 2004.

The resulting conversion differences were recorded as equity in "Currency translation adjustments" and "Minority interests".

Currencies	NOK Norwegian Kroner	CFP Pacific Franc	USD US Dollar	SCR Seychelles Rupee	VND Vietnamese Dong	CHF Swiss Franc	CFA Franc CFA	BRL Brazilian Real	MGF Madagascar Franc	MUR Mauritian Rupee
Average rate for the year at 12/31/04	8.4022	119.265	1.2487	6.5524	20,113.01	1.5498	655.957	3.6679	10,662.71	34.5757
Closing rate as at 12/31/04	8.2365	119.265	1.3621	7.3916	21,536.40	1.5429	655.957	3.6156	12,763.70	38.6125
Closing rate as at 12/31/03	8.4141	119.265	1.2630	6.5318	19,727.70	1.5579	655.957	3.6491	7,207.76	32.4759

1.8 Restatement of individual accounts

The impact of the entries booked solely for tax purposes is neutralized. This includes:
- regulated reserves and provisions;
- exceptional amortization.

Provisions for deferred taxes are recognized, if applicable, using the liability method of tax allocation in its broadest sense.

Investment subsidies are recorded as deferred income on the liability side of the balance sheet and are recovered as income over the useful life of the asset to which they are related. The residual balance as at December 31, 2004 was €1,359 k.

1.9 Eliminations

The following eliminations were made as required for consolidation purposes:
- intra-group transactions and reciprocal accounts between consolidated companies;
- dividends paid between consolidated companies;
- provisions booked or recovered on securities and receivables from consolidated companies;
- internal margins on inventories;
- internal gains on asset disposals, particularly land disposals.

1.10 Goodwill

Goodwill is the difference recorded at the time of consolidation between the cost of the shares and the percentage represented by the shares in the total valuation of the assets and liabilities of the company identified at fair value.

This goodwill is amortized using the straight-line method, the duration of which reflects the objectives set at the time of the acquisition. This period shall not exceed 20 years. The first amortization of goodwill, corresponding to the acquisitions for the year, is prorated.

It is adjusted, as needed, during the year following the acquisition, particularly when significant new elements come to light affecting the valuation of the assets and liabilities of the equity interests acquired.

As at December 31, 2004, the balance in the amount of €34,572 k primarily reflects:
- in the offshore division, the acquisition in offshore oil marines services in Brazil for €6,792 k;
- in the retail division, the takeover of Vindémia and the retail business in Mauritius completed in 2000 and 2001 respectively, in the amount of €21,310 k.

The balance of the negative goodwill in the amount €5,580 k comes primarily from the acquisition of Bourbon Offshore Norway.

1.11 Intangible assets

Intangible assets are software and patents and the value of business goodwill.

Business goodwill is identifiable by activity, and the capitalized value is based on the criteria of sales and profitability. In this respect, impairment is established when the inventory value calculated on the basis of these criteria falls below the gross value. As of December 31, 2004, business goodwill was maintained on the balance sheet at its original value because of the change in the group's activities.

Other intangible assets include leasehold rights specific to the Vietnamese companies.

The amortization period for intangible assets is:
- software: 3 years;
- leasehold rights, over the term of the concessions: 38 to 50 years.

1.12 Property, plant and equipment

These elements are valued at acquisition cost plus related costs.

The economic depreciation calculated in the individual accounts, using the straight line or declining balance method depending on the type and useful life of the asset in question, is maintained in the group's consolidated financial statements. Depreciation on naval equipment in the individual accounts based on fiscal criteria is restated in the consolidated financial statements according to an economic depreciation schedule.

Generally, depreciation is charged as follows:

- Buildings	10 to 40 years
- Vessels and marine equipment	8 to 20 years
- Technical facilities and heavy equipment	10 to 15 years
- Tools and equipment	3 to 10 years
- Fixtures and fittings	2 to 10 years
- Other tangible assets	3 to 10 years

Revaluations of fixed assets are neutralized in consolidation.

The capital gains or losses realized when a ship is sold are recorded under operations.

1.13 Non-consolidated equity interests

These interests are recorded at historical value (acquisition or contribution value).

At year-end, the inventory value of the shares is based on the percentage of equity held, taking into account:
- any unrealized gains, particularly on real estate assets;
- projected profitability.

If this inventory value is less than the gross value, the shares are provisioned and prorated based on the percentage of interest or for the entire interest when there is a certain risk.

1.14 Inventories and work in progress

Inventories are valued at the weighted average price for raw materials, at acquisition cost for merchandise, and at production cost for work in progress and finished goods.

If the probable marketable value, minus proportional sales costs, is less than the valuation cost, a provision for depreciation is recognized in the amount of the difference.

For finished goods, when the production costs exceed the price in effect on the inventory date, the price on that date is substituted for the production costs.

1.15 Trade receivables

These receivables are recorded at face value. Provisions for depreciation of customer receivables are recognized to offset the risks of bad debt. The provisions are booked in accordance with the rules developed from observance of past non-collection.

1.16 Currency transactions

Receivables and payables denominated in foreign currencies are valued at the closing price for the year. These currency gains and losses are booked as consolidated income or loss.
Unrealized exchange rate losses, which have been covered by a provision for risks in the individual corporate accounts, are cancelled.

Currency translation adjustments charged to cash items are recorded as currency adjustments.

1.17 Marketable securities and related receivables

This item includes fund securities valued at historical cost.

1.18 Deferred expenses

Each division has its own method of deferral. In offshore, the costs for transporting and placing ships at the operating site are considered pre-operating costs and are generally amortized over a 3-year period.

For the acquisition of Les Abeilles, the acquisition costs booked as deferred expenses are amortized over 10 years, the same period as the goodwill realized at the time of the acquisition.

1.19 Shareholders' equity

At the end of the shareholders' meeting on June 8, 2004 which decided to allot one new share for every six shares held, the capital of Groupe Bourbon was increased by €4,466 k by capitalization of "Additional paid-in capital".

This increase was made through the creation of 1,172,000 new shares.

The merger of Financière Jaccar and Groupe Bourbon, which was approved by the special shareholders' meeting of August 23, 2004, resulted in an increase and the reduction in the capital of Groupe Bourbon.

The capital was increased through the creation of 2,485,401 new shares for a value of €9,472 k and a merger premium of €39,393 k. As the net contribution from Financière Jaccar consisted only of shares of Groupe Bourbon, the capital and merger premium were reduced on the same bases as the capital increase.

1.20 Provisions for risks and contingencies

At year-end, any group obligation to a third party resulting in a withdrawal of resources without future consideration is provisioned as required by CRC regulation 2000-06.

Provisions for pension commitments are booked in the consolidated accounts as provisions for contingencies, and are calculated on a retrospective basis. This commitment, which is calculated on the basis of the rights acquired by the employee, is weighted for rotation and mortality factors.

In order to comply with their obligation to maintain the seaworthiness of the fleet, the marine service companies book a provision for major repairs for future maintenance expenditures directly tied to past use.

1.21 Income taxes

The tax charge for the year includes:

- income tax due for the year after deduction of dividend and other tax credits actually used;
- deferred taxes recorded in the consolidated accounts based on the tax position of the company, in line with a generally conservative policy.

Deferred taxes result from:

- temporary time differences between taxable earnings and corporate earnings;
- consolidation restatements and eliminations;
- and deficits to be carried forward, the future charging of which is likely.

These taxes are calculated and adjusted using the liability method of tax allocation in its broadest sense.

Certain companies of the offshore division of Groupe Bourbon were eligible for a tax regulation (tonnage tax) applying an annual flat rate tax based on the tonnage of the eligible ships. The confirmation obtained in 2004 for taxes due on the existing regulated provisions under the tonnage tax rules led us to restate as income €10,262 k in unrealized deferred taxes calculated at consolidation when this provision was cancelled.

1.22 Leasing agreements

Leasing agreements are restated in the consolidated statements. The value used is the market value of the leased asset or the present value of the minimum payments due if this value is lower. The cancelled annual rental fee is broken down between interest expenses and the repayment of debt. The asset is amortized using the amortization methods defined in note 1.11.

When the group is the lessor, particularly for tax-free leases, the amount of the leased properties was reclassified as current assets under the item "Other receivables". As of December 31, 2004, net assets represented €3,616 k for the offshore division.

1.23 Pension commitments

Pension commitments, booked as provisions for contingencies, are calculated using the retrospective method for all employees. The commitment as at December 31, 2004, including charges, was €18,362 k.

1.24 Employee benefits

a) Incentives

Bonuses are based on the performance of the company, which is measured primarily by the change in sales and operating margins. Two methods are used. The first consists of applying the coefficient of change for each individual to his or her salary earned for the last six months, with the bonus paid every six months.

The second method, which is calculated annually, includes a progressive bonus rate by salary category, but the total rate may not exceed 6%. The amount of the bonus is calculated by applying the corresponding percentage to the annual payroll. Half of this amount is then distributed equally among the employees and the other half is distributed in proportion to the gross salaries for the reference year. In this case, an employer's contribution of 20%, with a maximum of €3,450, is granted if the bonus is contributed to the Company Savings Plan (PEE).

b) Employee profit-sharing

The profit-sharing required by law, which is locked in for five years, is paid to an independent institution.

2. Notes to the consolidated financial statements

2.1 Fixed and intangible assets

Breakdown of intangible assets:

(in thousands of euros)	12/31/03	Acquisitions	Disposals	Change in consolidation	Currency fluctuation	Reclassification and other	12/31/04
Gross	32,603	3,512	298	55	– 854	– 111	34,907
Amortization, depreciation and provisions	7,681	1,284	263	29	– 207	– 1	8,523
Net	**24,922**	**2,228**	**35**	**26**	**– 647**	**– 110**	**26,384**

Details of gross intangible assets:

(in thousands of euros)	12/31/03	Acquisitions	Disposals	Change in consolidation	Currency fluctuation	Reclassification and other	12/31/04
Set-up costs	0	0	0	0	0	0	0
R & D costs	42	0	0	0	0	0	42
Concessions, patents	3,165	757	– 128	45	– 5	– 1	3,834
Lease rights	224	0	0	0	0	0	224
Goodwill	22,407	0	– 18	10	– 111	– 125	22,163
Other intangible assets	6,744	2,755	– 139	0	– 732	15	8,643
Prepaid expenses	21	0	– 13	0	– 6	0	1
Total	**32,603**	**3,512**	**– 298**	**55**	**– 854**	**– 111**	**34,907**

Details of amortization and provisions on intangible assets:

(in thousands of euros)	**12/31/03**	**Acquisitions**	**Disposals**	**Change in consolidation**	**Currency fluctuation**	**Reclassification and other**	**12/31/04**
Set-up costs	0	0	0	0	0	0	0
R & D costs	42	0	0	0	0	0	42
Concessions, patents	2,730	680	123	29	– 6	– 1	3,309
Goodwill	3,287	222	2	0	0	0	3,507
Other intangible assets	1,622	382	138	0	– 201	0	1,665
Total	**7,681**	**1,284**	**263**	**29**	**– 207**	**– 1**	**8,523**

Property, plant and equipment by category:

(in thousands of euros)	**12/31/03**	**Acquisitions**	**Disposals**	**Change in consolidation**	**Currency fluctuation**	**Reclassification and other**	**12/31/04**
Gross	1,406,661	298,947	84,269	5,344	– 12,112	– 847	1,613,724
Depreciation/provisions	435,136	86,094	51,584	3,230	– 6,187	– 143	466,546
Net	**971,525**	**212,853**	**32,685**	**2,114**	**– 5,925**	**– 704**	**1,147,178**

Details of gross tangible assets:

(in thousands of euros)	**12/31/03**	**Acquisitions**	**Disposals**	**Change in consolidation**	**Currency fluctuation**	**Reclassification and other**	**12/31/04**
Land	30,876	742	2,928	66	– 1,380	0	27,376
Buildings	129,409	1,700	748	2,483	– 6,210	1,087	127,721
Technical facilities	987,185	224,710	71,417	2,526	– 2,161	66,165	1,207,008
Other fixed assets	58,980	3,725	1,916	260	– 1,956	720	59,813
Assets in progress	92,396	65,681	0	9	– 404	– 67,577	90,105
Prepaid expenses	2,004	2,389	0	0	– 1	– 1,242	3,150
Total	**1,300,850**	**298,947**	**77,009**	**5,344**	**– 12,112**	**– 847**	**1,515,173**

Details of gross fixed assets under leases:

(in thousands of euros)	**12/31/03**	**Acquisitions**	**Disposals**	**Change in consolidation**	**Currency fluctuation**	**Reclassification and other**	**12/31/04**
Land	5,799	0	0	0	0	0	5,799
Buildings	32,759	0	0	0	0	0	32,759
Technical facilities	66,179	0	7,260	0	0	0	58,919
Fixed assets in progress	0	0	0	0	0	0	0
Other fixed assets	1,074	0	0	0	0	0	1,074
Total	**105,811**	**0**	**7,260**	**0**	**0**	**0**	**98,551**

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

(in thousands of euros)	**12/31/03**	**Acquisitions**	**Disposals**	**Change in consolidation**	**Currency fluctuation**	**Reclassification and other**	**12/31/04**
Land	905	23	477	0	– 1	0	450
Buildings	43,547	6,763	2,509	1,056	– 1,442	– 143	47,272
Technical facilities	309,959	66,973	43,363	2,005	– 3,845	0	331,729
Other fixed assets	36,068	7,081	1,704	169	– 879	0	40,735
Assets in progress	692	0	0	0	– 20	0	672
Total	**391,171**	**80,840**	**48,053**	**3,230**	**– 6,187**	**– 143**	**420,858**

Details of depreciation and provisions on tangible assets under leases:

(in thousands of euros)	**12/31/03**	**Acquisitions**	**Disposals**	**Change in consolidation**	**Currency fluctuation**	**Reclassification**	**12/31/04**
Buildings	15,939	1,751	0	0	0	0	17,690
Technical facilities	26,942	3,472	3,531	0	0	0	26,883
Other fixed assets	1,084	31	0	0	0	0	1,115
Total	**43,965**	**5,254**	**3,531**	**0**	**0**	**0**	**45,688**

2.2 Long-term financial assets

(in thousands of euros)	**12/31/03**	**Increase**	**Decrease**	**Change in consolidation**	**Currency fluctuation**	**Reclassification and other**	**12/31/04**
Gross	96,073	87,079	17,123	– 4,566	– 8,576	0	152,887
Depreciation/provisions	4,541	1,705	171	0	116	0	6,191
Net	**91,532**	**85,374**	**16,952**	**– 4,566**	**– 8,692**	**0**	**146,696**

Breakdown of gross long-term financial assets of €152,887 k:
- Non-consolidated securities: 44,557;
- Receivables from financial investments: 1,939;
- Loans [1]: 100,257;
- Other long-term financial assets (primarily deposits): 3,441;
- Accrued interest: 2,693.

[1] including financing of ships under construction in the United States in the amount of €83,406 k.

Changes in the “non-consolidated equity interests” were as follows:

(in thousands of euros)	**12/31/03**	**Acquisitions**	**Disposals**	**Change in consolidation**	**Currency fluctuation**	**Reclassification and other**	**12/31/04**
Gross	42,835	13,449	9,218	– 2,471	– 39	0	44,556
Provisions	3,730	1,635	105	0	– 1	–	5,261
Net	**39,105**	**11,814**	**9,113**	**– 2,471**	**– 40**	**–**	**39,295**

This net total does not include the item “Equity affiliates”, which is detailed in note 2.5.

The principal non-consolidated equity investments are:

Companies	Capital stock	Additional paid-in capital	% holding	Gross interests	Net interests	Income	Closing date
Aqua Service Réunion	39	98	50.96	379	103	2	12/31/04
Bourbon Axa Inv. Fund	21,847	– 4,827	23.17	4,854	4,854	– 323	12/31/04
Bourbon Ben Luc	3,071	– 869	100.00	4,742	2,610	– 189	12/31/04
Challenge Hyper Market	2,719	– 49	49.90	2,590	2,590	– 255	06/30/04
DTI Océan Indien	1,524	– 27	100.00	1,524	500	– 6	12/31/04
Espace Bourbon Than Long	8,951	– 1,161	65.00	7,692	7,692	– 128	12/31/04
Happy World Foods	9,512	18,723	20.00	4,720	4,720	1,699	06/30/03
Les Villas du Lagon	3,060	– 266	48.58	1,487	1,358	– 619	12/31/04
Phu Dong	1,778	– 546	70.00	1,965	977	– 184	12/31/03
SCI Claire Fontaine	5,434	– 18	99.98	5,433	5,433	– 18	08/31/04

2.3 Breakdown of net fixed assets by division

Net fixed assets (excluding goodwill and equity interests) break down as follows:

(in thousands of euros)	France	International	Total
Retail	109,357	55,387	164,744
Offshore	406,940	629,281	1,036,221
Other	69,015	50,278	119,293
Total	**585,312**	**734,946**	**1,320,258**

2.4 Goodwill

a) Goodwill

(in thousands of euros)	12/31/03	Increases for the year	Non-recurring increases	Change in consolidation and reclassification	12/31/04
Gross	69,262	3,785	–	–	73,047
Amortization	34,246	4,229	–	–	38,475
Net	**35,016**	**– 444**	**–**	**–**	**34,572**

The increase in goodwill comes from the acquisition of an additional stake in Score Madagascar, the acquisition of the GAIA companies, Island 7, Grain du Capricorne, SCI M3 and Spar.

b) Negative goodwill

(in thousands of euros)	12/31/03	Increases for the year	Write-back for the year	Change in consolidation and reclassification	12/31/04
Net	12,410	2,186	9,016	–	5,580

The increase in negative goodwill results from the acquisition of Utinvest and the additional stake in SEMS and Sonasurf.

c) Breakdown of net goodwill and negative goodwill by division

(in thousands of euros)	Retail	Offshore	Other	Total
Goodwill	22,219	8,257	96	34,572
Negative goodwill	154	5,426	–	5,580

d) Breakdown of acquisitions

Acquisitions for the year were as follows:

(in thousands of euros)	GAIA	Island 7	Grain du Capricorne	SCI M3	Score Madagascar
Price of shares	226	19,335	1,758	579	2,401
Target net position (corporate)	49	22,921	1,480	105	3,649
Restated net position	49	22,921	1,756	105	4,736
Restated share purchased	25	18,653	1,172	70	610
Goodwill	201	682	586	509	1,791
Valuation discrepancy	–	–	–	–	

(in thousands of euros)	Spar	Sonasurf	SEMS	Utinvest
Price of shares	35	3,269	137	–
Target net position (corporate)	36	7,269	67,937	450
Restated net position	36	10,380	68,337	450
Restated share purchased	19	5,086	206	300
Goodwill	16	– 1,817	– 69	– 300
Valuation discrepancy	–	–		

2.5 Equity interests

As of December 31, 2004, there was no company consolidated using the equity method.

2.6 Inventories and work in progress

As of December 31, inventories and work in progress were as follows:

	12/31/04	12/31/03
Gross		
Inventories of raw materials and supplies	10,109	7,122
Inventories of goods and services in production	7,490	11,423
Inventories of finished and semi-finished goods	10,987	8,426
Inventories of merchandise	67,139	72,978
Total	**95,725**	**99,949**
Provisions		
Inventories of raw materials and supplies	162	190
Inventories of finished and semi-finished goods	35	226
Inventories of merchandise	673	829
Total	**870**	**1,245**

2.7 Current assets and prepaid expenses

Breakdown of gross receivables of current assets and prepaid expenses by due date:

(in thousands of euros)	**Gross total**	**Less than one year**	**2 to 5 years**	**Over 5 years**
Current receivables and prepaid expenses				
Trade and related receivables	116,420	116,402	18	0
Other receivables [1]	90,740	87,301	3,824	0
Deferred taxes	10,087	3,439	– 2,544	9,192
Prepaid expenses	9,762	9,762	0	0
Deferred expenses	3,546	882	2,243	421
Total	**230,555**	**217,786**	**3,541**	**9,613**
Provision for receivables	10,635			
(1) including lease receivables as lessor	3,616	106	3,510	

2.8 Marketable securities

(in thousands of euros)	**12/31/04**	**12/31/03**
Treasury shares [1]	**262**	**28**
Other securities		
Gross [2]	37,254	23,945
Provisions		0
Net	**37,516**	**23,973**

(1) Corresponds to less than 1% of the capital of Groupe Bourbon, which was traded at €36.13 as at December 31, 2004.
(2) • The market value of marketable securities totaled €37,463 k as at December 31, 2004.
• The amount for "Other securities/Gross" includes accrued interest of €98 k.

2.9 Change in consolidated equity (group share)

(in thousands of euros)	**12/31/04**	**12/31/03**
Consolidated equity at beginning of year	**365,377**	**362,323**
Consolidated income for the year	100,148	57,319
Distributions paid by the parent company	– 9,758	– 7,595
Capital increase	–	0
Financière Jaccar/Groupe Bourbon merger [2]		
- Capital increase	48,865	
- Capital reduction	– 48,865	
Currency fluctuations	– 10,771	– 37,703
Other changes [1]	0	– 8,967
Consolidated equity as at December 31	**444,996**	**365,377**

(1) As at 12/31/03, this corresponds to the share of the fair value of the assets and liabilities held prior to the acquisition of the shares of Bourbon Offshore Norway, which allowed a change form consolidation using the equity method to full consolidation.
(2) Special shareholders' meeting of August 23, 2004, see note 1.18.

2.10 Change in consolidated equity (minority interests)

(in thousands of euros)	**12/31/04**	**12/31/03**
Consolidated equity at the beginning of the year	**44,219**	**44,948**
Consolidated income for the year	5,500	8,907
Capital increase in subsidiaries	955	1,553
Impact of changes in consolidation	– 6,395	– 6,220
Currency fluctuations	– 1,006	– 4,732
Other changes [1]	– 159	– 237
Consolidated equity as at December 31	**43,114**	**44,219**
(1) Non-group dividends	– 159	– 237

2.11 Provisions for risks and contingencies

(in thousands of euros)	**12/31/04**	**12/31/03**
Provisions for risks	9,530	8,483
Provisions for contingencies	45,904	45,306
Total	**55,434**	**53,789**

Provisions for risks and contingencies were as follows:

Type	**Opening balance**	**Increase for the year**	**Decrease for the year (provisions used)**	**Write-back (provisions not used)**	**Change in method**	**Change in consolidation**	**Other**	**Closing balance**
Tax audits	5,515	1,674	548	0	0	0	170	6,811
Litigation	1,105	200	470	0	0	0	234	1,069
Provisions for pensions	18,399	4,331	4,185	0	0	55	– 28	18,572
Major repairs	16,190	9,981	10,158	0	0	0	– 49	15,964
Guarantee of liabilities	2,356	1,246	0	0	0	0	0	3,602
Corporate restructuring plan	47	0	37	0	0	0	0	10
Other	10,177	4,572	4,068	912	0	0	– 363	9,406
Total provisions	**53,789**	**22,004**	**19,466**	**912**	**0**	**55**	**– 36**	**55,434**
Impact (net of expenses incurred)								
Operating result		17,514					– 361	
Financial result		5					– 12	
Exceptional result		4,485		912			337	

Guarantee of liabilities

A provision of €3,602 k was booked for the guarantees of liabilities given at the time of the sale of the Reunion Sugar/Négoce Europe businesses and at the time of Casino's purchase of a stake in Vindémia. This provision is related to the additional tax assessments for fiscal years 1999 and 2000 and to the decline in the liabilities falling due in less than one year.

2.12 Financial liabilities

a) Breakdown by due date

(in thousands of euros)	**12/31/04**	**12/31/03**
Less than one year	302,740	282,499
One year to five years	427,504	335,107
Over 5 years	357,275	286,340
Total	**1,087,519**	**903,946**
o/w bank loans, bank credit balances and postal accounts	186,180	173,849
Borrowings related to the restatement of the financial lease	31,548	50,716
– Debt under one year	6,406	22,831
– Debt from 1 to 5 years	16,159	15,849
– Debt over 5 years	8,983	12,036

Breakdown of borrowings from credit institutions and financial lease companies (excluding accrued interest):

(in thousands of euros)	**12/31/04**	**12/31/03**
Fixed rate	219,330	134,082
Variable rate	679,856	594,127
Total	**899,186**	**728,209**

As of December 31, 2004, debt with credit institutions was as follows:

(in thousands of euros)	
Euro	609,313
USD	52,454
NOK	223,955
VND	3,047
FMG	1,637
MUR	8,780

b) Debt secured real security interests

As of December 31, 2004, debt with credit institutions secured by mortgages, pledges of equipment or securities, and other security interests represented a total of €879,630 k. This total includes the pledge of subsidiaries' shares made in 2003 for a loan of €245,000 k.

This €245,000 k loan stipulates a maximum debt ratio of 1.45 for the years 2003 to 2006, and 1.00 for the following years until full repayment of the debt. Despite the fact that this ratio was not achieved in 2003 and 2004, Groupe Bourbon has obtained an exemption from these default clauses without incurring a penalty from its lenders.

Pledge and mortgages	Start of pledge	Expiration of pledge	Amount of assets pledged (a)	Total balance sheet item (b)	%=a/b
On intangible assets					
Business goodwill	1996	2007	1,428	25,667	5.56
On property, plant and equipment					
Land	1997	2008	10,290	33,175	31.02
Buildings	1997	2009	27,498	160,480	17.13
Technical facilities, equipment and tools	1996	2021	866,416	1,265,927	68.44
Total assets pledged			**904,204**	**1,459,582**	**61.95**
Total balance sheet (tangible + intangible)			**905,632**	**1,485,249**	**60.98**
Long-term financial assets					
Equity interests (1)	1994	2013	234,569		

(1) Shares of consolidated companies:
• Vindémia: 2,499,917 shares, or 66.66% of the capital;
• Bourbon Maritime: 162,036 shares, or 68.88% of the capital;
• BDM: 19,596 shares, or 70.00% of the capital;
• TIMUR: 29,999 shares, or 100.00% of the capital;
• Sopade: 2,501,000 shares, or 100.00% of the capital.

2.13 Deferred taxes

At December 31, deferred tax debits and credits, books on the balance sheet in the items "Other receivables and prepaid expenses" and "Other liabilities and prepaid income" were:

(in thousands of euros)	12/31/04	12/31/03
Deferred tax debits	10,087	17,075
Deferred tax credits	– 10,911	– 26,872
Net deferred taxes	**– 824**	**– 9,797**

Analysis by type of deferred taxes

(in thousands of euros)	2004	2003
Deferred tax debits		
Restatements	4,281	3,987
Other temporary differences	5,896	7,447
Consolidation restatements	– 4,457	2,467
Other	4,367	3,174
Total	**10,087**	**17,075**
Deferred tax credits		
Exceptional depreciation	1,833	14,794
Restatement of depreciation	11,658	10,600
Financial leases	458	1,326
Other restatements and temporary differences	– 3,038	152
Total	**10,911**	**26,872**

As of December 31, adopting a conservative policy, no deferred tax debit was calculated on the deficits, which totaled €148,196 k.

2.14 Sales

(in thousands of euros)	12/31/04	As a %	12/31/03
Breakdown of sales by business sector			
Retail	575,275	52	568,644
Offshore	492,695	44	403,648
Other	46,203	4	50,841
Total	**1,114,173**	**100**	**1,023,133**
Breakdown of sales by geographic region			
France (including Reunion)	608,925	55	597,236
International	505,248	45	425,897
Total	**1,114,173**	**100**	**1,023,133**

2.15 Breakdown of income from current operations

(in thousands of euros)	12/31/04	12/31/03
Breakdown of income from operations by business sector		
Retail	27,001	24,219
Offshore	75,506	58,392
Other	– 6,102	– 5,260
Total	**96,405**	**77,351**
Breakdown of income from operations by geographic region		
France (including Reunion)	48,845	36,160
International	47,560	41,191
Total	**96,405**	**77,351**

2.16 Breakdown of financial result

(in thousands of euros)	12/31/04	12/31/03
Financial income		
Interest and other financial income	13,809	9,377
Write-backs of provisions and transfers of expenses	239	539
Currency adjustment	204	76,369
Total	**14,252**	**86,285**
Financial expenses		
Interest and related expenses	37,747	29,712
Interest expense on financial leases	1,449	1,834
Increase in depreciation, amortization and provisions	1,705	1,410
Currency adjustment	2,904	63,125
Total	**43,805**	**96,081**
Financial result	**– 29,553**	**– 9,796**

2.17 Non-recurring income and expenses

(in thousands of euros)	12/31/04	12/31/03
Non-recurring income		
On management operations	4,782	6,578
On capital operations	28,652	11,616
Write-backs of provisions and transfers of expenses	4,515	4,198
Total	**37,949**	**22,392**
Non-recurring expenses		
On management operations	5,428	4,715
On capital operations	17,065	8,588
Increases in provisions	8,248	8,445
Total	**30,741**	**21,748**

The income of €7,208 k primarily represents disposals of tangible assets in the amount of €3,600 k, gains on equity interests in the amount of €6,209 k, and the exceptional provision for depreciation of assets (vessel) in the amount of €1,105 k.

2.18 Income taxes

(in thousands of euros)	12/31/04	12/31/03
Income taxes due	11,494	14,472
Retail taxes	–	66
Deferred taxes	– 8,742	– 6,377
Total	**2,752**	**8,161**

The income tax due in the amount of €11,494 k as at December 31, 2004 takes into account the tax savings resulting from the application of the following rules:

- tax consolidation in the amount of €18,180 k;
- tonnage tax (applicable in offshore) in the amount of €15,308 k.

The tax due breaks down as follows:

(in thousands of euros)	12/31/04	12/31/03
Current	9,576	10,820
Non-recurring [(1)]	1,918	3,652
Total	**11,494**	**14,472**

(1) This item includes tax-deductible transactions (Joint ship ownership, Pons Law).

The breakdown of deferred taxes by division was as follows:

(in thousands of euros)	Tax charge	Tax income	Net as at 12/31/04	Net as at 12/31/03
Retail	616	599	– 17	2,392
Offshore	2,430	12,629	10,199	4,806
Other	1,440	0	– 1,440	– 821
Total	**4,486**	**13,228**	**8,742**	**6,377**

As of December 31, 2004, notional corporate income tax of €36,710 k was calculated by applying the current French tax rate to the result before taxes, goodwill and income from equity affiliates:

(in thousands of euros)	
Consolidated result before income taxes and goodwill	103,613
Income tax rate in force in France as at 12/31/04	
33.33	34,534
3.30	1,114
3.00	1,036
Notional corporate income taxes	36,684
Corporate income taxes recorded	2,752
Difference	**33,932**

The difference between the income taxes recognized and the notional tax can be analyzed as follows:

(in thousands of euros)	
Allowance of 1/3 on the taxable base authorized in the overseas territories	693
Deficit companies, not consolidated for tax purposes	– 15,722
Non-taxable foreign companies	6,585
Other differences	4,673
Tax exemptions (Pons laws, Tax GIEs [economic interest groups])	12,133
Tonnage tax (including recovery of deferred tax, see note 1.20)	25,570
Total	**33,932**

3. Other information

3.1 Off-balance sheet commitments related to current activities

	12/31/04	**12/31/03**
Receivables transferred before due date (Bordereau Dailly)	0	0
Mortgages and real security interests (see note 2.12)	879,630	494,222
Endorsements, pledges and guarantees given	13,588	24,460
Total commitments given	**533,696**	**518,682**
Endorsements, pledges and guarantees received	1,060	9,019
Total commitments received	**1,060**	**9,019**

Type of commitments given for financing on jointly owned ships:
- pledges given by Groupe Bourbon on leases and hull repurchases.

3.2 Contractual obligations and other commercial commitments

		Payments due by period		
	Total	**– 1 year**	**2 to 5 years**	**+ 5 years**
Contractual obligations				
Long-term debt (borrowing)	869,789	110,154	411,345	348,289
Leasing obligations	31,547	6,406	16,159	8,983
Simple lease agreements	21,243	1,687	5,750	13,806
Balance to be paid on orders for ships under construction	218,000	183,500	34,500	
Total	**1,140,579**	**301,747**	**467,754**	**371,078**
Other commercial commitments:				
Commitments to purchase shares	2,000		2,000	
Stock purchase option granted	(325,000)		(325,000)	
Total	**(323,000)**		**(323,000)**	

3.3 Impact of currency fluctuations in 2004

The impact of currency fluctuations over the year was:
- impact on sales: €(48,189 k);
- impact on net result: €320 k.

3.4 Value (net of debt) of the assets denominated in high-risk currencies

(in thousands of euros)	
Offshore	22,547
Retail	28,499
Other	59,221
Total	**110,267**

3.5 Earnings per share for three years

a) Net base income per share

Date	**Description**	**Number of shares**	**Total**	**Number of months**	**After adjustment**
January 1, 2002		6,108,509	6,108,509	6	36,651,054
July 12, 2002	Cash capital increase	9,100	6,117,609	2	12,235,218
September 9, 2002	Cash capital increase	297,710	6,415,319	4	25,661,276
December 31, 2002	**Weighted number of shares**				**6,212,296**
	Bonus shares issued				616,681
	Weighted number of shares after adjustment				**6,828,977**

Based on the bonus allotment of shares in 2004, the adjustment coefficient of the weighted average number of shares in 2003 and 2002 was as follows:
(7,032,000 + 1,172,000) / 7,032,000 = 1.167

In 2004, there was a 3-for-1 stock split, bringing the number of shares to 24,612,000.

The weighted average number of shares used to calculated earnings per share was:
- 2002: 23,908,248;
- 2003: 24,619,032;
- 2004: 24,612,000.

	2004	2003	2002
Result	**24,612,000**	**24,619,032**	**23,908,248**
Corporate	39,162	– 472	2,355
Consolidated, group share	100,148	57,319	54,895
Consolidated, minority interests	5,500	8,907	6,056
Earnings per share (in €)			
Corporate	1.59	– 0.02	0.10
Consolidated, group share	4.07	2.33	2.30
Consolidated, minority interests	0.22	0.36	0.25

b) Diluted net earnings per share

In 2001, 150,000 options for new shares were issued and in 2003, 3,200 options were issued.

After taking into account the bonus share allotments in 2002 and 2004 and the 3-for-1 stock split, the number of options is 684,727.

Thus, the weighted average number of shares used to calculate diluted earnings per share was:
- 2002: 24,592,975;
- 2003: 25,303,759;
- 2004: **25,296,727**.

Based on the theoretical fund investment method, and after taking into account an option value of €13.75 per share and a loan rate of 4.20%, the consolidated and corporate income net of taxes was readjusted by €235 k.

	2004	2003	2002
Result	**25,296,727**	**25,303,759**	**24,592,975**
Corporate	39,397	– 237	2,590
Consolidated, group share	100,383	57,554	55,130
Consolidated, minority interests	5,500	8,907	6,056
Diluted earnings per share (in €)			
Corporate	1.56	– 0.01	0.11
Consolidated, group share	3.97	2.27	2.24
Consolidated, minority interests	0.22	0.35	0.25

3.6 Executive compensation

The compensation allocated to group executives for their positions on the management, administrative and supervisory boards was €1,907 k.

3.7 Work force as at December 31 (fully consolidated companies)

	12/31/04	12/31/03
Managers	552	471
Employees	5,575	5,446
Workers	530	670
Navigation personnel	2,217	2,003
– Officers	974	874
– Crew	1,243	1,129
Total	**8,874**	**8,590**

3.8 Other

Additional tax assessments for certain companies totaling €6,611 k have been appealed. As of December 31, 2004, provisions had been recognized for these assessments.

3.9 Currency impact on equity

The accounts of the foreign subsidiaries are converted into euros using the historical price method (see note 1.7). The sensitivity of our equity to the fluctuations in these currencies is:

(in thousands of euros)	+ 1 %	+ 2 %	+ 5 %
Vietnamese Dong	– 0.7	– 1.5	– 3.6
US Dollars	– 0.7	– 1.4	– 3.4
Norwegian Kroner	– 1.0	– 2.1	– 5.1

3.10 Subsequent events

In 2004, Groupe Bourbon completed a spin-off of assets to CBo Territoria, a wholly-owned subsidiary. This company, the shares of which must be distributed to the shareholders of Groupe Bourbon in 2005 in the form of a dividend, should be listed for trading on the Alternext market (Euronext Paris). The deconsolidation of this company will result in the recognition of a capital gain in the group's results for 2005.

Early in 2005, the fishing activity of Groupe Bourbon was sold for a total of €21 million. This sale was part of the group's continuing efforts to focus the group on marine services. The fishing business represents only 2% of total sales of the group and its contribution to the overall result of the group is not significant.

Auditors' Report on the Consolidated Financial Statements for the Year Ended December 31, 2004

To the shareholders,

As instructed by your shareholders' meeting, and in accordance with generally accepted accounting rules and principles in France, we have audited the consolidated financial statements of Groupe Bourbon SA for the year ended December 31, 2004, as annexed to this report.

The consolidated financial statements were prepared by the board of directors. It is our responsibility to express an opinion on these statements based on our audit.

We have conducted our audit in accordance with auditing standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements contain no material misstatement. An audit consists of examining, on a test basis, evidence supporting the data contained in these statements. It also includes an assessment of the accounting principles used and the significant estimates made by management in preparing the statements as well as an evaluation of the overall presentation. We believe that our audits provide a reasonable basis for the opinion expressed below.

We certify that the consolidated financial statements, prepared in accordance with generally accepted accounting rules and principles in France, present fairly, in all material respects, the asset and financial position and earnings of the entity formed by the companies included in the consolidation.

Without prejudice to the opinion expressed above, shareholders should take note of note 1.2 to the statements, the section on accounting rules and methods concerning the change in accounting method made in 2004 as a result of the obligation on the companies concerned to recognize on the liability side of their balance sheet the unrealized commitment to pay compensation to employees for seniority bonuses.

Pursuant to the provisions of article L 225-235, section 1 of the Commercial Code governing justification of our assessments, which was introduced by the law on financial security of August 1, 2003, please note the following:

- during the year ended December 31, 2004, Groupe Bourbon booked a recovery of a provision for deferred taxes as a result of the official interpretations concerning the adoption of the new tax system for companies eligible for the tonnage tax in 2003; we reviewed the positions taken by the group's tax advisors in order to validate the cancellation of the deferred taxes previously recorded for prudential reasons, which amounted to €10,242 k;
- at the special shareholders' meeting of December 16, 2004, Groupe Bourbon completed a spin-off to its subsidiary CBo Territoria of parts of the land and real estate division of the contributing company; this same meeting approved the principle of a dividend distribution, the practical conditions for which, in particular the effective payment date, were delegated to the board of directors; we ensured that the effects of the legal decisions adopted were correctly reflected in the accounts, particularly with respect to the date on which the dividend distribution is booked, which will occur only when CBo Territoria is listed on a regulated market, i.e. in 2005.

Our assessments were part of our audit of the consolidated financial statements, considered as a whole, and thus contributed to our opinion, without reservation, as expressed in the first portion of our report.

In addition, we also verified the information about the group given in the management report. We have no comment to make concerning the fair presentation of this information and its consistency with the consolidated financial statements.

Saint-Denis and Lyons, April 18, 2005

Auditors

EurAAudit C.R.C.	EXA Ernst & Young
Cabinet Rousseau Consultants	
Jean-Marc Rousseau	Pierre Nativel

Legal and Financial Information

Contents

Risk Factors, Exceptional Events and Litigation

To the company's knowledge, there are no exceptional events or disputes that may have, or have had in the recent past, a material impact on the business, results, financial positions and holdings of Groupe Bourbon or its subsidiaries.

Risk factors

Market risks

In marine services, towage and offshore oil and gas services, the barriers to newcomers are substantial because of the positions acquired over time, the heavy capital intensity of the equipment, the expertise of the persons working in this segment, the historical references demanded and the international standards or certifications required. The contracts, most of which are medium-term from six month to eight years with scheduled deadlines, would leave time if necessary to adapt.

Groupe Bourbon has a well-established leadership position and a solid image in the retail sector in Reunion. Internationally, the policy has been to enter countries with high growth potential. The risk depends on the speed at which local purchasing power develops.

Industrial and environmental risks

The group is working under no injunction from the competent environmental authorities. While improvements are always desirable, the group works to comply strictly with the environmental regulations in force. The marine services branch has adopted environmental standards so that all the ships operated by Setaf-Saget and Surf and the Les Abeilles tugs are certified "ISM Code" (International Safety Management), which is the international safety standard for ship operation, crews and preventing pollution.

The gas emissions (sulfur) from the ship propulsion systems are less than 0.2%.

The ships are equipped with devices that comply with MARPOL regulations for waste water discharges at sea. Moreover, the Surf company and the leading towing companies are certified ISO 9002 and the teams are certified STCW (Standards of Training, Certification and Watchkeeping).

There is no industrial risk identified in the retail division (see "Insurance").

Legal risks and insurance

The activities of the marine services branch are based on a common contractual foundation, an obligation to use our best endeavors and the principle of a waiver of legal action among the parties. In port towing, the tug places its towing force at the disposal of the towed ship and, unless there is negligence in the performance of this obligation, it is exempt from all liability.

In marine services to the offshore oil industry, the contracts signed with the oil companies always stipulate a mutual waiver of action clause, which limits our liability. In addition, the diversity of the customers and geographic regions in which our group operates limits customer risks and lowers the political risks.

In the retail division, there are no major legal risks inherent in the group's activity (see "Insurance").

Insurance

Marine services

Groupe Bourbon has taken out a full insurance program for the entire managed fleet:

- risks of injury and equipment damage and the risks of war on the basis of a term policy placed on the French marine insurance market, which expires at December 31, 2005. The lead insurer on the policy is AMA;
- vessel owner's or operator's liability with P. and I. Clubs, members of the International Group of P. and I. Clubs, Shipowners Skuld and U.K. Club;
- a professional civil liability policy with AXA and Groupama, totaling a comprehensive annual coverage of 27 million euros on two lines.

Bourbon Offshore Norway (formerly Havila) continued to be insured on the Norwegian market and benefits from a quality guarantee and competitive rates.

For regulatory reasons, Delba Maritima is insured with Brazilian insurance companies and generally benefits from the same coverages and conditions as the fleet covered on the French market.

Groupe Bourbon carries coverage on corporate officers in the amount of 19 million euros with AIG Europe.

Retail
The division has all the coverage generally recognized as necessary in the business with international insurance companies.

Tax risks

Groupe Bourbon has obtained several tax consents from the tax legislation department on the co-financing of its fleet; the changes made in the rules for joint ownership of ships have had no impact on the program already initiated. In addition, the tax audits of the group in 2002 have been provisioned (see “Notes to the consolidated financial statements”).

Currency and exchange rate risks

Currency

The group’s policy is to reduce to the extent possible the risk related to currency fluctuations over the medium to long-term.

In terms of cash flows from operating activities, most of the currency issues are in the offshore division. An average of 60% of the services are invoiced in dollars, 30% in euros and 10% in other currencies.

The currency policy consists of optimizing natural hedging by encouraging the payment of expenses in dollars. The residual exposure can be partially hedged in the short term, depending on opportunities and circumstances, by using options for forward dollar sales.

For the unhedged portion, and over time in any event, the offshore marine services are directly exposed to currency risks, particularly on the dollar.

For long-term cash flows, the policy is to finance ships in the currency of the contracts, except in Norway where investments are financed in the functional currency (Norwegian kroner). Early in 2004, as an exception, it was decided to temporarily abandon this practice and to convert most of the borrowings in dollars at the time into euros (at the 2003 closing rate of 1 euro – 1.263 dollar). This was done to realize underlying currency gains (20 million euros) recorded in 2003 in a period in which the dollar was depreciating significantly against the euro (20%).

Since then, most of the new borrowings set up have been in euros. When the euro/dollar permits, these borrowings will again be converted into dollars and subsequent acquisitions will again be financed in dollars.

Therefore, at the present time, Groupe Bourbon acquires assets the value of which is essentially dependent on the dollar by using the proceeds from asset disposals in euros.

For retail activities outside the euro zone and the sugar activities in Vietnam (Other), expenses are almost all in the same currencies as receipts. Therefore, the currency risk is limited to the impact of booking in euros in the consolidated accounts of Groupe Bourbon and to the accounting impacts on shareholders’ equity.

The sensitivity of shareholders’ equity to currency fluctuations is explained in note 3.9 of the Notes to the consolidated financial statements.

The group has not signed a COFACE type agreement and currency transactions are performed exclusively for hedging purposes.

Interest rates

At the end of 2004, about three-fourths of Groupe Bourbon’s debt was variable rate and one-fourth was fixed rate or the range was secured by operations designed to set minimum and maximum rates. Rate transactions are performed exclusively for hedging purposes.

The group has not signed a COFACE agreement.

Labor risks

Marine services branch

For the companies belonging to Armateurs de France (shipbuilders) and the companies belonging to APERMA (metropolitan towing), because of the compensation packages and the annualization of maritime work time, the application of the Aubry laws in 2001 resulted in additional paid vacation days for each month onboard.

Retail division

Since January 1, 2000, all subsidiaries of Vindémia (French companies) with more than 20 employees have signed an agreement to reduce the working week to 35 hours. These agreements were then adopted by those Vindémia subsidiaries with fewer than 20 employees, on a company-by-company basis, taking into account their own specific needs.

Trademarks, Licenses, Patents – Other Information

Trademarks, licenses, patents

The corporate name “Groupe Bourbon” has been registered by the company.

Following the Casino group’s acquisition of a stake in our group, changes in brands were made at the end of 2003.

Vindémia now uses its own trademarks uniformly, based on the store format: “Score” and “Jumbo Score” in Reunion, Madagascar, Mauritius and Mayotte. In Vietnam, it was decided to use the “Big C” banner used by the Casino group in the region (Thailand).

The other trademarks of the group, Surf and “Les Abeilles” for marine services, and “Sapmer,” are held by the group.

Other information

The group generally owns its operating resources. The diversity of its businesses and the multiple sites and geographic regions in which it is developing do not allow an exhaustive inventory of the amount of surface area, types of locations owned, annual rents paid or number of square meters.

General Information about Groupe Bourbon and its Capital Stock

Information about the company

Corporate name: Groupe Bourbon.

Corporate offices: La Mare, Sainte-Marie, Reunion Island.

Date of incorporation of the company: December 2, 1948.

Nationality: French.

Legal form: joint stock company (*société anonyme*), 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, extraordinary shareholders' meeting of January 19, 1966).

Trade Register: Saint-Denis No. 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 offices at the address indicated above.

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 manufacture, packaging, import, export, commission, representation, transit, deposit and shipment of all products, merchandise, articles and commodities of any kind and 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 stocks, units or bonds, or in any other manner, in all businesses or companies related directly to the corporate purpose 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 corporate purpose, including the various elements specified above.

Financial year: January 1 to December 31 of each year.

Shareholders' meetings (articles 16 and 17 of the bylaws)

Shareholders' meetings shall be called and deliberate under the conditions set by law and regulations. They shall be held in any location specified in the notice convening them.

Any shareholder, however many shares he or she owns, may participate in the meetings in person or by proxy subject to providing proof of identity and proof of ownership of registered shares, in the form of registration in the share register or the filing at the locations cited in the notice convening the meeting of a certificate from the authorized broker certifying that the shares registered in the account are not available for transfer until the date of the meeting; these formalities must be completed no later than five days before the date of the shareholders' meeting.

However, the Chairman of the board of directors shall always have the general option to accept the proof of registered shares and the filing of the aforementioned certificates within a time period that differs from the period stipulated above.

In the absence of the Chairman of the board, and except where 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.

Notification of ownership thresholds

The bylaws do not stipulate specific requirements for the notification of ownership thresholds.

Any shareholder, acting alone or with others, who owns more than one-twentieth, one-tenth, one-fifth, one-third, half, or two-thirds of the capital of the company and/or voting rights, must comply with the provisions of articles 356-1 ff. of the law of July 24, 1966 concerning commercial companies and, in particular, must inform the company by registered mail with return receipt of the number of shares and voting rights that he or she owns, within 15 days after any of the aforementioned thresholds is crossed. This obligation to notify shall apply under the same conditions every time the percentage of capital stock and/or voting rights owned drops below one of the aforementioned thresholds.

If this obligation is not adhered to, the provisions of article 356-4 shall apply.

Appropriation and distribution of earnings (articles 21 and 22 of the bylaws)

The statement of income 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 stock 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 one or more general or special reserves, the use of or allocation to which it determines. 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' capital 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 to grant to each shareholder, for all or part of the dividend paid out, an option between payment of the dividend in shares subject to legal conditions or in cash.

The conditions for the payment of 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 established during or at the end of the year and certified by an auditor shows that the company has earned a profit since the close 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 be unaware of it given the circumstances. If applicable, any action for recovery is time-barred three years after the payment of such dividends.

Dividends not claimed within five years of payment are time-barred and paid to the French State.

Share buybacks

The combined annual and special shareholders' meeting of May 22, 2003 (see COB approval No. 03-351 dated April 30, 2003) and of June 8, 2004 (see AMF approval No. D.04.707 dated May 13, 2004) authorized Groupe Bourbon to implement a buyback program to purchase its own shares.

As of December 31, 2003 (excluding the CIC liquidity contract), the company did not hold any of its own shares.

In 2004, the following transactions were executed:
- January 2004: purchase of 709 shares;
- February 2004: purchase of 514 shares;
- March 2004: purchase of 1,500 shares;
- April 2004: sale of 140 shares;
- August 2004: allotment of 430 shares (1/6);
- August 2004: sale of 1,000 shares;
- August 2004: 1-for-3 stock split;

Total: 6,039 shares.

Since that date, the company has not traded in its own stock, except through the liquidity contract signed with the CIC and managed in accordance with the AFEI charter (Association for enterprise integration). The CIC held 1,875 shares on behalf of Groupe Bourbon as of December 31, 2004 and 4,206 shares as of March 31, 2005.

Thus, as of December 31, 2004, the Company held 7,914 shares, or 0.03% of the capital, and held 10,245 shares at March 31, 2005, or 0.04% of the capital.

Depending on circumstances, Groupe Bourbon reserves the option of resuming the buyback program in 2005, primarily through the liquidity contract signed with the CIC.

Information about the capital stock

Capital stock

At present, the capital stock is €31,267,264, divided into 24,612,000 shares, all fully paid-up. The company was listed for trading on the *Second Marché* of the Paris Stock Exchange on October 20, 1998. It is now listed on Eurolist, compartment B.

The combined annual and special shareholders' meeting of December 16, 2004 eliminated double voting rights.

Potential capital

The combined annual and special shareholders' meeting of May 25, 2000 granted authority to the board of directors to grant options giving rights to either 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 coming from the buybacks made by the Company, subject to legal requirements. The beneficiaries of the operation may be all or some of the employees, or certain 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 purchase new or existing shares equal to more than 5% of the capital on the date of implementation of this authority, subject to all legal limits on the allotment. The authority granted for options to new shares includes an express waiver by shareholders of their preemptive subscription rights in favor of the beneficiaries of the options.

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 not be 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 existing 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 option may be granted within twenty trading days after detachment of a coupon giving the right to a dividend or a rights issue.

The shareholders' meeting delegates all powers to the board of directors to set the other terms and conditions for the options and exercising the options, including the powers to:

- set the conditions under which the options will be granted and define the list or categories of beneficiaries; set the seniority requirements to be met by the beneficiaries; decide the conditions under which the price and 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 or periods for the options so granted; it is specified that the term of the options may not exceed six years from the date they are granted;
- provide for the discretion to suspend the exercise of options temporarily for a maximum period of three months in the event of financial operations that involve the exercise of a right attached to the shares.

1) Using the authority granted by the combined annual and special shareholders' meeting of May 25, 2000, the board of directors of September 10, 2001 decided to grant, as of October 9, 2001, options giving the right to subscribe to new shares of 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 special shareholders' meeting at a price of 43.10 euros, which is 95% of the average of the 20 trading days immediately preceding October 9, 2001, rounded up to the nearest tenth of a euro.

These stock options may be exercised from October 9, 2005, the start of the fifth year after allotment, until October 8, 2007, the end of the sixth year after allotment.

Following the allotment of 1 bonus share for 11 existing shares in June 2002, and then 1 share for 6 in June 2004, followed by the 1-for-3 split on August 30, 2004, the number of options for new shares increased to 572,727 and the price was adjusted accordingly to 11.29 euros.

2)Using the authority granted by the combined annual and special shareholders' meeting of May 25, 2000, the board of directors on September 7, 2003 decided to grant 32,000 new options, as of September 8, 2003, for new shares of 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, representing 95% of the average for the 20 trading days immediately prior to September 8, 2003.

These stock options may be exercised from September 8, 2007, the start of the fifth year after allotment, until September 7, 2009, the end of the sixth year after allotment.

The number of options and the price are adjusted for capital operations completed after allotment; thus, after the allotment of 1 bonus share for 6 existing shares in June 2004, followed by the 1-for-3 stock split on August 30, 2004, the number of options for new shares increased to 112,000 and the price was adjusted to 18.26 euros.

They must be paid in full in cash at the time of subscription, and will be created with rights as of the first day of the year in which the option is exercised and entitlement to the entire dividend paid for that year. The beneficiaries of these options are the corporate officers and the employees directly involved in the achievement of the five-year objectives.

At December 31, 2004, the number of employee shareholders through the "Bourbon Expansion" FCPE mutual fund was 485, with 211,000 shares, i.e. 0.86% of the total stock.

Potential dilution of capital

If the 684,727 options for new shares (see paragraphs 1 and 2 above) were exercised, the potential dilution of capital would be a maximum of 2.71% [684,727 / (24,612,000 + 684,727)].

On March 21, 2005, the board of directors of Groupe Bourbon approved the principle of granting new stock allotments, but did not define the conditions or the number.

Movement of capital over the past five years

Date	Operation	Amount (€)	Share issues Number of shares	Issue and merger premium	Total amount of capital (€)	Total number of shares
06/21/00	Allotment of 1 share for 10 and conversion of capital to €	2,116,446	555,319		23,280,905	6,108,509
05/31/02	Exercise of 9,100 stock warrants (BSA) at the price of €57.93	527,163	10,920		23,289,229	6,119,429
06/21/02	Allotment of 1 new share for 11 existing shares		555,319		25,397,351	6,663,828
09/06/02	Exercise of 297,710 BSA at the price of €57.93	17,246,340	357,252		26,800,538	7,032,000
06/28/04	Allotment of 1 new share for 6 existing shares	4,466,726	1,172,000		31,267,264	8,204,000
08/23/04	Sté Financière Jaccar merger-consolidation	9,472,434	2,485,401	39,393,233	40,739,698	10,689,401
08/23/04	Capital reduction by cancellation of shares received	– 9,472,434	– 2,485,401	– 39,393,233	31,267,264	8,204,000
08/30/04	3-for-1 stock split				31,267,264	24,612,000

There was no change in capital between August 30, 2004 and the date the 2004 “reference document” was filed.

Significant transactions affecting the distribution of equity over the past three years

On April 23, 2002, following a private placement operation with French and international investors, “UI” (Crédit Agricole group) announced that it had dropped below the thresholds of 10% and 5% and that it no longer held Groupe Bourbon shares. On October 30, 2003, Gebema (Groupe Gevaert) dropped below the 10% threshold and confirmed a 5% position. On November 4, 2003, Schroders declared that it had exceeded the 5% threshold and, on April 23, 2004, Schroders declared that it had dropped below the 5% threshold of capital and voting rights. On August 23, 2004, Financière Jaccar, following the merger-consolidation operation with Groupe Bourbon, declared that it had fallen below the 20% threshold to 0%; at the same time Jaccar declared that it had moved from 0% to over the 10% threshold, and Bearing Venture Capital exceeded the 5% threshold. Then, on September 16, 2004, Jaccar declared that it had moved from 10% to 20% and, on October 21, Bearing Venture Capital announced it had dropped below 5%. Finally Gebema (Groupe Gevaert) declared that it had fallen below 5%.

As a result of these operations, and until the date the 2004 reference document was filed, only one shareholder – Jaccar – holds more than 5%, 10%, 20% to the company’s knowledge.

Jaccar declared it was “acting alone, reserving the option of ending or continuing its purchases depending on circumstances and market conditions and does not plan to acquire control of Groupe Bourbon”.

Movements in stock ownership

Shareholders	Situation at 12/31/04 Number of shares	% of capital	% of voting rights	Situation at 12/31/03 Number of shares	% of capital	% of voting rights	Situation at 12/31/02 Number of shares	% of capital	% of voting rights
Financière Jaccar	0	0	0	2,194,531	31.21	32.51	2,209,303	31.42	31.99
Gebema	0	0	0	363,200	5.16	3.70	703,200	10.00	7.02
Schroders	0	0	0	376,873	5.36	3.84	0	0	0
Jaccar (1)	4,924,866	20.01	20.02	0	0	0	0	0	0

(1) Jaccar : Jacques de Chateauvieux family.

Current distribution of capital and voting rights

Total number of shares	24,612,000
Total number of voting rights (December 31, 2004)	24,604,086
Total number of voting rights (March 4, 2004)	24,601,755
Approximate number of shareholders (TPI shareholder identification procedure of August 24, 2004)	8,000 including 2,301 registered shares
Shareholders with 5% or more of the capital or voting rights (March 31, 2005)	
- over 20%	Jaccar
- over 10%	None
- over 5%	None

To the company's knowledge, there is no other shareholder who holds 5% or more of the capital or voting rights directly or indirectly or with another shareholder.

Percentage of capital and voting rights held by all members of the board of directors:

- capital: 24.3%;
- voting rights: 24.3%.

As of December 31, 2004, the company held 7,914 treasury shares and 10,245 shares at March 31, 2004, or 0.04%.

485 employees held 0.86% of the capital with 211,000 shares.

Since December 31, 2004, there has been a shareholders' agreement stipulating a collective pledge to retain shares of Groupe Bourbon stock ("Dutreil act", article 885 I of the General Tax Code) involving 27.17% of the capital.

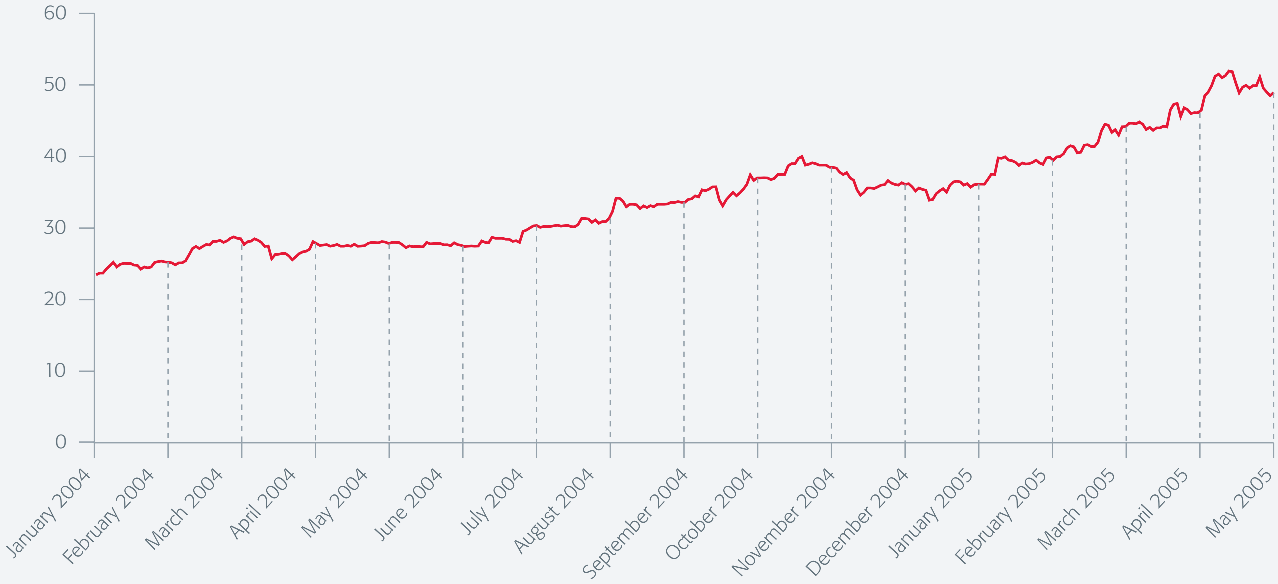
This agreement, which is fiscal in nature, does not represent a "concerted action" to implement a voting or management policy in Groupe Bourbon. It does not contain any preferential sale conditions.

Breakdown of shareholders in terms of capital (March 31, 2005)

Jaccar	20.01%
Public	79.09%
Employees	0.86%
Treasury shares	0.04%

Markets for issuer's shares

Price trend in euros (1/2/04 to 5/2/05)



Trend over 18 months (high, low, volume and capital)

Date	High	Low	Volume	Capital in € million
2003				
September	71.90	65.05	255,048	17.13
October	74.45	69.10	731,419	52.55
November	79.00	73.50	131,489	10.02
December	83.80	75.50	81,254	6.30
2004				
January	89.00	82.00	84,509	7.28
February	102.30	86.50	129,204	12.23
March	105.00	89.20	244,324	23.04
April	99.55	95.05	170,821	16.46
May	99.80	95.05	120,591	11.76
June	91.00	80.57	128,027	12.39
July	94.95	89.00	87,554	8.02
August (1)	35.00	31.00	206,480	16.69
September	37.70	32.86	888,352	30.93
October	40.79	36.70	1,380,288	52.37
November	39.38	34.54	1,140,366	41.12
December	37.00	33.54	1,148,241	40.21
2005				
January	40.55	36.16	852,335	33.47
February	44.90	39.70	738,894	31.36
March	48.70	4.50	1,276,937	58.92

(1) 3-for-1 stock split on August 30, 2004.

Dividends

Closing date	Net dividend/ share	Dividend tax credit/ share	Gross dividend/ share	Total dividend pay-out in €thousand
December 31 2000	0.86	0.43	1.29	5,253
December 31 2001	1.00	0.50	1.50	6,109
December 31 2002	1.08	0.54	1.62	7,595
December 31 2003 (1)	1.40	0.70	2.10	9,845
December 31 2004 (2)	0.56	0.28	0.84	13,783

(1) 7,032,000 shares of Groupe Bourbon.
(2) 24,612,000 shares of Groupe Bourbon.

Corporate Governance

Members of the board of directors

Pursuant to the provisions of the New Economic Regulations, the board of directors now has independent members with the arrival of the following new members:

- Dominique Sénéquier (2003);
- Victoire de Margerie (2004);
- Roger Wright (2004).

A compensation committee and an audit committee have been created and have begun their work.

Jacques d'Armand de Chateauvieux

First term: October 14, 1977.
Compensation paid in 2004: €9 k.

In addition, Financière Jaccar, represented by Jacques de Chateauvieux, received total compensation of €1,079 k for services performed from Groupe Bourbon and/or controlled companies.

Jean-Marc Brébion

First term: June 18, 1999.
Compensation paid in 2004: €98 k.

In addition, the Interpar company, the principal shareholder of which is Jean-Marc Brébion, received total compensation of €360 k for services performed from Groupe Bourbon and/or controlled companies.

Christian de Chateauvieux

First term: June 29, 1990.
Compensation paid in 2004: €1 k.

Henri de Chateauvieux

First term: May 25, 1987.
Compensation paid in 2004: €1 k.

Victoire de Margerie

First term: June 8, 2004.
Compensation paid in 2004: none.

Guy Dupont

First term: June 18, 1999.
Compensation paid in 2004: €1 k.

Marc Francken

First term: May 25, 2000.
Compensation paid in 2004: €1 k.

Christian Munier

First term: June 18, 1999.
Compensation paid in 2004: €41 k.

In addition, CDM2, the principal shareholder of which is Christian Munier, received total compensation of €320 k for services rendered from Groupe Bourbon and/or controlled companies.

Dominique Sénéquier

First term: September 8, 2003.
Compensation paid in 2004: none.

Roger Wright

First term: September 13, 2004.
Compensation paid in 2004: none.

Office of Chairman and Chief Executive Officer

At its meeting on May 31, 2002, the board of directors approved combining the positions of Chairman of the board, President and Chief Executive Officer, occupied by Jacques de Chateauvieux, assisted by Jean-Marc Brébion and Christian Munier, Executive Vice Presidents.

Management (at December 31, 2003)

Corporate officers:

- Jacques de Chateauvieux, Chairman, President and Chief Executive Officer;
- Jean-Marc Brébion, member of the board, Executive Vice President;
- Christian Munier, member of the board, Executive Vice President.

Interests held by officers

See Report from the board of directors (New Economic Regulations).

Employee incentives

The "Bourbon Expansion" *Fond Commun de Placement Entreprise* (FCPE) which is invested in group shares was created in 1999 and approved by the COB. It has been offered as an investment vehicle for the various company savings plans (PEE) of the group's subsidiaries. The number of shares held is 211,000, i.e. 0.86% of the capital.

684,727 stock options reserved for the employees, representing 2.71% of the capital.

Chairman's Report

To our shareholders,

Pursuant to the provisions of paragraph 6 of article L 225-37 of the Commercial code, here is my report concerning:
• the conditions for the preparation and organization of the work of your board of directors for the year ended December 31, 2004;
• the internal control procedures established for the company;
• the scope of the powers of the Chairman, President and Chief Executive Officer.

1. Conditions for the preparation and organization of the work of the board of directors

The board of directors of Groupe Bourbon has 10 members:
• Jacques de Chateauvieux: Chairman of the Board, President and Chief Executive Officer;
• Jean-Marc Brébion: member of the board and Executive Vice President;
• Christian Munier: member of the board and Executive Vice President;
• Christian de Chateauvieux: member of the board;
• Henri de Chateauvieux: member of the board;
• Guy Dupont: member of the board;
• Marc Francken: member of the board;
• Victoire de Margerie: member of the board;
• Dominique Sénéquier: member of the board;
• Roger Wright: member of the board.

At least four board meetings are held every year. The group's revenues are published every quarter.

A press conference is organized twice a year when the half-year and annual financial statements are released.

The Chairman informs the investors on a regular basis about the progress of the group.

The group's executive committee, composed of the Chief Executive Officer and the Executive Vice Presidents of Groupe Bourbon, meets prior to each board meeting in order to prepare recommendations and discuss the group's strategy and direction.

Board members are notified of meetings by letter, which generally includes a recommendation file. The elements in this file, prepared under the direction of the CEO, are prepared by the administrative, accounting, financial or legal team of Groupe Bourbon, which also collects information from the subsidiaries in addition to items from the executive committee. The subsidiaries are divided primarily into two divisions – retail and offshore – in which the Executive Vice Presidents of Groupe Bourbon operate directly. The other subsidiaries report to the management of Groupe Bourbon and its administrative or financial units.

Most of the members of the board are corporate leaders in the fields of industry, banking, trade and transport. Dominique Sénéquier and Victoire de Margerie recently joined the board. Roger Wright was appointed by the board on September 3, 2004 to replace Claude Repiquet who resigned. Mr. Wright attended the Groupe Bourbon board meetings on December 6, 2004 and March 21, 2005, before the shareholders' meeting to ratify his appointment.

The board has established certain committees. The first is a compensation committee, which has three members:
• Marc Francken;
• Henri Chateauvieux;
• Dominique Sénéquier.

An audit committee was also formed, with three members:
• Victoire de Margerie, Chairman;
• Dominique Sénéquier;
• Roger Wright.

2. Internal control procedures

Groupe Bourbon has an internal control unit which reports to management.

The objective is to ensure that all the control procedures, as required by law and regulations, prevent the risks to which our group is exposed to the greatest possible extent, that the targets of the business plan are met, and that high quality financial and accounting information is distributed.

Our group, which is formed by the retail and marine services branches and is positioned in an international environment, has staff in each of its subsidiaries who are responsible for the audit and are attached directly to the financial department of each division. Within each department there are working committees with line and staff managers, which meet to discuss the risks that may occur in the company.

The retail division has a control organization adapted to the specific risks of its business, with central departments that work to prevent and control food safety risks and risks relating to the physical transfer of cash and other payment methods. In addition, given the geographic diversity of the business, financial control (whether at management, consolidation, cash flow, legality or information system level) is also based on centralized systems and procedures. Operational risks, particularly problems related to inventory markdowns, are decentralized to ensure that they correspond to the specific features of each environment.

The operational organization of the marine services branch is decentralized. A centralized functional unit, assisted by an internal audit team of four, monitors the proper operation and effectiveness of the internal control system. An internal control committee, composed of the members of the executive committee of the division, is responsible for the entire system.

The executive management of the group defines the internal control principles. Monitoring correct implementation is performed by the various operational and functional managers. Monthly reporting statements are reviewed by the executive committee of Groupe Bourbon in order to prepare for the meetings of the board of directors and for the financial communications.

Finally, the internal audit files are discussed with the auditors. To improve corporate governance, our board has been strengthened by the addition of independent directors and we have created an audit committee, the work of which will now be reported.

As required by the IFRS, studies were conducted and training programs offered.

The principal differences between the valuation and accounting principles and methods defined by the International Financial Reporting Standards (IFRS) and the principles and methods used by the group relate to the following: sector information, valuation of assets at fair value by reconsidering the useful value of the assets at the end of the amortization plan, the recognition of option plans, impairment tests for goodwill, and financial instrument options with reference to the standards. The calculated impact of the shift to the IAS/IFRS standards for the group is currently being examined by the auditors. This impact on the opening balance sheet net of deferred taxes will be booked as shareholders' equity in accordance with the IFRS.

3. Powers of the Chief Executive Officer

No limitation has been placed on the powers of the Chairman and Chief Executive Officer.

Chairman of the board

Auditor's report on the report from the Chairman of the board concerning the internal control procedures for the preparation and treatment of accounting and financial information

To the shareholders,

As auditors of Groupe Bourbon SA, and pursuant to the provisions of article L 225-235, paragraph 5, of the Commercial code, we present our report on the report from the Chairman of the board of your company, as required by article L 225-37 of the Commercial code for the year ended December 31, 2004.

It is the responsibility of management under the responsibility of the board of directors to define and implement adequate and effective internal control procedures. It is the responsibility of the Chairman to report on the conditions for the preparation and organization of the board's work and the internal control procedures established within the company and the group.

Our duty is to inform you of our observations on the information provided in the Chairman's report on the internal control procedures for the preparation and treatment of accounting and financial information.

We have conducted our work in accordance with generally accepted practices in France. Those practices require us to conduct the work required to assess the accuracy of the information provided in the Chairman's report on the internal control procedures for the preparation and treatment of accounting and financial information. This work includes:

- a review of the objectives and the general organization of the internal control, as well as the internal control procedures for the preparation and treatment of the accounting and financial information presented in the Chairman's report;
- a review of the work upon which the information in the report is based.

Based on our examination, we have no comment concerning the information about the internal control procedures of the company and the group for the preparation and treatment of the accounting and financial information contained in the report from the Chairman of the board prepared pursuant to the provisions of article L 225-37, paragraph 6 of the Commercial code.

Saint-Denis and Lyons, April 18, 2005

The Auditors

EurAAudit C.R.C.
Cabinet Rousseau Consultants
Jean-Marc Rousseau

EXA Ernst & Young

Pierre Nativel

Recent Developments and Outlook

Contents

Recent Developments

The year 2004 has been the fourth year of Groupe Bourbon's transition to marine services with the creation of a global competitive position in offshore oil marine services:

- 2001 marked the deconsolidation of the historical "Sucre Réunion Europe" business;
- 2002 saw the deconsolidation of 33.34% of the "Vindémia" retail business;
- 2003 and 2004 were the first two years of implementation of the 2003-2007 investment plan. The generation of cash flows and the disposals already completed and those scheduled between now and 2007 will ensure independent financing for our growth;
- the first quarter of 2005 recorded a strong level of activity, despite a negative currency impact.

Comparative consolidated sales – First quarter 2005

(in millions of euros)	March 2005 IFRS	Pro forma March 2005 IFRS	Variation	At Constant exchange rates %
Groupe Bourbon	272.8	256.5	6.4%	11.0%
- France	142.3	141.1	0.8%	0.8%
- International	130.5	115.4	13.1%	23.5%
Marine services	130.5	114.5	13.9%	21.0%
- offshore	59.6	52.8	12.9%	21.9%
- towage & salvage	27.5	26.1	5.4%	5.4%
- bulk	42.9	34.4	24.6%	34.3%
Retail	131.1	134.7	– 2.7%	– 0.1%
- France	107.2	110.2	– 2.7%	– 2.7%
- International	23.9	24.5	– 2.5%	11.6%
Other	11.3	7.3	54.2%	59.7%

International financial reporting standards

As of January 1, 2005, Groupe Bourbon financial statements are now prepared in accordance with the IFRS.

The principal differences from the turnover figures published in 2004 are as follows:

- in marine services, sales for bulk shipping are posted as voyages progress rather than when the voyages are completed;
- in retail, supplier interests are reclassified as a deduction from expenses and customer purchase vouchers are reclassified as a deduction from sales.

Growth in sales for Groupe Bourbon over the first quarter of 2005 was 6.4% (up 11% with a comparable exchange rate) and reflects the following:

- strong growth in offshore oil marine services and bulk shipping;
- a slight decline in retail sales in Reunion;
- the impact of currency fluctuations on the growth of the international retail business.

Marine services

Sales from marine services totaled 130.5 million euros in the first quarter of 2005, an increase of 13.9% (up 21% on a constant exchange rate). Growth in the offshore oil and gas business and the continuation of historically high bulk freight rates were powerful drivers of this growth.

Offshore oil and gas marine services

With sales of 59.6 million euros at the end of March 2005, a 12.9% increase, (up 21.9% at constant exchange rates), the offshore oil and gas marine services business grew in line with the 2003-2007 business plan.

The recovery in the North Sea activity had a positive impact on the performance of this segment and allowed us to raise the daily rates when signing or renewing contracts in the other markets.

In addition, the effects of the new ships delivered in 2004 were felt to their full extent during the quarter, particularly with the arrival of larger, deepwater vessels.

Towage, assistance and salvage

Sales for the towage, assistance and salvage business were up 5.4%, driven by the international environment.

The commissioning of the Abeille Bourbon in the second quarter will contribute to the growth in this business.

Bulk shipping

Bulk shipping posted sales of 42.9 million euros as of March 31, 2005, an increase of 24.6% (up 34.3% at constant exchange rates).

Freight rates remained high and the business benefited from the delivery of new 55,000-ton carriers (Messidor in August 2004 and Dalior in March 2005).

Retail

Retail sales totaled 131.1 million euros, down 2.7% from 2004. This decline was recorded primarily in Reunion with the growth of competition in the southern area of the island.

Internationally, growth at constant exchange rates was +11.5%, primarily in Mayotte and Vietnam. The appreciation of the euro more than offset the impact of the growth in sales outside Reunion.

On May 18, 2005, the board of directors of Groupe Bourbon decided to exercise its first option to sell (36.66% of the capital) to Casino. At the end of this sale for 199.6 million euros, Groupe Bourbon retains an option to sell the last 30 percent of its interest in Vindémia, which may be exercised as of 2007. The retail business will therefore be consolidated using the equity method as of July 1, 2005.

Outlook

Groupe Bourbon is actively continuing its expansion and its focus on offshore oil marine services in line with the 2003-2007 business plan, which shareholders were advised of in light of the group's concern to be transparent and to provide information about the expected results.

Retail results in 2005 are expected to be stable; this division will be consolidated using the equity method as of July 1, 2005. The marine services activities will continue to benefit from favorable economic conditions in bulk and offshore oil and gas marine services.

A number of ships currently under construction will be commissioned in the course of 2005 under favorable conditions.

With the current sale of the retail business to Casino, the distribution of the CBo Territoria securities in May 2005 and the disposals of the rest of the portfolio of equity interests, Groupe Bourbon should be able to complete its refocusing on marine services by 2007.

GROUPE BOURBON

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