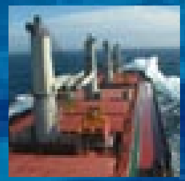
ANNUAL REPORT 2005



BOURBON

Building together a sea of trust

ANNUAL REPORT 2005

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Register of Trade and Commerce: Paris 310 879 499 – Société anonyme - Share capital: 31,832,347 euros
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Contents

Profile

A major international player in marine services

Since its creation in 1948, BOURBON has grown through the successive consolidation of food processing and retail operations and finally marine services.
In 2001, it decided to focus on the marine services business and to invest in offshore oil and gas marine services, in which its expertise had already been recognized for more than twenty years.

Driven by this new strategic focus, which intensified in 2005 with BOURBON's withdrawal from the retail business, BOURBON is now a pure player in marine services in three areas: oil and gas marine services, towage, assistance and salvage, and bulk shipping.

True to the pioneer spirit that generated its growth, BOURBON is now concentrating on the growth of its marine operations, with an ambitious capital expenditure plan, particularly in modern offshore oil and gas marine services.
It is backed by the talent, diversity and entrepreneurial spirit of its employees in its drive to conquer new markets with high value-added services, technical expertise and safety.

Background

1948 - 1978 > Creation of the company Sucreries de Bourbon, which quickly becomes the leading sugar company in Reunion.

1979 - 1996 > With the restructuring of the sugar industry in Reunion, Groupe Bourbon diversifies its business in 1989, branching out into food processing, retail and marine services. In 1996, the purchase of Les Abeilles (towage, assistance and salvage) and Setaf-Saget (solid bulk shipping) intensifies its position as a marine services company.

1998 > Groupe Bourbon goes public on the Second marché, Paris Stock exchange.

2000 - 2005 > Groupe Bourbon begins a strategic shift to its marine activities. It gradually withdraws from the food processing and retail sectors, moving its focus to its marine business, particularly offshore oil and gas marine services, with the acquisition of 50% of Delba Maritima (Brazil) and the 100% takeover of Havila Supply AS, which will become Bourbon Offshore Norway.

2006 > In less than twenty years, the sugar producer has become a pure marine services player, earning nearly all revenues and operating income in that sector since end 2005. In June 2005, Groupe Bourbon signaled this new position by becoming BOURBON. The Horizon 2010 strategic plan confirms this new focus.

Chairman's message

**"It was in a favorable context that BOURBON, now a specialist in marine services, presented its new Horizon 2010 strategic plan.
The previous plan will be completed one year ahead of schedule, and the outlook for growth, especially in the offshore oil and gas sector, points to an increase in our market share."**

The year 2005 was the final step in a progressive process to focus BOURBON's activity solely on marine services.

The sale of 36.6% of Vindémia to Casino included the transfer of the company's management in view of the sale of the remaining 30% early in 2007. In addition, the real estate and property assets in Reunion were spun off to CBo Territoria, a company whose shares were distributed as in-kind dividends to all shareholders for a total of 32.5 million euros at the time the company was listed for trading on Alternext in May 2005. Finally, the annual shareholders' meeting approved the change in identity and the transfer of the Reunion corporate Headoffices to Paris as Groupe Bourbon became BOURBON, a specialist in marine services.

Thus, the financial results for 2005 reflect this change as well as the implementation of the 2003-2007 plan. In fact, the group share of net income amounted to 205 million euros and included a net gain of 94.1 million euros from the sale of the Vindémia stock.

Operating income was up 30.5% to 148.2 million euros, reflecting an exceptional performance by the Bulk Division owing to high freight rates and growth in the tonnage shipped with BOURBON vessels or vessels under long-term charters. The Offshore Division reaped the benefits from the commissioning of nineteen new units and an increase in the level of average daily rates for contract renewals or forward agreements on the vessels added to the fleet during the year. The Offshore Division had operating income of 58.5 million euros, up 67.6%.

The capital expenditures provided for in the 2003-2007 plan were made primarily in the Offshore Division, which will receive most of the vessels now under construction in 2006. The Towage & Salvage Division was strengthened with the delivery of two coast protection towage vessels, the Abeille Bourbon and the Abeille Liberté, modern

and high-performance tools serving the French State at sea. The Bulk Division received two new bulk carriers, allowing Setaf-Saget to offer a fleet of six owned vessels with an average age of less than three years.

BOURBON's ability to self-finance its growth was illustrated by the receipt of approximately 200 million euros from the sale of the Vindémia stock. Therefore, net debt now amounts to 792.6 million euros and the debt-equity ratio has been reduced to 1.04, compared with 1.96 at end 2004.

Against this positive backdrop, BOURBON presented a new Horizon 2010 plan that spells out the strategic goals for the 2007-2010 period. The previous plan will be completed one year ahead of schedule, and prospects for growth, particularly in the offshore oil and gas sector, points to an increase in the market share. BOURBON plans to invest 1.45 billion euros in new vessels and is setting a goal to raise revenues by 12% per year over the 2007-2010 period.

This plan calls for an increase in the dividend distribution following the increase planned in 2005. The dividend of one euro per share being proposed is up 78% over 2004.

By maintaining a course for growth in marine services, BOURBON is demonstrating its confidence in the professionalism and motivation of the men and women responsible for today's successes. My deepest thanks to them for their hard work and for acting as role models for young people—key factors in our ability to expand.

Jacques de Chateauvieux

Management structure

Board of Directors

Jacques d'Armand de Chateauvieux
Chairman of the Board of Directors
Chief Executive Officer
55
Term as BOURBON Director:
1977-2006

Jean-Marc Brébion
60
Director (until December 5, 2005)
Executive Vice President
(until September 26, 2005)

Christian Munier
Director, Executive Vice President
55
Term as BOURBON Director:
1999-2007

Christian d'Armand de Chateauvieux
58
Term as BOURBON Director:
1990-2007

Henri d'Armand de Chateauvieux
58
Term as BOURBON Director:
1987-2007

Guy Dupont
61
Term as BOURBON Director:
1999-2007

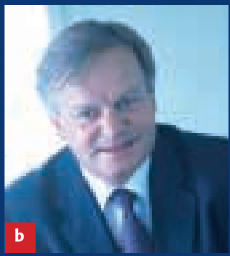
Marc Francken*
60
Term as BOURBON Director:
2000-2005

Victoire Jacquin de Margerie*
43
Term as BOURBON Director:
2004-2006

Dominique Sénéquier
52
Term as BOURBON Director:
2003-2005

Roger Wright*
53
Term as BOURBON Director:
2004-2005

* Independent Directors



Executive committee

BOURBON management structure at December 31, 2005

a **Jacques de Chateauvieux**
Chairman and Chief Executive Officer

b **Christian Lefèvre**
Executive Vice President

c **Christian Munier**
Executive Vice President

d **Laurent Renard**
Executive Vice President

Committees of the Board of Directors

Compensation committee

This committee plays an advisory role and issues recommendations on the compensation and pensions of the Chairman and the other corporate officers, as well as the implementation of stock option plans.
It met once during the period with an attendance rate of 100%.

Marc Francken
Henri de Chateauvieux
Dominique Sénéquier

Audit committee

The purpose of this committee is to assist the Board of Directors in assessing the quality of internal control and the reliability of the information provided to shareholders and the financial markets.
It met three times during the period, with an attendance rate of 89%.

Victoire Jacquin de Margerie (Chairperson)
Dominique Sénéquier
Roger Wright

Modern offshore oil and gas marine services: the core of an ambitious strategy

After becoming a pure player in marine services in less than twenty years, and backed by its fleet of new vessels, BOURBON is now implementing an ambitious strategy designed to make it the world leader in modern offshore oil and gas marine services by the year 2010 and the preferred company of the most demanding customers worldwide.

Context

With the growth in world demand, oil companies must develop new resources that are harder to reach but are now profitable, like deepwater offshore fields. Deepwater offshore, which is using increasingly sophisticated underwater and surface equipment, requires a growing number of high-performance vessels for both exploration and exploitation. In addition, continental offshore activity (depths of less than 200 m) continues to expand, as illustrated by plans to commission 77 drilling rigs in 2006-2007, while changes in technology require the presence of efficient service vessels.
Finally, we are now seeing a new market segmentation, no longer based on the deepwater/continental typology, but which now differentiates between traditional offshore operations served by vessels built for the most part between 1974 and 1984, and modern offshore operations, which are served by new-generation vessels less than ten years old. This modern offshore segment is expected to grow by 12% a year between now and 2010. In fact, the number of modern vessels is expected to grow by 16% in the continental offshore segment (given the obsolescence of the fleet in that sector) and by 10% in the deepwater offshore segment.

The BOURBON strategy

In this context, BOURBON's 2007-2010 strategic plan reflects a clear goal: to become the world leader in modern offshore marine services by the year 2010 by offering to the most demanding customers worldwide the services of a full line of innovative and highly productive new-generation vessels. In its effort to become the "preferred company" of the most demanding customers, BOURBON already has a decisive competitive edge thanks to the structure of its fleet, 80% of which is comprised of modern vessels less than ten years old.
To bolster its position, BOURBON will invest heavily in expanding the offshore fleet: 85% of the 1.45 billion euros in capital expenditures, mainly self-financed, planned for the 2007-2010 period will be devoted to the Offshore Division to double the number of its vessels. In addition, BOURBON will develop its international port towage, salvage and coastal protection business by confirming its position as the French expert in this segment.
After the exceptional years in 2004-2005, the outlook for the logistics service and bulk marine shipping business is expected to remain positive. It should continue to grow within a long-term contractual relationship with industrial companies placing the orders.
BOURBON is aiming at an overall revenue increase of 12% per year, including a 20% increase for offshore oil and gas marine services, in the period from 2007-2010.

"Our objective: to become the preferred company of the most demanding customers."

Organizational chart

BOURBON

Offshore Division	Towage & Salvage Division	Bulk Division	Other activities
Bourbon Offshore	Les Abeilles Les Abeilles International	Setaf Saget	Retail (Vindémia: 30%) Sugar (Vietnam)

BOURBON's marine activity is organized into three Divisions: Offshore, Towage & Salvage, and Bulk. From vessel design to operation, in each of these Divisions, BOURBON is developing recognized expertise, based on technological innovation, professional know-how and the quality of its relationships with order-givers. It allows its major customers to outsource their logistics services, which require sophisticated marine resources, so they can focus more on their core business.

Offshore oil and gas marine services: four key factors for success

The success of this plan is based on the satisfaction of our customers, strong growth in demand for new-generation vessels that operate equally well in both deepwater and continental offshore, and control of the four key success factors listed below:

> **safety,** with a goal of zero accident-zero incident, leading the Division to structure its organization and its management around safety, in both operating procedures and personal attitudes,

> **innovation,** with the development of a fleet of standardized new generation vessels built in competitive shipyards. These vessels, which are designed according to precise specifications, will be commissioned starting in 2007,

> **human resources,** (hiring, training, career management) with plans to double the number of officers and seamen in the Offshore Division by the year 2010,

> **cost control,** based on the "series effect" of a homogenous fleet, the skill of the multinational crews, and decentralized operational management coordinated by a tightly controlled central office.

Strategy and organization

Towage, assistance and salvage

The towage, assistance and salvage activity will achieve moderate growth, mainly abroad and mainly in oil or gas terminal management. BOURBON's strategic plan in this area is to retain its leadership in France, ensure the application of transparent rules of competition, and to establish its presence in international bid tenders—particularly in oil or gas terminals. BOURBON works constantly to keep operating costs under control by restraining payroll and possibly implementing new ways of operating. Last, the Division's safety policy is being expanded in order to equal the performance of the offshore oil and gas marine services.

Bulk shipping

The profitability of bulk shipping, although down substantially from the exceptional years of 2004 and 2005, should remain strong, especially for the fleet of directly owned bulk carriers. The strategic plan calls for increasing the market share in Indian imports of coal by increasing the size of the directly owned fleet and continuing developing a marine logistics service of bulk products for industrial companies within a long-term contractual relationship.

Other activities: sugar in Vietnam and corporate activities

The industrial fishing activity (Sapmer) was sold at the very beginning of 2005. Then, the real estate activities, which had previously been spun off to CBo Territoria, were distributed to BOURBON shareholders in the form of in-kind dividends on May 19, 2005.
Revenues from the sugar activity, which is operated for the local Vietnamese market, mainly for industrial purposes, rose sharply (+58%), reflecting the increase in prices in Vietnam, as well as the development of refining operations during the crop. In this fixed-cost industry, the bulk of any increase in margins is reflected in the bottom line result.

Trends and outlook

Since early 2006, the petroleum sector, with high oil and gas prices, has continued to benefit to the Offshore Division with returns expected to remain steady in all operating regions. BOURBON's objective is to consolidate its positions in the geographic regions where it is already firmly established, particularly West Africa, and to assist its major customers as they expand globally.
The Towage & Salvage Division will reap the benefits of the full-year effect of the Abeille Bourbon and the Abeille Liberté operations.
In the Bulk Division, business will continue to depend on trends in freight rates and will reap the full-year benefits of the acquisition of the two vessels delivered in 2005.
In 2006, the sugar activity will see an average season in terms of volume but a new increase in selling prices.
The growth in BOURBON's revenues will continue to be influenced by the euro/dollar parity.

At the end of 2006, BOURBON will have completed its strategic plan one year ahead of schedule. The plan called for:

> a new focus of the business portfolio on marine services,
> 15% annual growth in revenues from marine operations, mainly in the Offshore Division (up 25% per year),
> capital spending of 1.2 billion euros in marine services.

Gradual sale of the Retail activity (Vindémia) to the Casino group

The BOURBON Board of Directors decided at its May 18, 2005 meeting to exercise its first option with Casino to sell 36.66% of Vindémia, its Retail activity. After that sale, which was completed legally and financially on September 28, 2005 for 199.6 million euros, BOURBON retains an option to sell 30% that may be exercised as of 2007. The sale of Vindémia, whose timing has been spread out and optimized, is part of the strategy to achieve self financing of BOURBON's growth with the ultimate aim of carving out its new identity as a leader in marine services.
In the first nine months of 2005, 66% interest in Vindémia was consolidated on a proportionate basis.
Since October 1, 2005, the remaining 30% interest in Vindémia is consolidated using the equity method.
In 2005, Vindémia reported healthy growth in international sales (particularly in Vietnam), while taking into account growing competition in Reunion.

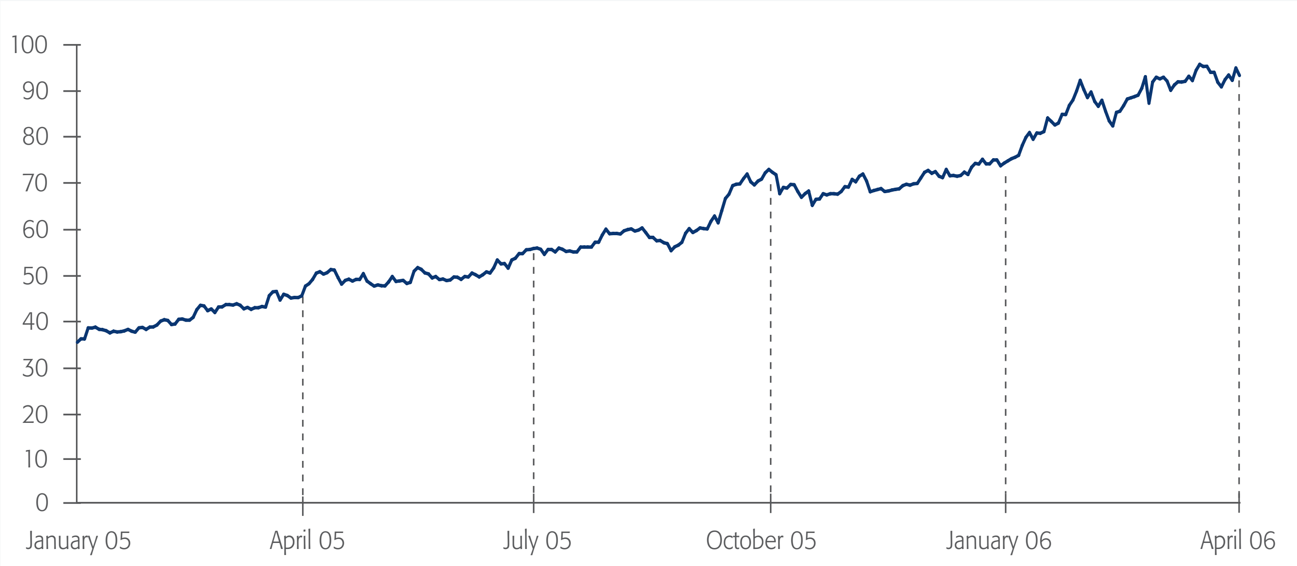
Risks and value

The value of the second option for the sale of BOURBON's stake in Vindémia (30%) is based on fixed multiples of the gross operating income, adjusted for net debt and net income for the two years preceding the year the option is exercised.
Vindémia's expertise, management continuity, recurring income earned by its activities in Reunion, and the growth in its international activities all reduce the risk of a loss in value of this equity interest.

2005 Results

Growth and increased return on marine services

The BOURBON share



Stock-exchange data

In addition to the dividends paid in cash in 2005, BOURBON shareholders received an in-kind dividend of 32.5 million euros through the distribution of CBo Territoria shares.

	2003	2004	2005
Number of shares at 12/31	**7,032,000**	**24,612,000**	**25,045,577**
Share price (in €)			
- high	83.80	37.51	74.10
- low	52.00	22.00	36.39
- last	81.80	36.13	73.95
Market capitalization at 12/31 (in €m)	**575**	**889**	**1,852**
Net earnings per share (in €)	**8.15** (1)	**3.85** (2)	**8.31** (2)
Dividend per share (in €)	**1.40** (3)	**0.56**	**1.00**

(1) French standards (2) IFRS (3) For 7,032,000 shares only.

Tentative schedule of financial announcements

2006	1st quarter 2006 revenues	Wednesday, May 10
	Combined annual and special shareholders' meeting	Tuesday, May 23
	Payment of dividends	Monday, May 29
	2nd quarter 2006 revenues	Thursday, August 10
	1st half-year results	Wednesday, September 13
	3rd quarter 2006 revenues	Friday, November 10
2007	4th quarter 2006 revenues	Friday, February 9
	2006 annual results	Wednesday, March 21
	1st quarter 2007 revenues	Thursday, May 10

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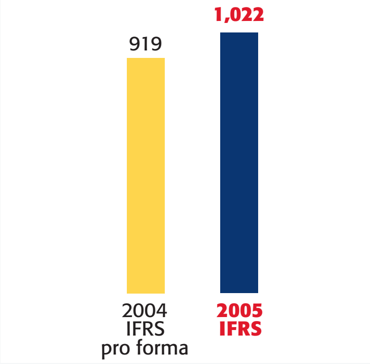
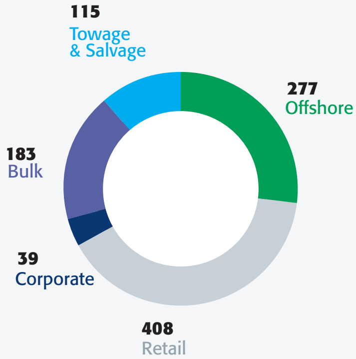
Revenues (in €m)

In 2005, BOURBON reported 1,022 million euros in revenues, up 11.2% from the previous year. The marine operations contributed substantially to the growth in the business and earnings. Based on the new scope of consolidation (i.e.: excluding the Retail business), revenues amounted to 614.4 million euros, a 19.2% increase over 2004.



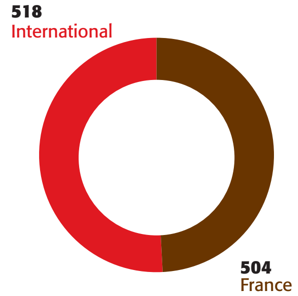
Revenue breakdown by Division (in €m)

Marine services accounted for 56% of revenues and the offshore business 27%.



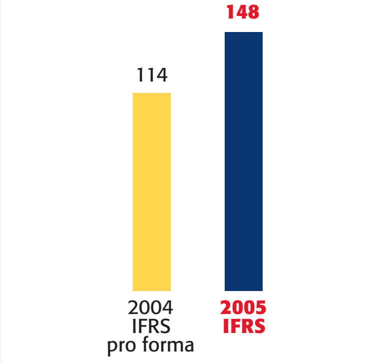
Revenue breakdown by geographic region (in €m)

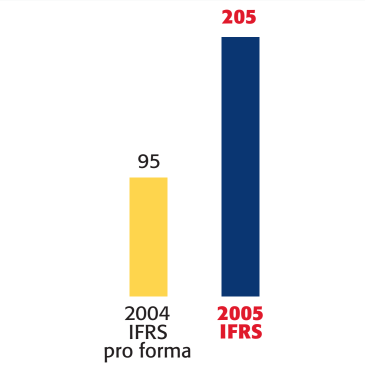
International business particularly improved in 2005, reaching 51%, as compared with 45% in 2004.



EBIT (in €m)

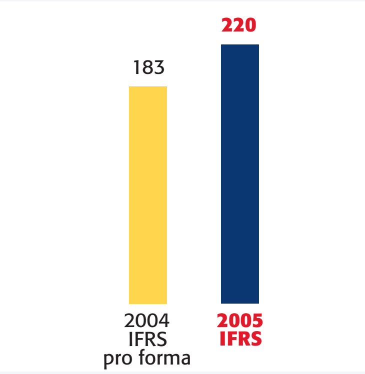
EBIT totalled 148.2 million euros, up 30.5%, and **net income before gains from disposals** amounted to 120.9 million euros.





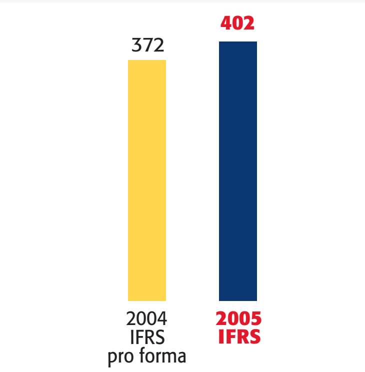
Net income, group share (in €m)

With the sale of 36.6% of Vindémia to Casino, **the group share of net income** for 2005 amounted to 205 million euros.



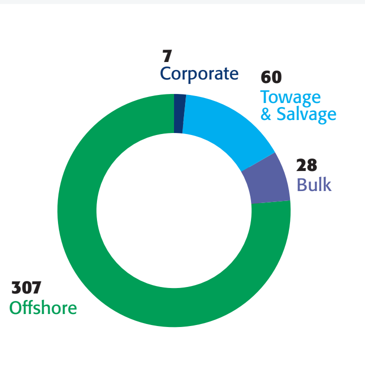
Cash flow (en €m)

Cash flow from operations was up 20% from 2004. It contributes significantly to the financing of the heavy investment program.



Gross investments (in €m)

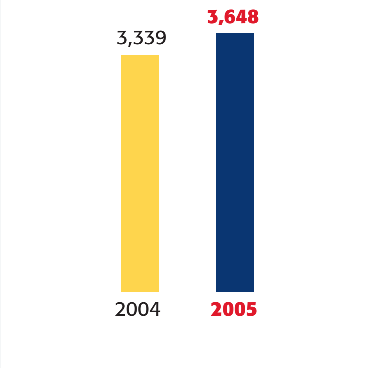
BOURBON had gross investments of 402 million euros, 307 million euros of which was allocated to the Offshore Division. By December 31, 2005, the whole investment program for 2003-2007 (1.2 billion euros) has been fully committed.



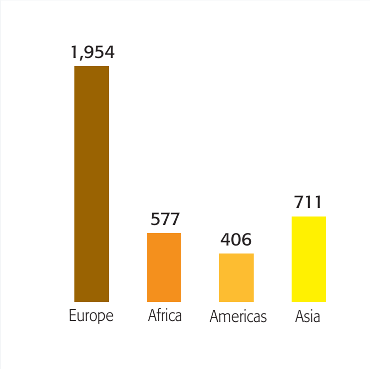
Breakdown of gross investments by Division (in €m)

25 vessels were acquired during the year, and at year end 42 were under construction and will be delivered by mid-June 2007. 36 are intended for the Offshore Division, representing an investment of 395 million euros.

Workforce (excluding Retail)



Breakdown of employees by nationality



BOURBON consolidated financial statements

(in €m)	**2005** IFRS	**2004** pro forma	Change	**2004** French GAAP reclassified
Revenues	**1,022.0**	**918.8**	**+11.2%**	**1,114.2**
Gross operating income (EBITDA)	**240.3**	**187.3**	**+28.3%**	**222.8**
Operating income	**148.2**	**113.6**	**+30.5%**	**131.0**
Net income before gains on disposals of equity interests	120.9	94.7	+27.7%	98.7
Net gains from disposals of equity interests	94.1	6.9	–	6.9
Net income	215.0	101.6	+111.6%	105.6
Net income (group share)	**205.0**	**94.7**	**+116.5%**	**100.1**
Cash flow	219.6	183.1	+19.9%	206.6
Gross investments	402.2	372.3	–	389.7

The **gross operating income** rose 28.3%, mainly in the Offshore and Bulk Divisions.
Net income before gains on disposals of equity interests (in particular before gains from the sale of Vindémia for 94 million euros) was up 27.7%.

Safety - Environment

Crews first

Because the job of a seaman is difficult and sometimes dangerous, life at sea demands humility, respect and responsibility. For that reason, BOURBON is making safety its number one priority, which goes hand-in-hand with environmental protection. These commitments, which are outlined in its QHSE (Quality, Health, Safety & Environment) charter, are reflected daily in the behavior of our employees, in their respect for the most stringent standards in the marine industry.

Specific objectives for ongoing improvement

At BOURBON, safety is the goal of a policy of on-going improvement, organized around clear objectives, evaluated by precise indicators and supported by training, communications and incentive programs.

Two major targets for improvement have been identified for 2006:

> harmonize the document systems of the different subsidiaries so that they share a common architecture and establish an internal audit process that guarantees the quality of data recovery and data consolidation,
> anticipate risk better for enhanced prevention through the systematic identification of potentially dangerous situations.

An internal organization focused on safety

BOURBON's safety policy, focused primarily on prevention, is based on several key points:

> solid evaluation of risks: systematic identification of potentially dangerous situations, careful analysis of the causes of accidents to prevent repeat,
> an analysis of work safety and design of checklists when planning operations,
> identification and sharing of best practices,
> appropriate organization: creation of safety teams to support vessels and on-shore sites and relay the watchword "Be safe",
> an active training policy: regular meetings and drills to prepare and train staff for emergency situations,
> a detailed analysis of the statistics to measure the progress made and guarantee ongoing improvement in operations.

“At BOURBON, safety is the goal of a policy of on-going improvement, through clear objectives.”

From safety to the environment: a commitment to respect

Respect for the environment as part of a sustainable development approach is the corollary to BOURBON’s commitment to safety.

In this area, BOURBON has made a commitment to:

> design vessels, equipment and systems that reduce atmospheric emissions and spills at sea,
> develop environmentally-friendly operating and maintenance standards.

Testimony to this commitment is a new “revolutionary” AHTS (Anchor Handling Tug Supply) vessel that offers an outstanding environmental performance (reduction in emissions and energy consumption) and safety thanks to its fully secured automated rear deck to limit the presence of crews during anchor handling operations. Other vessels under construction, like a “clean design” double-hull PSV (Platform Supply Vessel), reflect this new generation of vessels.

B safe: safety at the heart of our businesses

In 2005, in order to make safety part of the everyday life of all employees, seamen and office staff, BOURBON implemented a major in-house communications project: B safe. Backed by a strong concept, “4C safety” (Consider, Communicate, Control, Complete), this operation is designed to instill a permanent safety mindset shared and observed by all employees on bases and vessels. To implement this program, a system that includes a number of tools (indicators, sessions on safety, displays, stickers, cards…) is being deployed on board the vessels and on the bases.

Offshore

Major assets in a growth market

Platform supply, maintenance and repair, towage and anchor handling, assistance to offshore terminals and rapid passenger transport… Offshore oil and gas marine service operations are expanding rapidly. To establish a leadership position in this strong market, BOURBON is implementing an active policy of investment, recruitment and enhanced safety.

A new generation, multi-purpose fleet

With 157 directly-owned vessels and new units under construction, Bourbon Offshore has a full range of modern vessels (80% of its offshore fleet was built an average of 3.8 years ago), offering a broad range of operational services:

> Multi-Purpose Supply Vessels (MPSV), which support platform maintenance operations, underwater robotic assistance, well stimulations,
> Anchor Handling Tug Supply Vessels (AHTS) for towage and anchoring of drilling equipment,
> Platform Supply Vessels (PSV) to supply offshore facilities with special materials and products,
> tugs specializing in assistance to oil and gas tankers offloading on offshore terminals,
> Fast Supply Intervention Vessels (FSIV) for emergency equipment supplies and transporting response crews,
> crewboats to transport staff members to oil facilities and move them around among the different platforms.

The deepwater offshore business has led to the development of a new generation of vessels with a larger capacity, equipped with more powerful engines and winches and better maneuverability (DP II). They are also more environmentally friendly thanks to reduced consumption in a fixed position onsite (diesel-electric propulsion) and the new clean and comfort standard.

The safety requirements are now applied to all types of vessels (from crewboats to MPSVs) and to all segments (deepwater and continental offshore). Demands from customers, who are used to the new generation vessels, now increasingly take into account the age of the vessels. The sharp increase in worldwide market in the number of vessels over the age of 30 (up by 221 by the year 2010) and the need for vessels for continental offshore services is going to increase in the years to come. Thus the new BOURBON Horizon 2010 plan will meet the needs of the most demanding customers.

EBITDA

€115.6 million (+40%)

Revenues

€277.2 million (+24%)

Diversification and long-term contracts

In 2005, the fundamentals were positive in all operational regions. BOURBON continued to diversify its customer portfolio, in particular through contracts signed with two new majors, Shell and BP. The group also extended its presence on the West Coast of Africa, particularly in Nigeria, where operations expanded substantially after the creation of a partnership with Interoil within Bourbon Offshore Interoil Nigeria.

The policy to develop long-term contracts was continued successfully; at the end of December 2005, 87% of the vessels (including vessels under construction) were under contract.

Strong revenue growth

In 2005, offshore oil and gas marine services were stimulated by a favorable market generated by an acceleration in oil company operations, particularly in deepwater offshore. The revenue growth in the Offshore Division (+24% to 277.2 million euros) was driven primarily by the following factors:

> the commissioning of 19 new vessels (8 supply vessels and 11 crewboats),
> the rise in the average day-rates of new forward contracts and contracts up for renewal,
> steady business at high rates in the North Sea,
> long-term contracts for vessels delivered in 2005.

The Offshore Division EBIT amounted to 58.5 million euros, up 67.6%. This reflects the restructuring of operations in Norway (Bourbon Offshore Norway) and the increase in dayrates charged to long term customers.
In addition, the ratio of “EBITDA to revenues” reached 42%.

Increase in the customer portfolio

> Operations on the West Coast of Africa continue to accelerate:

- **a two-and-a-half year contract with BP in Angola** for 2 PSVs, Bourbon Hélios and Bourbon Hermès: BOURBON is now working with all the oil majors present in Angola;

- **a two-year contract with Shell in Nigeria** for 2 PSVs, Bourbon Hidra and Bourbon Emerald (one of the most modern vessels in the fleet), which will operate on the Bonga field.

“With our experience and our modern fleet, we can now win new market share.”

Offshore

Major assets in a growth market

Safety: a QHSE policy that pays off

Because the sea leaves no room for error, BOURBON applies the strictest standards for quality, health, safety and environment (QHSE). Determined to ensure the use of best practices and to raise true awareness of these issues among its employees, Bourbon Offshore has established a charter and introduced a safety management and environmental protection system.

In accordance with ISO 9001 version 2000 standards, this system is based on the following principles:

> commitment by management,
> training and certification of employees,
> analysis of risks, preparation for the task, application of specific procedures to each operation,
> selection of environmentally-friendly equipment that is reliable and easy to maintain.

The safety performance improved dramatically in 2005. Thus the total incident rate recordable per 200,000 hours worked was divided by three, falling from 0.37 in 2004 to 0.12. Introducing the B safe campaign should accelerate this improvement, with the goal of reducing the incident rate by 50%.

A challenge - a larger workforce

In 2005, the workforce increased by 20%. Bourbon Offshore employs more than 2,100 seamen. Given the growth of the fleet and the expansion of its global network, this number should reach 3,500 in the near term. To meet this new challenge, the group has established a special recruitment unit.
Because operational safety and efficiency depend to a great extent on the specialization and expertise of its employees, this recruitment program goes hand-in-hand with an active training policy. BOURBON is developing training programs especially adapted to the requirements of contracts and workplaces.

As part of its local hiring policy, Bourbon Offshore has opened STCW (Standards of Training, Certification & Watchkeeping) training centers in several countries.

(in € million)	2005 IFRS	2004 IFRS pro forma
Revenues	**277.2**	**223.6**
Gross operating income (EBITDA)	**115.6**	**82.7**
% of revenues	*41.7%*	*37.0%*
Operating income (EBIT)	**58.5**	**34.9**
% of revenues	*21.1%*	*15.6%*
Capital employed	**1,117.4**	**889.8**
EBITDA/average capital employed	*11.5%*	*NA*
Gross investments	**307.0**	**324.0**

Innovation and partnership

> Design and delivery of a "new generation AHTS": Bourbon Offshore Norway is enhancing its fleet with Bourbon Orca, developed in partnership with Ulstein Verft AS.
This vessel is equipped with the latest in environmentally friendly technology ensuring the safety of crews at sea, such as the new "Ulstein X-bow" hull, automated rear deck, and diesel-electric propulsion.

> Set-up in April 2006 of Naviera Bourbon Tamaulipas: this joint venture with the Mexican shipping company Naviera Tamaulipas has a fleet of 6 vessels provided to the Mexican state-owned oil company Pemex.

Towage & Salvage

International expansion

With Les Abeilles and Les Abeilles International, BOURBON ranks among the world's leading towage, assistance and salvage companies. Les Abeilles operates in the ports and terminals of France as well as in the Indian Ocean and on the African coast. Les Abeilles International protects the French coastline, organizing all assistance and salvage operations under the authority of the National Navy.

Satisfactory growth

In 2005, Les Abeilles reported a satisfactory increase in revenues, which rose 12% in Africa and overseas, primarily because of foreign operations, and 3% in metropolitan France, with a more substantial increase in the ports of Marseilles and Dunkirk.
A moderate increase was recorded in the towage business in metropolitan France, in line with the level of economic activity. Most of the Division's revenue growth (+7.6%) was driven by the international towage business (including the overseas territories) and the increase in salvage operations. Les Abeilles International reported a 31% increase in revenues with the commissioning of the ocean-going tugs "Abeille Bourbon" and "Abeille Liberté".
The gross operating income (EBITDA) amounted to 27.9 million euros. It should be noted that the increase in cargo rates, especially in Africa, generated a cost increase of 2 million euros. Capital spending in the period primarily reflects the addition of 3 new tugs to the fleet.

Towage

With more than 60 tugs, Les Abeilles offers world-class port towage services. Its fleet offers efficient towage and assistance service, guaranteeing permanent accessibility to the principal ports in France, the Indian Ocean and the African coast under maximum safety conditions, particularly while vessels are in motion. As a result, BOURBON helps its customers optimize their commercial performance. In addition to the towage and assistance service rendered daily, the tugs, which are fitted with fire-fighting and anti-pollution equipment, also provide round-the-clock protection for the environment, infrastructures, crews and vessels.
In 2005, the company grew internationally, winning the towage concession in the future Tangiers Mediterranean port complex following an international bid tender. Under this contract, Les Abeilles has ordered four tugs and two pilot boats to be added to its fleet. To consolidate its positions in the traditional towage markets, Les Abeilles will continue to expand its range of services and update its fleet.

EBITDA

€27.9 million (+1%)

Revenues
€114.9 million (+8%)

Salvage and assistance

Backed by the expertise of more than 100 employees, Les Abeilles International, which has been under contract with the French Navy for more than 20 years, coordinates and carries out deep sea raising, refloating, and ocean towage operations and fights oil pollution.
The company is a member of the International Salvage Union (ISU), representing 46 companies worldwide, all specializing in salvage and assistance at sea. Its fleet includes 6 vessels fitted with state-of-the-art resources for speed, pull, maneuverability, crew safety, fire-fighting equipment and dispersant storage capacity.
In 2005, two new salvage tugs were commissioned: the Abeille Bourbon, to succeed the Abeille Flandre, which was sent to bolster the Mediterranean fleet, and the Abeille Liberté to replace the Abeille Languedoc, which was redeployed to the Atlantic Ocean.

QHSE: an active commitment

Les Abeilles has been ISO-certified since 1999, and integrated a QSHE policy into its procedures very early. To evaluate and improve its performance in protecting people and the environment, it uses the risk analysis and evaluation methods applicable in the oil and gas industry. Every employee is deeply involved in this commitment. As required under the ISM code and determined to stay a step ahead, in 2005 Les Abeilles obtained ISO 9001 version 2000 certification for all its sites, with the exception of Cameroon, for which certification is planned for 2006/2007. The company is stepping up its QHSE policy in the ports in metropolitan France and is also developing its Safety policy with the goal of equaling the performance of offshore oil and gas marine services.

(in € million)	**2005** IFRS	**2004** IFRS pro forma
Revenues	**114.9**	**106.8**
Gross operating income (EBITDA)	**27.9**	**27.6**
% of revenues	*24.3%*	*25.8%*
Operating income (EBIT)	**15.6**	**15.5**
% of revenues	*13.6%*	*14.5%*
Capital employed	**196.5**	**174.5**
EBITDA/average capital employed	*15.0%*	*NA*
Gross investments	**60.3**	**13.7**

Tangiers Mediterranean: another international success story

After an international bid tender launched in January 2005, Les Abeilles won a 25-year concession to provide port towage and assistance for the port of Tangiers Mediterranean. This 500 km^2 state-of-the-art port infrastructure is destined to become a major marine hub, with an estimated capacity of three million containers per year. This service will be offered starting in April 2007, or three months before the commercial commissioning of the first container terminal. BOURBON will hire 83 employees, mainly Moroccan residents, as part of a true transfer of skills. A total of 22 million euros will be invested in the construction of four new tugs and two pilot boats, which will be equipped with up-to-date fire-fighting and pollution prevention equipment. Total revenues over the life of the concession are estimated at 251 million euros.

Bulk

Growth continues

Specializing in the bulk shipping of dry materials with its subsidiary Setaf-Saget, BOURBON has developed undisputed expertise in the service of major industrial customers that outsource their shipping logistics. Setaf-Saget operates mainly in the Atlantic Ocean, the Indian Ocean and the Far East. Within a long-term contractual relationship, its customers can count on the experience and skills of expert crews under any and all circumstances.

Volumes and rates on the rise

After an outstanding year in 2004, revenues continued to rise substantially in 2005 (+15.8%), as a result of the following factors:

> an increase in volumes shipped to 14 million tons in 2005 from 11.6 million tons in 2004 (+20%), driven primarily by India's needs for coal,
> freight rates at historically high levels in 2005 despite a decline compared to 2004 (the reference Baltic Supramax index averaged USD 21,400 day compared to USD 27,600 day in 2004),
> an increase (41% compared with 33% in 2004) in the percentage of tonnage shipped by owned vessels and vessels under long-term charters (more than 12 months).

The Division reported record profitability. Operating income was 50.1 million euros, a 43% increase.

A modernized fleet to win new markets

The success of the Bulk Division is based on a fleet of recent vessels (6 bulk carriers with an average age of 3 years) coupled with long-term charters. The recent construction and commissioning of three additional 55,000-ton vessels strengthened its position in the Handymax vessels market, designed to optimize self-contained loading and unloading.

The quality of the owned fleet has generated access to new markets for the Division, including coal in the Indian Ocean, with optimized return freight.

The Bulk Division also began the task of defining a new Supramax high performance vessel.

The modernization of this fleet should strengthen the Division's positions in the booming coal shipping market to India and the market for the ore exported from India. Construction is slated to begin on five new vessels as part of a 120-million-euro capital spending plan to be carried out by the year 2010.

EBITDA

€53.1 million (+37%)

Revenues

€182.9 million (+16%)

A full range of high value-added logistics services

The Setaf-Saget research department can respond to any special request from its customers. It offers analyses of new markets, research on the specific features of a given port or the different possibilities for implementing a freight agreement. Our agents are available to quote freight rates and contracts, guarantee contract performance or supervise any shipping logistical operations including assistance with self-contained loading and unloading of vessels. On request, our expert captains can be present at loading or unloading ports to assist charterers, loaders and recipients. Finally, a team of experienced and trained specialists offers to customers invaluable legal assistance, especially in settling disputes.

A responsible attitude towards safety and the environment

Setaf-Saget employees, who are extremely attentive to working conditions and environmental protection, have made it a priority to protect the people, the environment and the property for which the company is responsible.

The vessels in the BOURBON owned fleet are fitted with equipment designed to reduce the emission of pollutants. The latest bulk carriers to be delivered, Dalior and Fructidor, are fitted with equipment that exceeds the international standards currently required.

(in € million)	**2005** IFRS	**2004** IFRS pro forma
Revenues	**182.9**	**158.0**
Gross operating income (EBITDA)	**53.1**	**38.9**
% of revenues	*29.0%*	*24.6%*
Operating income (EBIT)	**50.1**	**35.0**
% of revenues	*27.4%*	*22.2%*
Capital employed	**79.9**	**70.0**
EBITDA/average capital employed	*70.8%*	*NA*
Gross investments	**27.9**	**20.8**

Two bulk carriers delivered in 2005

Two new Supramax bulk carriers were added to the fleet: Dalior (55,000 tons) in March, and Fructidor (53,500 tons) in November, the second and third largest Super Handymax to be built for the group after Messidor. Measuring 190 meters long and 32 meters wide, Fructidor is fitted with a double hull, 35-ton cranes and 18 cubic meter grabs, allowing for more efficient loading and unloading operations and offering customers the best possible safety conditions.
Fructidor is the sixth bulk carrier in Setaf-Saget's owned fleet. The company now manages more than 60 vessels for its customers on a permanent basis.

"The fleet of owned and long-term charter vessels is a key factor in our bulk shipping success."


BOURBON

Consolidated Financial Statements

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Consolidated balance sheet as at December 31

(in thousands of euros)	Notes	IFRS 2005	IFRS 2004 pro forma	IFRS 2004	French GAAP 2004 reclassified	French GAAP 2003 reclassified
ASSETS						
Intangible assets	2.1	8,564	7,538	12,596	26,384	24,922
Goodwill	2.3	2,327	2,327	48,520	34,572	35,016
Property, plant and equipment	2.1 - 2.2	1,373,070	1,108,011	1,268,190	1,147,178	971,525
Equity interests	2.4	99,000	83,879	–	–	–
Other financial assets	2.5	68,049	117,160	113,744	130,702	82,678
Deferred taxes	2.12	6,900	6,233	9,975	10,087	17,075
Other long-term assets	2.6	3,048	827	825	825	10,439
Total non-current assets		**1,560,958**	**1,325,975**	**1,453,850**	**1,349,748**	**1,141,655**
Inventories and work in progress	2.7	13,344	19,300	98,757	94,855	98,704
Trade and other receivables	2.8	167,569	149,525	196,205	195,813	185,118
Tax credits		–	–	–	–	–
Other current assets	2.8	24,845	23,009	26,616	29,189	24,124
Cash and cash equivalents	2.9	232,261	149,053	194,313	192,850	178,582
Total current assets		**438,019**	**340,887**	**515,891**	**512,707**	**486,528**
TOTAL ASSETS		**1,998,977**	**1,666,862**	**1,969,741**	**1,862,455**	**1,628,183**

LIABILITIES AND SHAREHOLDERS EQUITY

	Notes	IFRS 2005	IFRS 2004 pro forma	IFRS 2004	French GAAP 2004 reclassified	French GAAP 2003 reclassified
Share capital		31,267	31,267	31,267	31,267	26,801
Share premiums		44,281	44,281	44,281	44,281	48,747
Consolidated reserves, group share (including income/loss for the financial year)		631,296	332,521	449,959	369,448	289,829
Total shareholders' equity, group share		**706,844**	**408,069**	**525,507**	**444,996**	**365,377**
Minority interests		53,670	38,073	45,309	43,114	44,219
Total minority interests		**53,670**	**38,073**	**45,309**	**43,114**	**44,219**
Total shareholders' equity		**760,514**	**446,142**	**570,816**	**488,110**	**409,596**
Borrowings and financial liabilities	2.11	731,989	700,290	751,740	794,718	621,447
Employee benefit obligations	2.10	14,114	12,979	13,815	17,720	17,298
Other provisions	2.10	13,188	15,288	21,568	37,004	35,610
Deferred taxes	2.12	41,393	43,397	48,866	10,911	26,872
Other long-term liabilities		2,585	893	1,526	6,683	13,674
Total non-current liabilities		**803,269**	**772,847**	**837,515**	**867,036**	**714,901**
Borrowings and bank loans (<1 year)	2.11	292,915	322,796	344,569	292,801	282,457
Provisions (< 1 year)	2.10	384	470	543	684	881
Trade and other payables		127,374	115,746	206,218	203,744	207,294
Tax liabilities		4,821	499	1,946	1,946	2,144
Other current liabilities		9,701	8,362	8,134	8,134	10,910
Total current liabilities		**435,195**	**447,873**	**561,410**	**507,309**	**503,686**
Total liabilities		**1,238,464**	**1,220,720**	**1,398,926**	**1,374,345**	**1,218,587**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		**1,998,977**	**1,666,862**	**1,969,741**	**1,862,455**	**1,628,183**

Consolidated income statement

(in thousands of euros)	Notes	IFRS 2005	IFRS 2004 pro forma	IFRS 2004	French GAAP 2004 reclassified	French GAAP 2003 reclassified
Revenue	3	1,022,021	918,854	1,095,200	1,114,173	1,023,133
Operating costs	3	(726,411)	(676,826)	(820,053)	(833,132)	(787,169)
General and administrative costs	3	(55,302)	(54,734)	(58,173)	(58,111)	(57,342)
Increases and reversals of amortization, depreciation and provisions	3	(91,300)	(77,755)	(94,561)	(96,848)	(97,971)
Other operating expenses and income	3	(849)	4,113	4,459	4,940	3,371
Operating income		**148,159**	**113,652**	**126,872**	**131,022**	**84,022**
Cost of net debt	2.14	(24,751)	(25,607)	(26,772)	(26,785)	(23,473)
Other financial expenses and income	2.14	11,048	(2,118)	(2,768)	(2,768)	13,677
Income from current operations before taxes		**134,456**	**85,927**	**97,332**	**101,468**	**74,225**
Income tax	2.13	(18,741)	3,922	(2,902)	(2,752)	(8,147)
Share in results of equity affiliates after amortization and recovery of goodwill	2.4	5,115	4,849	–	–	148
Net income before net gains on equity interests sold		**120,830**	**94,699**	**94,430**	**98,717**	**66,226**
Gains on equity interests sold		94,096	6,931	6,931	6,931	–
Net income		**214,926**	**101,630**	**101,361**	**105,648**	**66,226**
Group share		205,039	94,664	94,691	100,148	57,319
Minority interests		9,888	6,966	6,669	5,500	8,907

Net earnings per share	4.2.1	8.31	3.85	3.85	4.07	2.33
Diluted net earnings per share	4.2.2	8.17	3.79	3.79	4.00	2.30
Net earnings per share, excluding gains on equity interests sold	4.2.1	4.50	3.57	3.57	3.79	2.33
Diluted net earnings per share, excluding net gains on equity interests sold	4.2.2	4.42	3.51	3.51	3.73	2.30

Net dividend per share	1.00(1)	0.56	0.56	0.56	1.40(2)

(1) Recommendation of the Board of Directors at its meeting of March 20, 2006.
(2) For 7,032,000 shares in 2003.

Consolidated cash flow statement

	IFRS			French GAAP	
(in thousands of euros)	2005	2004 pro forma	2004	2004 reclassified	2003 reclassified
Total consolidated net income	**214,926**	**101,630**	**101,361**	**105,648**	**66,226**
Share in results of equity affiliates	(5,115)	(4,849)	–	–	(148)
Tax expenses/income	23,991	(3,922)	2,902	2,752	8,147
Net amortization, depreciation and provisions	96,845	71,874	89,892	91,815	102,467
Gains and losses from changes in fair value	(1,893)	–	–	–	–
Income and expenses related to stock options	1,011	1,158	1,158	–	–
Gains and losses on disposals	(94,336)	22,209	21,953	17,846	(2,602)
Income taxes paid	(15,865)	(4,953)	(11,494)	(11,494)	(14,524)
Cash flow	**219,564**	**183,147**	**205,772**	**206,567**	**159,566**
Impact of the change in working capital requirement	7,496	(1,254)	(3,724)	(1,694)	25,221
Dividends income	(517)	(923)	(923)	(923)	(1,093)
Cost of net debt	24,751	25,607	26,772	26,785	23,473
Cash flows from operating activities (A)	**251,294**	**206,577**	**227,897**	**230,735**	**207,167**
Acquisition of consolidated companies, net of cash acquired	(7,676)	(159)	(2,434)	(2,434)	(63,685)
Sale of consolidated companies, including cash transferred	222,375	–	–	–	1,390
Impact of other changes in scope of consolidation	(64,081)	(37,059)	–	–	(407)
Outflows related to acquisitions of property, plant and equipment and intangible assets	(358,538)	(316,653)	(321,597)	(324,429)	(270,646)
Inflows related to disposals of property, plant and equipment and intangible assets	3,524	6,260	12,754	12,754	4,540
Outflows related to acquisitions of long-term financial assets	(3,724)	(5,702)	(5,702)	(5,702)	(4,683)
Inflows related to disposals of long-term financial assets	276	14,762	15,890	15,890	2,630
Dividends received	517	923	923	923	1,093
Change in loans and advances fronted	33,791	(51,067)	(52,886)	(52,879)	(30,825)
Cash flows from investing activities (B)	**(173,536)**	**(388,695)**	**(353,052)**	**(355,877)**	**(360,593)**
Capital increase	2,620	70	70	70	1,553
Capital repayment	(3,469)	–	–	–	–
Net sale (purchase) of treasury shares	321	–	–	–	–
Bond issues	475,824	373,954	382,168	382,168	449,238
Bond redemptions	(443,268)	(191,989)	(221,781)	(221,781)	(272,785)
Dividends paid to parent company's shareholders	(13,783)	(9,758)	(9,758)	(9,758)	(7,595)
Dividends paid to non-controlling interests of subsidiaries	(1,148)	(162)	(162)	(162)	(237)
Net financial interests paid	(24,751)	(25,607)	(26,772)	(26,785)	(23,473)
Cash flows from financing activities (C)	**(7,654)**	**146,508**	**123,765**	**123,752**	**146,701**
Effect of changes in exchange rates	5,381	3,155	3,560	3,328	(1,069)
Impact of changes in accounting principles	–	–	–	–	–
Change in net cash (A) + (B) + (C)	**75,485**	**(32,455)**	**2,170**	**1,938**	**(7,794)**
Cash at beginning of period	8,068	5,898	5,898	4,733	12,527
Cash at end of period (*)	83,553	(26,557)	8,068	6,671	4,733
Change in cash	**75,485**	**(32,455)**	**2,170**	**1,938**	**(7,794)**
(*) including:					
– marketable and other securities	14,257	9,966	37,753	37,516	23,973
– cash and cash equivalents	218,004	139,088	156,560	155,334	154,609
– passive cash	(148,708)	(175,611)	(186,245)	(186,179)	(173,849)

Consolidated statement of changes in shareholders' equity

(in thousands of euros)	Share capital	Share premiums	Consolidated reserves	Income for the financial year	Cumulative translation adjustments	Other changes	Total share-holders' equity	*Of which* *Group share*	*Minority interests*
Shareholders' equity at year-end 2003 based on CRC regulation 99.02	**26,801**	**48,747**	**330,583**	**66,226**	**(62,761)**	**–**	**409,596**	***365,377***	***44,219***
Impact of IFRS restatement (see note 5)	–	–	88,069	–	–	–	88,069	–	–
Shareholders' equity at January 1, 2004 under IFRS	**26,801**	**48,747**	**418,652**	**66,226**	**(62,761)**	**–**	**497,665**	***451,739***	***45,926***
Appropriation of 2003 earnings	–	–	66,226	(66,226)	–	–	–	–	–
2004 consolidated income	–	–	–	101,361	–	–	101,361	–	–
Dividends paid by the parent company	–	–	(9,758)	–	–	–	(9,758)	–	–
Share capital increase	4,466	(4,466)	–	–	–	–	–	–	–
Financière Jaccar/BOURBON merger									
• *Capital increase*	*9,472*	*39,393*	–	–	–	–	*48,865*	–	–
• *Capital reduction*	*(9,472)*	*(39,393)*	–	–	–	–	*(48,865)*	–	–
Currency translation adjustment	–	–	–	–	(14,447)	–	(14,447)	–	–
Treasury shares	–	–	–	–	–	(262)	(262)	–	–
Stock options	–	–	–	–	–	1,158	1,158	–	–
Other changes	–	–	–	–	–	(4,901)	(4,901)	–	–
Shareholders' equity at December 31, 2004 under IFRS	**31,267**	**44,281**	**475,120**	**101,361**	**(77,208)**	**(4,005)**	**570,816**	***525,507***	***45,309***
2005 consolidated income	–	–	–	214,926	–	–	214,926	–	–
Dividends paid by the parent company	–	–	(46,271)	–	–	–	(46,271)	–	–
Appropriation of 2004 earnings	–	–	101,361	(101,361)	–	–	–	–	–
Capital increase	–	–	2,620	–	–	–	2,620	–	–
Capital redemption (*)	–	–	(3,511)	–	–	–	(3,511)	–	–
Financial instruments:									
• *Booked as shareholders' equity Initial adoption of IFRS (see note 5.1.C)*	–	–	*(11,244)*	–	–	–	*(11,244)*	–	–
• *Booked as shareholders' equity Change for year*	–	–	*13,571*	–	–	–	*13,571*	–	–
Change in currency translation adjustment	–	–	–	–	18,644	–	18,644	–	–
Treasury shares	–	–	–	–	–	(48)	(48)	–	–
Stock options	–	–	–	–	–	1,011	1,011	–	–
Other changes	–	–	–	–	–	–	–	–	–
Shareholders' equity at December 31, 2004 under IFRS	**31,267**	**44,281**	**531,646**	**214,926**	**(58,564)**	**(3,042)**	**760,514**	***706,844***	***53,670***

(*) Share of minority shareholders in the capital redemption of the Vietnamese subsidiary held at 51% by the group.

Notes to the consolidated financial statements

1. Accounting principles and methods

1.1 Accounting principles

The BOURBON consolidated financial statements for the year ended December 31, 2005 were prepared in accordance with the International Financial Reporting Standards as adopted in the European Union.

The IFRS includes the IFRS standards, the International Accounting Standards (IAS) and their interpretations by the International Financial Reporting Interpretations Committee (IFRIC).

The standards and interpretations used to prepare the consolidated financial statements at December 31, 2005 and the 2004 comparative statements are those published in the *Journal Officiel* of the European Union, the application of which are mandatory as of December 31, 2005.

In addition, IAS 32 "Financial instruments – Presentation and disclosure" and IAS 39 "Financial instruments – Recognition and measurement" were applied prospectively as of January 1, 2005. To the extent that the application of these standards is prospective, the information provided for financial year 2004 is not comparable. The accounting methods applied to financial instruments in 2004 comply with French GAAP as explained in the notes to the 2004 consolidated financial statements.

An opening balance sheet at January 1, 2004 was prepared on the basis of the provisions stipulated in IFRS 1 "First-time adoption of IFRS", a detailed analysis of which is presented in note 5. This analysis discusses the discrepancies between the French accounting principles previously applied and the IFRS.

This note also explains the changes made for the first publication of the transition to the IFRS as of June 30, 2005.
The consolidated financial statements for the fiscal year 2005 were approved by BOURBON Board of Directors on March 20, 2006.

Use of estimates

Preparation of the financial statements in accordance with IFRS involves the use of estimates, assumptions and assessments that affect the amounts presented in these financial statements. These estimates are based on past experience and on other factors considered reasonable based on circumstances. The assumptions and assessments used and the circumstances existing on the date the statements were prepared may be different in reality; future results may differ from the estimates used.

Significant accounting methods

The group has initiated a process to withdraw from its Retail business that will be completed no later than 2009. In May 2005, the group exercised one of the two options it held with the Casino group for the sale of 36.66% of Vindémia, a sale that became effective on September 28, 2005. This step resulted in a loss of control, but the group maintained a significant influence in Vindémia, which primarily holds the Retail activities. BOURBON will be able to exercise its second option with the Casino group for the sale of the remaining 30% of Vindémia only as of 2007. For the application of IFRS 5 "Non-current assets held for sale and discontinued operations" and because of the phased withdrawal from Retail, the group believes that the conditions for presenting the withdrawal from its Retail activities as a discontinued operation will be met at a later date and no later than 2009.

1.2 Establishment of the pro forma statements

As the group sold its Fishing operations on January 1, 2005 and 36.66% of its Retail activity on October 1, 2005, pro forma statements were established at December 31, 2004 in order to ensure the comparability of the consolidated financial statements at December 31, 2005.

The following are presented for comparison with 2005:

Standards/Period	Income statement	Balance sheet
IFRS/2004 pro forma	**Retail:** proportionately consolidated over the first nine months of the year and using the equity method over the last quarter. **Real estate business** (CBo Territoria): unconsolidated. **Fishing:** unconsolidated.	**Retail:** consolidated using the equity method. **Real estate business** (CBo Territoria): unconsolidated. **Fishing:** unconsolidated.
IFRS/2004	**Retail:** consolidated proportionately. **Real estate** (CBo Territoria): fully consolidated. **Fishing:** fully consolidated.	**Retail:** consolidated proportionately. **Real estate** (CBo Territoria): fully consolidated. **Fishing:** fully consolidated.
French GAAP/ 2004 reclassified	**Retail:** consolidated proportionately. **Real estate** (CBo Territoria): fully consolidated. **Fishing:** fully consolidated.	**Retail:** consolidated proportionately. **Real estate** (CBo Territoria): fully consolidated. **Fishing:** fully consolidated.
French GAAP/ 2003 reclassified	**Retail:** consolidated proportionately. **Real estate** (CBo Territoria): fully consolidated. **Fishing:** fully consolidated.	**Retail:** consolidated proportionately. **Real estate** (CBo Territoria): fully consolidated. **Fishing:** fully consolidated.

1.3 Scope and methods of consolidation

The consolidated financial statements include the financial statements of all companies controlled exclusively, directly or indirectly, by the group.

Companies jointly controlled are proportionately consolidated. The group has joint control when the strategic financial and operational decisions for the business require the unanimous agreement of the parties that share control.

Companies in which the group exercises a significant influence are accounted for by the equity method.

The list of the consolidated companies is provided in note 4.7.

The following companies were consolidated for the first time in 2005:

- Rigdon Marine LLC (acquisition),
- Rigdon Marine Corp. (set-up),
- Bourbon Offshore I AS (set-up),
- Bourbon Offshore I KS (set-up),
- Bourbon Offshore III KS (set-up),
- Bourbon Offshore III AS (set-up),
- Bourbon Offshore Associates (set-up),
- GIE Bourbon Express (set-up),
- GIE FSIV 255 (set-up),
- GIE Surfer 2005 (set-up),
- GIE Bourbon Helios (set-up),
- GIE Bourbon Aladin (set-up),
- GIE Bourbon Apsara (set-up),
- GIE Bourbon Hermès (set-up),
- GIE Surfer 2005 bis (set-up),
- GIE Bourbon Hera (set-up),
- GIE Bourbon Alexandre (set-up),
- Bourbon Offshore Crafts (set-up),
- Bourbon Offshore Holding (set-up),
- GIE Abeille Bourbon (set-up),
- GIE Abeille Liberté (set-up),
- Cador (set-up),
- Tribor (set-up),
- Babor (set-up).

All the companies added to the scope of consolidation during the year are fully consolidated, with the exception of Rigdon Marine LLC and Rigdon Marine Corp., which are accounted for by the equity method.

The following companies were deconsolidated in 2005:
• Fishing business sold on January 1, 2005 (Armement Sapmer, Armement des Réunionnais, Armement Sapmer Distribution),
• Société de Développement Immobilier, Sret and CBo Territoria: business transferred to BOURBON shareholders via a distribution of in-kind dividends,
• Retail business accounted for by the equity method since October 1, 2005.

During the year, the liquidation of CMRS Casablanca and the following mergers were recorded:
• Bourbon Offshore VII AS and Bourbon Offshore VII KS were merged into Bourbon Offshore Norway,
• Rivages Croisières, Seaward and Sermar were merged into Bourbon Maritime,
• Les Abeilles Bayonne and Carmin Shipping were merged into Les Abeilles SAS.

1.4 Financial statements closing date

All consolidated companies close their individual accounts as at December 31, 2005.

1.5 Rules for rounding off figures

The consolidated financial statements are presented in thousands of euros and are rounded up to the closest thousand.

1.6 Translation of the financial statements of foreign companies

The group's functional and presentation currency is the euro. The accounts of subsidiaries with a different functional currency are translated into euro as follows:
• balance sheet items, with the exception of shareholders' equity, which are maintained at the historical rate, are converted at the year-end exchange rate,
• items on the income statement are converted at the average exchange rate of the period,
• currency translation differences are included in consolidated shareholders' equity and does not affect the income statement.

The functional currency of the foreign subsidiaries is generally the local currency. In cases where the majority of the transactions and costs are in a different currency, that currency is used.

Using this principle, the Bulk Division has adopted since January 1, 2005 the US dollar as the functional currency instead of its local currency, which is the euro. The statements of the Bulk companies are, therefore, established in US dollar using the historical price method, i.e.:
• non-monetary items of the balance sheet, including shareholders' equity, are translated at the historical exchange rate,
• monetary items on the balance sheet are translated at the closing rate,
• items on the income statement are translated at the average exchange rate for the period, with the exception of the amortization of non-monetary items to which they are related, which are converted at the historical exchange rate,
• the currency translation differences are included in the results of the period.

The statements of the Bulk Division companies are then converted into the consolidation currency (euro) using the closing price method as described above.

As of December 31, 2005, the impact of this change is recognized as equity capital in the translation differences for an amount of €(9.3) million.

The translation exchange rates used were as follows:

Currency		Average rate for the year 2005	Closing rate at 31/12/05	Closing rate at 31/12/04
AON	Kwanza	109.188	95.577	114.954
BRL	Brazilian real	3.026	2.761	3.616
CFA	CFA franc	655.957	655.957	655.957
CFP	CFP franc	119.265	119.265	119.265
CHF	Swiss franc	1.548	1.555	1.543
MGA	Ariary	2,485.063	2,591.320	2,546.020
MUR	Mauritian rupee	36.887	36.183	38.613
NGN	Naira	164.470	153.231	179.937
NOK	Norwegian kroner	8.009	7.985	8.237
SCR	Seychelles rupee	6.926	6.149	7.392
USD	American dollar	1.244	1.180	1.362
VND	Vietnamese dong	19,886.140	18,834.400	21,536.400

1.7 Subsidies

Investment subsidies are recognized as deferred income on liabilities side and are restated as income over the depreciation period of the assets to which they are related. The residual balance as at December 31, 2005 was €663 thousand.

1.8 Eliminations

The following eliminations required for consolidation were made:
• eliminations of intra-group transactions and reciprocal accounts between consolidated companies,
• elimination of the dividends paid between consolidated companies,
• elimination of allocations or reversals of provisions on the investments and receivables of the consolidated companies,
• elimination of internal margins on inventories,
• elimination of internal gains on asset disposals.

1.9 Goodwill

1.9.1 Positive goodwill

Goodwill represents the difference recorded at the date the acquisition is committed between the cost of the acquisition of the company, plus related costs, and the share they represent in the fair value of the acquired assets and liabilities.

As of December 31, 2005, the positive goodwill balance amounted to €2,327 thousand and essentially represents the difference recorded at the time of the takeover of the Towage & Salvage Division.

In accordance with IFRS 3 "Business combinations", goodwill is not amortized. It is subject to an impairment test once indices of a loss of value appear and at least once a year. To do this, goodwill is analyzed by cash generating units (CGU), which correspond for BOURBON to the group's three businesses: Offshore, Towage & Salvage, Bulk. No impairment loss was recorded on goodwill as of December 31, 2005.

In accordance with IAS 21, goodwill is expressed in the functional currency of the holding companies, then converted at the closing exchange rate (IAS 21.47).
At December 31, 2005, goodwill recognized on the consolidated balance sheet was related only to companies which the functional currency is euro.

1.9.2 Negative goodwill

Negative goodwill represents the surplus of the group's share in the fair value of the assets, liabilities and contingent liabilities of the company that can be identified on the date of acquisition. The negative goodwill thus generated is booked directly as income during the acquisition period.

1.10 Intangible assets

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

Business goodwill is identifiable by activity; its long-term value is primarily based on port operation rights. Depreciation is recognized when the recoverable value calculated on the basis of the criteria of revenues and profitability becomes lower than the gross value. At December 31, 2005, business goodwill was maintained on the balance sheet at its original value because of the development of the group's activities.

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

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

1.11 Property, plant and equipment

The option used by the group for the valuation of property, plant and equipment is the amortized historical cost.

1.11.1 Vessels

Gross value

Property, plant and equipment consist primarily of vessels valued, at cost on their acquisition date, i.e. the cost incurred to start-up the asset for the projected use.

The cost of a tangible asset includes the price paid in cash to a third party (including non-recoverable customs duties and taxes, but net of discounts or commercial rebates obtained from the supplier), plus the following acquisition costs:
• directly attributable costs incurred to start-up the asset,
• set-up costs,
• costs to transport the vessel to its operating site,
• costs related to sea trials,
• legal costs,
• professional fees (architects, engineers),
• commissions,
• costs of interim loans directly intended to finance the acquisition of the asset.

A tangible asset may include several components with a different life cycle or amortization period. In this case, the main elements of the asset are identified and booked separately using the component approach.

At BOURBON, each vessel includes two components:
• a "vessel" component,
• an "overhaul" component.

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

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

Amortization and depreciation

Amortization and depreciation are calculated on the basis of the component cost less its residual value.

Residual value is the selling price (net of the projected withdrawal costs) which the group would obtain from the sale of the asset on the market at the end of use, based on market conditions.

The amortizable basis of the "vessel" component is equal to its cost, less residual value. As the "overhaul" component has a zero residual value, its amortizable basis corresponds only to its cost.

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

Useful life is defined as the period on which the asset' future economic benefits are expected to be consumed.

The principal useful lives for vessels applied within BOURBON are as follows:
• for the Offshore Division: between 8 and 20 years,
• for the Towage & Salvage Division: between 20 and 30 years,
• for the Bulk Division: 20 years.

The useful life of the "overhaul" component of a vessel is function of the long-term maintenance program of the vessel.

In addition, if there are indications of impairment, an impairment test is then conducted on the corresponding group of assets (Cash Generating Unit). Within BOURBON, the CGUs are based on the operational division used by management to determine the group's strategy.

1.11.2 Other property, plant and equipment (excluding vessels)

Property, plant and equipment other than vessels (note 1.11.1) and investment properties (note 1.12) are valued at their acquisition cost plus related costs. These assets consist of a single component.

The amortizable/depreciable basis of other tangible assets is equal to their gross value, as their residual value is zero, with the exception of certain buildings for which there is a residual value.

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

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

1.12 Investment properties

Investment properties held by the group are recognized in the consolidated statements at their historical cost and are depreciated using the straight-line method over a period of 40 years.

The net value of these properties was €1,680 thousand as at December 31, 2005.

1.13 Investments in associates

Investments in associates are investments in entities in which the group exercises a significant influence. They are accounted as assets on the balance sheets using the equity method. The goodwill on equity associates is recorded in "Investments in associates" (note 2.4).

1.14 Other financial assets

Other financial assets include loans and receivables, investments in non consolidated companies as well as cash and cash equivalents (IAS 32 and IAS 39).

They correspond to the following balance sheet items: other non-current financial assets (note 1.14.1), trade and other receivables (note 1.14.2), other current financial assets (note 1.14.3) and cash and cash equivalents (note 1.14.4).

1.14.1 Other non-current financial assets

These assets include equity investments in non consolidated companies, loans and receivables and derivative financial instruments (portion > 1 year).

Investments in non consolidated companies

They represent the group's interests in the capital of non consolidated companies over which the group has no influence. They are recognized on the balance sheet at their fair value. In the absence of an active market, fair value is assessed on the basis of the share of equity held. The assessment may also take into account the following parameters, to the extent that they can be reliably measured:
• unrealized gains, if any, primarily property gains,
• profitability prospects.

For publicly traded securities, the market value of these securities at closing date is used.

Loans and receivables

This item includes loans, guarantees and other receivables with a maturity of more than one year, with payments that are fixed or can be determined, and which are not traded on an active market. They are recognized at fair value at origination and are booked at the amortized cost. They are subject to recoverable value tests which are performed once indications of impairment appear and, at least, at each closing.

Derivative financial instruments

BOURBON's strategy is to reduce the impact of exchange rate and interest rate fluctuations on its future cash flows using derivative financial instruments.

To do so, the group uses currency and rate hedging financial instruments, particularly currency forwards and interest rate swaps. These instruments are valued and booked in the consolidated statements at fair value. The fair value of derivative financial instruments is established on the basis of market value for listed instruments or on the basis of mathematical models that integrate market data for unlisted instruments.

The total fair value of a derivative financial instrument consists in a portion said to be "effective", i.e. the portion that is part of the hedging relationship, and a portion said to be "ineffective", which is excluded from the hedging relationship.

The "effective" portion of the fair value of hedging instruments is recorded as equity. The fair value recognized as equity is then reversed in income symmetrically with the hedged item.

The portion of the fair value considered outside the hedging relationship (the "ineffective" portion) directly impacts the financial result.

As these financial instruments are taken for the purpose of hedge accounting in relation to future cash flows, BOURBON has used the option offered by IAS 39 (IAS 39.74) to exclude from the cash flows hedging relationship the portion that corresponds to the time value.

The breakdown of derivative financial instruments into current and non-current is based on whether the maturity date is less or more than one year.

1.14.2 Trade and other receivables

Receivables are recorded on the balance sheet at the face value on the transaction date and not the payment value.

Provisions for depreciation of trade receivables are funded to reduce the risks of bad debt.
Provisions are recognized in accordance with rules developed from observance of past non-collection.

1.14.3 Other current financial assets

This item represents the portion of both derivative financial instruments and loans and receivables that is less than one year.

1.14.4 Cash and cash equivalents

Cash and cash equivalents consist in cash on hand, bank balances and short-term investments in money market instruments. These investments are easily convertible into a known cash amount and are subject to a negligible risk of a change in value. Cash and cash equivalents are valued at fair value.

1.15 Inventories

Inventories are valued at the weighted average price for raw materials and at the production cost for work in progress and finished products.

When the production cost of finished products is greater than the market value at the inventory date, a depreciation is booked to reduce the value of the inventories to their net realization value.

1.16 Currency transactions

Receivables and liabilities denominated in foreign currencies are valued at the year-end exchange rate. The differences resulting from translation at the closing exchange rate are recognized in income statement.

1.17 Shareholders' equity

Before taking into account the exercise of the stock options between October and December 2005, the BOURBON's share capital totaled 31,267,264 euros, represented by 24,612,000 fully paid-up shares.

The group issued four stock options plans for 1,035,803 stock options. The method used to value and recognize these plans is detailed in note 1.23.

The first stock option plan for 572,756 shares expired in October 2005. Deducting cancellations because of departures, the number of options was reduced to 505,553.

At year-end, 433,577 options had been exercised for a value of €4,895 thousand. The exercise of those options resulted in creating of 433,577 shares that will be capitalized following the Board of Directors meeting on March 20, 2006. After taking those options into account, the number of shares representing the capital is 25,045,577.

Movements on shares over 2005 are as follows:

January 1, 2005	24,612,000 shares
Options exercised at December 31, 2005	433,577 shares
Shares at year end	25,045,577 shares

1.18 Provisions for risks and contingencies

Pursuant to IAS 37 "Provisions, contingent liabilities and contingent assets", any obligation of the group toward a third party that results in a disbursal of resources without future consideration is accrued for.

1.19 Financial liabilities

Financial liabilities as defined by IAS 39 include non-current financial liabilities (note 1.19.1), current financial liabilities (note 1.19.2,) and trade payables.

1.19.1 Non-current financial liabilities

This item includes borrowings and financial liabilities maturing more than one year after the balance sheet date and derivative financial instruments expiring at more than one year.

Non-current borrowings and financial liabilities are valued at the amortized cost, calculated on the basis of the effective interest rate (EIR); derivatives are valued at fair value (note 1.14.1).

1.19.2 Current financial liabilities

These include short-term borrowings and financial liabilities (less than one year) and derivatives expiring in less than one year.

Derivative financial instruments are recognized on the balance sheet at fair value.

1.20 Tax payable and deferred taxes

The tax income for the year includes:

• tax payable for the year less any tax credits actually used,

• deferred taxes booked in the consolidated financial statements based on the tax position of the company, in accordance with a generally conservative policy.

They result from:

- temporary differences,
- consolidation restatements and eliminations,
- and deficits to be carried forward, which are likely to be recovered in the foreseeable future.

Deferred tax is recognized using the liability method in its broadest sense. Deferred tax assets and liabilities are not discounted.

1.21 Finance leases

Assets financed through finance lease agreements are recognized as assets on the balance sheet when the agreement substantially gives the group most of the risks and rewards of ownership. The value used is the lowest of market value of the leased assets and the discounted value of the minimum payments owed. The asset is depreciated using the group's depreciation methods as defined in note 1.11.

1.22 Employee benefits

Employee benefits include retirement compensation, long-service awards, bonuses and profit-sharing.

1.22.1 Retirement compensation

Group employees receive retirement compensation in addition to the legal pension benefits in effect in the country in which they are employed.

Pursuant to IAS 19 "Employee benefits"", retirement commitments are valued using the Projected Credit Unit Method. Under this method, the valuation of the commitment takes into account pension rights acquired by the employee on the date of his or her retirement. However, the commitment is allocated in proportion to the employee's seniority on the date of calculation, taking into account the ratio between the employee's current seniority and his projected seniority at the time of retirement.

These calculations incorporate the following assumptions:

• age of retirement: legal age in effect in each country,

• survival probability: using the mortality table applicable to each country,

• financial discount rate,

• inflation rate,

• employee turnover: established for each company by taking the average turnover for the last five years,

• assumptions of future increases in salaries,

• calculation of the rights based on collective agreements or special agreements in force within each entity/country.

The commitment as of December 31, 2005 was €14,353 thousand (note 2.10).

1.22.2 Profit sharing

Profit sharing depends on the company's performance, measured primarily by the revenues and operating margins.

There are two application methods. The first is to apply the change coefficient for each individual to his or her salary earned over 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. Thus, the amount of the bonus is calculated by applying the corresponding percentage to the annual payroll. A portion of this amount is then distributed uniformly among the employees, while the other portion is distributed in proportion to the gross salaries for the reference year.

If the bonus is paid into the Company Savings Plan (PEE), the employer's contribution is 20%.

1.22.3 Participation on benefits

The legal participation on benefits, which is blocked for five years, is paid to an independent organization.

1.23 Stock option plans

In accordance with the transitional provisions specifically provided for by IFRS 1, only stock option plans established after November 7, 2002 were used in accounting for employee benefits.

BOURBON issued three stock option plans after that date:
• the first plan was granted in September 2003 for 112,000 shares, and the options may be exercised from 2007 until 2009,
• the second plan was granted in March 2005 for 127,000 shares, and the options may be exercised from 2009 until 2011,
• the third plan was issued in December 2005 for 300,000 shares, and the options may be exercised from 2009 until 2011.

In accordance with IFRS 2 "Share-based Payment", the plans are valued on the date they are granted on the basis of market values. Changes in value subsequent to the grant date do not affect the initial measurement of the plans. The benefit measured in accordance with IFRS 2 is equivalent to remuneration paid to the beneficiaries it is therefore recognized within payroll, on a straight-line basis over the vesting period, the corresponding amount being booked as an increase in shareholders' equity.

When the options are exercised by the beneficiaries, BOURBON's capital will be increased, and shares will be issued to the beneficiaries accordingly. The exercise price received by the group will be recorded as cash as a contra to the corresponding capital increase.
A summary of the group's stock option plans is provided below:

	September 2003	**March 2005**	**December 2005**
Date of authorizing shareholders' meeting	May 25, 2000	May 25, 2000	June 7, 2005
Date of authorizing Board of Directors' meeting	September 8, 2003	March 8, 2005	December 5, 2005
Number of authorized stock options	112,000 (1)	150,000	300,000
Total number of options allotted adjusted at 31/12/2005	103,250	127,000	300,000
Number of beneficiaries	10	17	302
Start date	September 2007	March 2009	December 2009
Expiration date	September 2009	March 2011	December 2011
Subscription price in euros adjusted at 31/12/2005	18.26	42.17	65.50
Fair value at 31/12/2005	27.27	73.95	73.95

(1) Figure readjusted following shares' movements

1.24 Treasury shares

The treasury shares owned by the group on the closing date were netted against shareholders' equity. The impact was a €262 thousand reduction for financial year 2004 and a €48 thousand reduction in 2005. The number of treasury shares owned by BOURBON at December 31, 2005 was 660.

1.25 Revenues

Revenues include revenues from chartering and related services, towage and assistance services, as well as revenues from sugar operations, less discounts granted. Revenues are recognized as follows:
• using the completion method for the bulk shipping vessels at sea on the closing date,
• on the date of transfer of ownership for assets sold,
• on the date of completion of the service.

Revenues at December 31, 2005 also include the trading revenues from the Retail activities over the first nine months of the year until the date this activity has been accounted using the equity method.

1.26 Operating income

Operating income is the net income from the consolidated entity, before recognition of:
• net gains on equity interests sold,
• share of profit/loss from associates,
• current and deferred taxes,
• the cost of net financial debt,
• other financial income and expenses.

1.27 Cost of net financial debt

Cost of net financial debt corresponds to the interest expenses and income produced by the elements that make up the net financial debt during the year.

1.28 Other financial income and expenses

Other financial income and expenses include currency gains and losses and the net charge to financial provisions.

1.29 Segment information

Pursuant to IAS 14 "Segment reporting", the group has opted for the business sector as the first level of segmentation and for the geographic sector (France and international) as the second level.

Based on its organization and its internal information system, the group has defined five business sectors: Offshore Division, Towage & Salvage Division, Bulk Division, Corporate and Retail. However, it should be noted that the on-going withdrawal from the Retail business will be finalized no later than 2009. The main divisions are as follows:
• Offshore Division, which provides marine services to the oil industry to support their offshore development and production activities;
• Towage & Salvage Division, which operates in port towage, deep-sea towage, and assistance and salvage at sea;
• Bulk Division, which operates in the international freight sector to transport dry bulk products (coals, minerals, cement products, corn, etc.).

In the first level of segmentation, are defined as segment assets:
• intangible assets and property, plant and equipment,
• goodwill,
• investments in associates,
• inventories and work in progress,
• trade and other receivables,
• other current assets;
and, as segment liabilities:
• trade and other payables,
• tax liabilities,
• other current liabilities.

It should be noted that these segment assets and liabilities are not broken down at the second level of segmentation (between France and International) because of their mobility (vessels).

All inter-division business relations are conducted on a market basis, under terms and conditions identical to those prevailing for supplies of goods and services to customers outside the group.

2. Notes to the consolidated financial statements

2.1 Intangible assets and property, plant and equipment

Intangible assets

Breakdown of intangible assets:

(in thousands of euros)	**Gross value**	**Amortization and impairment**	**Net value**
01/01/04	**17,131**	**(5,748)**	**11,383**
Acquisitions	3,513	(1,289)	2,224
Disposals	(408)	262	(146)
Changes in scope of consolidation	55	(29)	26
Impact of changes in exchange rates	(1,166)	274	(892)
Reclassification and other changes	1	–	1
31/12/04	**19,126**	**(6,530)**	**12,596**
Acquisitions	241	(976)	(735)
Disposals	(156)	129	(27)
Changes in scope of consolidation	(7,568)	3,256	(4,312)
Impact of changes in exchange rates	949	(176)	773
Reclassification and other changes	269	0	269
31/12/05	**12,861**	**(4,297)**	**8,564**

Details of gross intangible assets:

(in thousands of euros)	**R&D costs**	**Concessions patents**	**Leasehold rights**	**Business goodwill**	**Other intangible assets**	**Advances and installments**	**Total**
01/01/04	**45**	**3,272**	**224**	**1,252**	**12,318**	**20**	**17,131**
Acquisitions	–	758	–	–	2,755	–	3,513
Disposals	–	(127)	–	(143)	(138)	–	(408)
Changes in scope of consolidation	–	45	–	10	–	–	55
Impact of changes in exchange rates	(1)	(6)	–	–	(1,153)	(6)	(1,166)
Reclassification and other changes	–	(1)	–	–	15	(13)	1
31/12/04	**44**	**3,941**	**224**	**1,119**	**13,797**	**1**	**19,126**
Acquisitions	–	178	1	–	33	29	241
Disposals	–	(37)	–	(21)	(97)	(1)	(156)
Changes in scope of consolidation	–	(1,721)	(224)	115	(5,738)	–	(7,568)
Impact of changes in exchange rates	1	38	–	–	908	2	949
Reclassification and other changes	–	(1)	–	–	270	–	269
31/12/05	**45**	**2,398**	**1**	**1,213**	**9,173**	**31**	**12,861**

Details of amortization and impairment on intangible assets:

(in thousands of euros)	**R&D costs**	**Concessions patents**	**Leasehold rights**	**Business goodwill**	**Other intangible assets**	**Advances and installments**	**Total**
01/01/04	**(45)**	**(2,766)**	**–**	**(526)**	**(2,411)**	**–**	**(5,748)**
Acquisitions	–	(680)	–	(227)	(382)	–	(1,289)
Disposals	–	122	–	2	138	–	262
Changes in scope of consolidation	–	(29)	–	–	–	–	(29)
Impact of changes in exchange rates	1	7	–	–	266	–	274
Reclassification and other changes	–	–	–	–	–	–	–
31/12/04	**(44)**	**(3,346)**	**–**	**(751)**	**(2,389)**	**–**	**(6,530)**
Acquisitions	–	(253)	–	–	(723)	–	(976)
Disposals	–	37	–	2	90	–	129
Changes in scope of consolidation	–	1,590	–	228	1,438	–	3,256
Impact of changes in exchange rates	(1)	(39)	–	–	(136)	–	(176)
Reclassification and other changes	–	–	–	–	–	–	–
31/12/05	**(45)**	**(2,011)**	**–**	**(521)**	**(1,720)**	**–**	**(4,297)**

Property, plant and equipment

Property, plan and equipment totaled €1,373,070 thousand at December 31, 2005, including €1,680 thousand for investment properties detailed in note 2.2, and €1,371,390 thousand for other tangible assets, broken down as follows:

(in thousands of euros)	**Gross value**	**Depreciation and impairment**	**Net value**
01/01/04	**1,302,198**	**(226,635)**	**1,075,563**
Acquisitions	322,174	(97,300)	224,874
Disposals	(75,743)	32,802	(42,941)
Impairment	–	–	–
Changes in scope of consolidation	5,343	(2,578)	2,765
Impact of changes in exchange rates	(13,321)	5,193	(8,128)
Reclassification and other changes	(282)	37	(245)
31/12/04	**1,540,369**	**(288,481)**	**1,251,888**
Acquisitions	358,713	(89,490)	269,223
Disposals	(14,489)	6,377	(8,112)
Impairment	–	(2,476)	(2,476)
Changes in scope of consolidation	(268,861)	102,353	(166,508)
Impact of changes in exchange rates	32,407	(5,068)	27,339
Reclassification and other changes	1,066	(1,030)	36
31/12/05	**1,649,205**	**(277,815)**	**1,371,390**

At December 31, 2005, the amount of interim financial interest included in the cost of the vessels was €4,288 thousand, including €2,113 thousand for vessels under construction.

Over the year, €436 thousand was received as compensation for tangible assets and recorded as income.

Details of gross property, plant and equipment:

(in thousands of euros)	**Land**	**Buildings**	**Technical facilities**	**Vessels and overhaul**	**Other tangible assets**	**Property, plant and equipment in progress**	**Advances and installments**	**Total**
01/01/04	**62,361**	**156,165**	**143,901**	**788,154**	**51,732**	**97,881**	**2,004**	**1,302,198**
Acquisitions	742	1,700	135,192	112,745	3,725	65,681	2,389	322,174
Disposals	(2,926)	(747)	(20,981)	(49,172)	(1,917)	–	–	(75,743)
Impairment	–	–	–	–	–	–	–	–
Changes in scope of consolidation	66	2,483	2,525	–	260	9	–	5,343
Impact of changes in exchange rates	(2,209)	(6,312)	(6,143)	3,666	(1,956)	(366)	(1)	(13,321)
Reclassification and other changes	–	1,086	(59,799)	119,719	7,532	(67,578)	(1,242)	(282)
31/12/04	**58,034**	**154,375**	**194,695**	**975,112**	**59,376**	**95,627**	**3,150**	**1,540,369**
Acquisitions	–	453	930	187,708	800	157,267	11,555	358,713
Disposals	(610)	(4,225)	(280)	(8,829)	(221)	(324)	–	(14,489)
Impairment	–	–	–	–	–	–	–	–
Changes in scope of consolidation	(50,699)	(111,999)	(50,021)	(2,681)	(49,298)	(4,066)	(97)	(268,861)
Impact of changes in exchange rates	334	3,547	8,259	21,223	481	(1,762)	325	32,407
Reclassification and other changes	–	708	(78,751)	173,598	(809)	(90,319)	(3,361)	1,066
31/12/05	**7,059**	**42,859**	**74,832**	**1,346,131**	**10,329**	**156,423**	**11,572**	**1,649,205**

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

(in thousands of euros)	Land	Buildings	Technical facilities	Vessels and overhaul	Other tangible assets	Property, plant and equipment in progress	Advances and installments	Total
01/01/04	**(913)**	**(30,303)**	**(55,676)**	**(101,721)**	**(37,329)**	**(693)**	**–**	**(226,635)**
Acquisitions	(23)	(5,077)	(10,942)	(73,993)	(7,265)	–	–	(97,300)
Disposals	477	1,630	9,435	19,554	1,706	–	–	32,802
Impairment	–	–	–	–	–	–	–	–
Changes in scope of consolidation	–	(404)	(2,005)	–	(169)	–	–	(2,578)
Impact of changes in exchange rates	1	1,019	2,937	201	1,015	20	–	5,193
Reclassification and other changes	–	143	7,190	(7,295)	(1)	–	–	37
31/12/04	**(458)**	**(32,992)**	**(49,061)**	**(163,254)**	**(42,043)**	**(673)**	**–**	**(288,481)**
Acquisitions	–	(3,758)	(13,320)	(60,557)	(11,855)		–	(89,490)
Disposals	–	349	280	5,322	424	2	–	6,377
Impairment	–	–	–	(2,476)	–	–	–	(2,476)
Changes in scope of consolidation	448	22,346	34,404	(1,175)	45,875	455	–	102,353
Impact of changes in exchange rates	–	(814)	(1,507)	(2,380)	(336)	(31)	–	(5,068)
Reclassification and other changes	–	423	10,122	(11,979)	404	–	–	(1,030)
31/12/05	**(10)**	**(14,446)**	**(19,082)**	**(236,499)**	**(7,531)**	**(247)**	**–**	**(277,815)**

Impairment loss recorded in 2005 resulted of the impairment test performed at December 31, 2005. The asset was measured and booked at its fair value, which corresponds to the net disposal proceeds.

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

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

(in thousands of euros)	Land	Buildings	Technical facilities	Vessels and overhaul	Other tangible assets	Total
01/01/04	**5,798**	**32,757**	**15,204**	**53,831**	**1,075**	**108,665**
Acquisitions	–	–	–	–	–	–
Disposals	–	–	(4,882)	(208)	–	(5,090)
Impairment	–	–	–	–	–	–
Changes in scope of consolidation	–	–	–	–	–	–
Impact of changes in exchange rates	–	–	–	–	–	–
Reclassification and other changes	–	–	–	–	–	–
31/12/04	**5,798**	**32,757**	**10,322**	**53,623**	**1,075**	**103,575**
Acquisitions	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Impairment	–	–	–	–	–	–
Changes in scope of consolidation	(5,798)	(30,191)	(5,469)	(2,681)	(237)	(44,376)
Impact of changes in exchange rates	–	–	–	–	–	–
Reclassification and other changes	–	–	(4,592)	(45,791)	–	(50,383)
31/12/05	**–**	**2,566**	**261**	**5,151**	**838**	**8,816**

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

(in thousands of euros)	**Land**	**Buildings**	**Technical facilities**	**Vessels and overhaul**	**Other tangible assets**	**Total**
01/01/04	–	**(8,493)**	**(1,024)**	**(5,795)**	**(1,044)**	**(16,356)**
Acquisitions	–	(1,071)	(6)	(1,874)	(31)	(2,982)
Disposals	–	–	–	208	–	208
Impairment	–	–	–	–	–	–
Changes in scope of consolidation	–	–	–	–	–	–
Impact of changes in exchange rates	–	–	–	–	–	–
Reclassification and other changes	–	–	–	–	–	–
31/12/04	**–**	**(9,564)**	**(1,030)**	**(7,461)**	**(1,075)**	**(19,130)**
Acquisitions	–	–	–	(415)	–	(415)
Disposals	–	–	–	–	–	–
Impairment	–	–	–	–	–	–
Changes in scope of consolidation	–	8,871	769	1,960	237	11,837
Impact of changes in exchange rates	–	–	–	–	–	–
Reclassification and other changes	–	–	–	5,543	–	5,543
31/12/05	**–**	**(693)**	**(261)**	**(373)**	**(838)**	**(2,165)**

2.2 Investment properties

Breakdown of investment properties:

(in thousands of euros)	**Gross value**	**Depreciation and impairment**	**Net value**
01/01/04	**23,025**	**(6,268)**	**16,757**
Acquisitions	–	–	–
Disposals	–	–	–
Impairment	–	–	–
Changes in scope of consolidation	(638)	183	(455)
Impact of changes in exchange rates	–	–	–
Reclassification and other changes	–	–	–
31/12/04	**22,387**	**(6,085)**	**16,302**
Acquisitions	–	–	–
Disposals	–	–	–
Impairment	–	–	–
Changes in scope of consolidation	–	–	–
Impact of changes in exchange rates	(20,707)	6,085	(14,622)
Reclassification and other changes	–	–	–
31/12/05	**1,680**	**–**	**1,680**

As of December 31, 2005, the fair value of the investment properties was €1,931 thousand representing the value determined by an independent expert.

2.3 Goodwill

At December 31, 2005, the net balance of positive goodwill was €2,327 thousand, broken down as follows:

(in thousands of euros)	Gross value	Impairment	Net value
01/01/04	**90,419**	**(44,540)**	**45,879**
Acquisitions	2,931	(290)	2,641
Disposals	–	–	–
Impairment	–	–	–
Changes in scope of consolidation	(150)	150	–
Impact of changes in exchange rates	–	–	–
Reclassification and other changes	–	–	–
31/12/04	**93,200**	**(44,680)**	**48,520**
Acquisitions	–	–	–
Disposals	–	–	–
Impairment	–	–	–
Changes in scope of consolidation	–	–	–
Impact of changes in exchange rates	(66,562)	20,369	(46,193)
Reclassification and other changes	–	–	–
31/12/05	**26,638**	**(24,311)**	**2,327**

The amount appearing in 2005 on the “Change in scope of consolidation” line includes:
• reclassification of the residual goodwill on the Retail business in the item “Investments in associates” for an amount of €18,165 thousand,
• the share of goodwill sold for an amount of €28,028 thousand.

The goodwill accounting principles are detailed in note 1.9.

At December 31, 2005, the balance of positive goodwill was €2,327 thousand, representing the goodwill earned:
• at the time of the takeover of the Towage & Salvage Division for €1,648 thousand,
• at the time of the acquisition of the Norwegian subsidiary, for an amount of €679 thousand.

Because of the profitability of the businesses concerned, no impairment was booked at December 31, 2005.

2.4 Investments in associates

At December 31, 2005, investments in associates totaled €99,000 thousand. The change in the equity value is as follows:

(in thousands of euros)	Investments value, excluding goodwill	Net goodwill	Investments in associates
01/01/04	**–**	**–**	**–**
Change in scope of consolidation	–	–	–
Share in income from associates	–	–	–
Impact of changes in exchange rates	–	–	–
31/12/04	**–**	**–**	**–**
Change in scope of consolidation			
– Retail activity	67,267	18,165	85,432
– Rigdon Marine	6,485	1,158	7,643
Share in income from associates	5,115	–	5,115
Impact of changes in exchange rates	810	–	810
31/12/05	**79,677**	**19,323**	**99,000**

Changes in scope of consolidation reflect the sale of 36.66% of the group's Retail business on October 1, 2005 and the acquisition of Rigdon Marine LLC and Rigdon Marine Corporation as of December 23, 2005.

The share in income of €5,115 thousand represents the income from the Retail business over 2005 last quarter (€5,073 thousand) plus the share in the income of the Rigdon Marine companies (€42 thousand).

The net goodwill included in the item "Investments in associates" corresponds to:
• goodwill recognized at the time of the purchase of the Rigdon Marine shares for €1,158 thousand,
• reclassification of the residual goodwill on the Retail business due to the transition from proportionate consolidation to equity method accounting (see note 2.3).

The changes for the year break down as follows:

Rigdon Marine

(in thousands of euros)	**Rigdon Marine**
Acquisition cost of the shares	7,643
Target net position (corporate)	27,056
Restated net position	27,056
Purchased share restated	6,485
Goodwill	1,158
Valuation discrepancy	–

Vindémia

Since October 1, 2005, the Retail business has been accounted for by the equity method. In fact, following the exercise of the first put on Vindémia in which BOURBON exercised joint control with its partner, BOURBON's interest is now only 30%, BOURBON still exercises significant influence. Under the agreements signed with the Casino group, the sale of the balance of the stake is expected to take place between 2007 and 2009 (second put), and the sale price will be determined on the basis of already agreed-upon multiples applied to results at the time.

The impact of the exercise of the first put on the BOURBON consolidated financial statements at December 31, 2005 was as follows:

(in thousands of euros)	**Vindémia**
Shares sale price	199,544
Amount collected in cash and cash equivalents	199,544
Cash or cash equivalents of the subsidiary sold	35,446

As of December 31, 2005, the investments in associates were valued as follows:
• for the Rigdon Marine companies, at their entry value in the consolidated accounts, plus the group's share in income since the acquisition date,
• for the Retail business companies, at their value on the date of deconsolidation, plus the group's share in income of 2005 last quarter.

As of December 31, 2005, the principal financial elements of the investments in associates were as follows (data indicated at 100%):

(in thousands of euros)	**Retail business**	**Rigdon Marine**
Total assets	563,738	173,269
Net financial liabilities (*)	15,102	(125,620)
Contingent liabilities	6,372	–
Revenues	845,205	28,878
Net income	32,037	104

(*) Borrowings and financial liabilities less net cash.

2.5 Other financial assets

The principles for recognizing and measuring other financial assets are defined in note 1.14.1.

The evolution of gross value is as follows:

(in thousands of euros)	**Investments in associates**	**Other receivables associated with non-consolidated investments**	**Loans, guarantees**	**Total**
01/01/04	**16,021**	**898**	**51,620**	**68,539**
Acquisitions	10,381	2,110	61,240	73,731
Disposals	(5,412)	–	(6,818)	(12,230)
Changes in scope of consolidation	(3,410)	–	27	(3,383)
Impact of changes in exchange rates	(40)	(176)	(6,235)	(6,451)
Reclassification and other changes	–	(239)	(2,147)	(2,386)
31/12/04	**17,540**	**2,593**	**97,687**	**117,820**
Acquisitions	3,770	–	43,268	47,038
Disposals	(1,779)	(2,106)	(87,475)	(91,360)
Changes in scope of consolidation	(4,006)	–	(203)	(4,209)
Impact of changes in exchange rates	340	183	4,686	5,209
Reclassification and other changes	–	(12)	1,186	1,174
31/12/05	**15,865**	**658**	**59,149**	**75,672**

Change in provisions:

(in thousands of euros)	**Investments in associates**	**Other receivables associated with non-consolidated investments**	**Loans, guarantees**	**Total**
01/01/04	**(1,124)**	**(659)**	**(808)**	**(2,591)**
Acquisitions	(1,635)	–	(70)	(1,705)
Disposals	105	–	65	170
Changes in scope of consolidation	–	–	–	–
Impact of changes in exchange rates	1	2	47	50
Reclassification and other changes	–	–	–	–
31/12/04	**(2,653)**	**(657)**	**(766)**	**(4,076)**
Acquisitions	(4,569)	–	(80)	(4,649)
Disposals	986	–	15	1,001
Changes in scope of consolidation	20	–	162	182
Impact of changes in exchange rates	(10)	–	(71)	(81)
Reclassification and other changes	–	–	–	–
31/12/05	**(6,226)**	**(657)**	**(740)**	**(7,623)**

The main non-consolidated investments are:

(in thousands of euros)	**Shareholders' equity**	**Net income**	**% holding**	**Gross value**	**Fair value**	**Closing date**
BOURBON AXA INV. FUND	16,697	151	23%	5,608	5,608	06/30/05
HAPPY WORLD FOOD	24,836	(243)	20%	4,720	2,740	06/30/05

These investments represent the group's interests in the share capital of these companies in which BOURBON has no influence.

2.6 Other long-term assets

Other long-term assets:

(in thousands of euros)	**31/12/05**	**31/12/04**
Prepaid expenses	86	114
Tax receivables	65	50
Other receivables	802	661
Derivative financial instruments	2,095	–
Total	**3,048**	**825**

Derivative financial instruments:

31/12/05	**Nominal**		**Fair value of the derivative**	
(in thousands of euros)	**Overnight to 1 year**	**Over 1 year**	**Overnight to 1 year**	**Over 1 year**
Foreign exchange risk				
Forward currency contracts:				
– on investments	73,693	1,355	3,715	90
– on revenues	51,798	–	293	–
– on intra-group transactions	61,807	–	1,146	–
Total	**187,298**	**1,355**	**5,154**	**90**
Interest rate risk				
Interest rate swaps	–	196,338	–	1,278
Other	120,000	48,988	(583)	(45)
Total	**120,000**	**245,326**	**(583)**	**1,233**

Forward currency contracts are related to cash flows that are primarily in USD dollars (USD) and Norwegian kroner (NOK).

Interest rate derivatives maturing less than one year (participating collar on residual constant maturity swap and interest rate swap) for a nominal amount of €120,000 thousand, with a fair value of – €583 thousand at December 31, 2005 were recognized in the consolidated statements as trading derivatives.
These three derivatives were originally contracted to hedge a BOURBON SA loan, secured by the sale of the Retail business. As the first put option on Casino was exercised in 2005, the loan became immediately due and payable and was therefore repaid.

As these interest rate derivatives do actually not longer qualify for hedge accounting, they were designated as trading derivatives as of the date of the first-time application of the IFRS, i.e. January 1, 2005. Accordingly, the fair value of these derivatives at January 1, 2005 was booked as equity; only the subsequent changes in their fair value will impact the financial income.

The Vindémia shares still held by BOURBON are covered by a shareholders' agreement and one share derivative through a put on Casino. The Casino group itself holds a call on BOURBON for these shares.

The put can be exercised every financial year between the 45th day following approval of the financial statements for the previous year and September 15 of that year. The call can be exercised between the 60th day following approval of the financial statements for the previous year and September 15 of that year. The exercise of the put voids the call and vice versa.

The exercise years for the put are 2007, 2008 and 2009.
The exercise years for the call are 2008 and 2009.

As required by IAS 39, this option was valued at cost (zero value) to the extent that the fair value of the underlying assets cannot be reliably determined since the Vindémia shares are not publicly traded.

Group's exposure to interest rate risk

The net variable interest rate position of the group before and after management is as follows:

(in thousands of euros)	Overnight to 1 year	> 1 year	Total
Total assets at variable rate	232,262	–	232,262
Total liabilities at variable rate	(263,531)	(696,651)	(960,182)
Net position before risk management	**(31,269)**	**(696,651)**	**(727,920)**
Derivative financial instruments	–	196,338	196,338
Net position after risk management	**(31,269)**	**(500,313)**	**(531,582)**

Therefore, a 1% change in the interest rate would increase or reduce the group's debt cost by €5 million. However, it should be noted that the group contracted an interest rate swap with a notional principal of €191 million, that takes effect in 2006, which will reduce the group's net position.

The group's policy for managing market risks is as follows:

Interest rate risk

BOURBON regularly monitors its exposure to the interest rate risk. This is the responsibility of the Group Treasury, who reports to the Deputy CEO – Chief Financial Officer. The group does not use any financial instruments for speculation purposes.
At December 31, 2005, before the use of variable interest rate hedges (rate swaps), the amount of fixed-rate debt, denominated in euros, amounted to 40 million euros.
In addition, the group covered 320 million euros of its variable-rate bank debt through backwarded swaps, converting them to fixed-rate debt. Interest rate hedges were carried out with leading bank counterparties.

Foreign currency

Objectives

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

Long-term cash flows

Policy
In the case of vessels acquired in a foreign currency, the policy is to hedge foreign exchange risks during the construction period (12 to 18 months) by using forward contracts for the purchase of foreign currency.

The policy is to finance these acquisitions in the currency in which the corresponding charters will be paid by customers; however, in order to avoid translation differences in the countries outside the euro zone and the dollar zone (Norway in particular), the entities finance their investments in their functional currency.

Current practice
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 = USD 1.263). This was done to realize the underlying currency gains (€20 million) booked 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 (outside of Norway) have been in euros. When the euro/dollar exchange rate permits, these borrowings will again be converted into dollars and subsequent investments will again be financed in dollars.
Thus, BOURBON continues to acquire assets whose value is essentially dependent on the dollar, using the proceeds from disposals of euro-valued assets.

Cash flows from operating activities

For the **Offshore Division**, BOURBON invoices a major portion (around 65%) of its services in dollars. The group benefits from some natural currency hedging thanks to the payment of expenses in the same currency (15% to 20% of the costs, or around 10% of revenues). The policy is to maximize this natural hedging. The residual exposure is partially hedged in the short term by using forward dollars and/or options sales.

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

The **Bulk shipping business**, mainly in dollars (revenues and costs) is accounted for in its functional dollar currency. The resulting margin in dollars is not hedged.
For the **sugar** business in Vietnam, expenses are for the most part essentially in the same currencies as income. The currency risk is therefore limited to the effect of the translation risk.

The group has not subscribed to any COFACE type agreement and currency transactions are performed exclusively for hedging purposes.

2.7 Inventories and work in progress

Totaling a net value of €13,344 thousand at December 31, 2005 and €98,757 thousand at December 31, 2004, inventories and work in progress break down as follows:

(in thousands of euros)	31/12/05	31/12/04
Gross value		
Inventories of raw materials and supplies	7,015	10,835
Inventories of goods and services in progress	1,267	7,490
Inventories of finished and semi-finished products	5,269	10,987
Inventories of merchandise	111	70,316
Total	**13,662**	**99,628**

The substantial decrease in inventories and work in progress is related to the deconsolidation of the Retail business on October 1, 2005.

(in thousands of euros)	31/12/05	31/12/04
Provisions		
Inventories of raw materials and supplies	(318)	(162)
Inventories of goods and services in progress	–	–
Inventories of finished and semi-finished products	–	(35)
Inventories of merchandise	–	(674)
Total	**(318)**	**(871)**

2.8 Trade receivables and other current assets

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

	31/12/05			31/12/04		
(in thousands of euros)	Gross value	Provisions	Net value	Gross value	Provisions	Net value
Trade and other receivables	173,145	(5,576)	167,569	206,746	(10,541)	196,205
Other current assets	24,845	–	24,845	26,616	–	26,616
Total	**197,990**	**(5,576)**	**192,414**	**233,362**	**(10,541)**	**222,821**

Other current assets break down as follows:

(in thousands of euros)	31/12/05	31/12/04
Interest accrued on receivables and loans	380	2,693
Loans and guarantees	9,872	13,301
Prepaid expenses	8,417	10,622
Derivative financial instruments	6,176	–
Total	**24,845**	**26,616**

Derivative financial instruments are presented in note 2.6.

2.9 Cash and cash equivalents

(in thousands of euros)	**31/12/05**	**31/12/04**
Marketable securities	14,194	37,119
Other investments	–	536
Accrued interest	63	98
Cash	218,004	156,560
Total	**232,261**	**194,313**

2.10 Employee commitments and other provisions for risks and contingencies

Provisions for risks and contingencies break down as follows:

(in thousands of euros)	**Employee commitments**	**Tax audits**	**Disputes**	**General liability warranty**	**Other provisions for risks**	**Other provisions for contingencies**	**Total**
01/01/04	**13,328**	**4,302**	**1,665**	**2,356**	**4,595**	**6,916**	**33,162**
Increases for the period	4,551	952	158	1,246	2,744	2,481	12,132
Uses	(3,995)	(73)	(822)	–	(2,345)	(2,661)	(9,896)
Reversals of provisions	–	–	–	–	(6)	–	(6)
Change in scope of consolidation	–	–	–	–	–	–	–
Impact of changes in exchange rates	(205)	–	–	–	75	(15)	(145)
Reclassification and other changes	136	–	–	–	–	–	136
31/12/04	**13,815**	**5,181**	**1,001**	**3,602**	**5,063**	**6,721**	**35,383**
Increases for the period	1,775	28	99	3,320	2,102	971	8,295
Uses	(539)	(3,843)	–	(1,433)	(3,874)	(2,225)	(11,914)
Reversals of provisions	–	–	(147)	–	–	–	(147)
Change in scope of consolidation	(870)	(984)	(663)	–	1,918	(3,686)	(4,285)
Impact of changes in exchange rates	25	–	44	–	493	–	562
Reclassification and other changes	(92)	–	–	–	–	(500)	(592)
31/12/05	**14,114**	**382**	**334**	**5,489**	**5,702**	**1,281**	**27,302**

Provisions with a maturity of more than one year are classified as provisions for risks and contingencies.
The short-term portion (less than one year) of the provisions for risks and contingencies is classified on the line "Provisions - less than one year" and relates only to pension commitments.

The provision for general liability warranty is recognized for the general liability clause given at the time of the sale of the Réunion Sugar/Europe Trading operations.

The impact of the increases and reversals of provisions on the income for the year is booked as operating income.

Employee commitments

Employee commitments include the long-term portion of the provision for retirement compensation and the provision for long service awards.

Retirement compensation

In certain countries, the group's employees receive retirement compensation, paid once at the time of retirement (defined benefit plan). In accordance with IAS 19, the commitment for retirement compensation is actuarially valued using the projected units credit method. Under this method, each period of service generates one additional unit of benefit rights, and each of these units is valued separately in order to value the final obligation. This final obligation is then discounted.

The main assumptions used (in both 2005 and in 2004) to value the retirement commitments were as follows:
- discount rate: 4%,
- inflation rate: 2% in most cases, except for certain countries where a different rate was used to take into account local economic conditions,
- use of an average rate of salary increase based on the salary policy conducted within the various companies concerned.

The change in the provision for retirement compensation was as follows:

(in thousands of euros)	31/12/05
Present value of the obligation at beginning of the year	**14,316**
Current service cost	1,211
Financial cost	487
Benefits attributed	(838)
Past service cost	–
Currency translation adjustment	47
Effect of changes in scope of consolidation and changes in consolidation principles	(870)
Present value of the obligation at year end	**14,353**
including portion less than one year	**384**

The current service cost represents the increase in the present value of the obligation resulting from the services rendered by employees during the year (cost of one year of additional work).

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

In addition, there was no change in benefit plan over 2005.

Finally, there is no associated asset (investment, insurance contract) the purpose of which is to finance the benefits granted to employees.

The items recognized as results over 2005 are:

(in thousands of euros)	
Current service cost	(1,211)
Financial cost	(487)
Total expenses related to retirement commitments	**(1,698)**
Reversals of provisions on retirements over the year	838
Net impact on income	**(860)**

2.11 Financial liabilities

Financial liabilities (€1,024,904 thousand at 31/12/05) appears on the balance sheet as "Borrowings and financial liabilities" and "Borrowings and bank loans (<1 year)".

Breakdown by maturity

(in thousands of euros)	31/12/05	31/12/04
Debt <1 year	292,915	344,569
Debt, 1 year to 5 years	380,336	401,300
Debt >5 years	351,653	350,440
Total	**1,024,904**	**1,096,309**
Including:		
Bank loans and bank credit balances	148,709	186,247
Borrowings related to restatement of finance lease:	3,940	32,062
<1 year	*3,219*	*6,920*
1 to 5 years	*721*	*16,159*
>5 years	*–*	*8,983*

Borrowings from credit institutions and finance lease companies (excluding accrued interest):

(in thousands of euros)	31/12/05	31/12/04
Fixed rate	258,022	348,513
Variable rate	615,135	559,397
Total	**873,157**	**907,910**

As of December 31, 2005, debt to credit institutions was as follows:

(in thousands of euros)	31/12/05	31/12/04
EUR - Euro	562,086	634,393
USD - American dollar	87,024	25,074
NOK - Norwegian kroner	217,729	230,948
VND - Vietnamese dong	3,512	4,490
MGA - Ariary	42	1,633
MUR - Mauritian rupee	2,764	11,372
Total	**873,157**	**907,910**

During the year, Bourbon Maritime contracted a syndicated loan of 320 million euros. As of December 31, 2005, the outstanding balance on the loan was 130 million euros; the projects for draws on the loans are 158 million euros for 2006, and 32 million euros for 2007. The loan matures in 2017. The rate is Euribor +0.8%, swapped to a fixed rate of 3.75%.

Associated with this loan is a non-utilization commission of 0.8% per annum. The amount paid in this respect over 2005 was €136 thousand.

In addition to the traditional covenants in a corporate loan of this type, certain covenants for the 320 million euro loan require BOURBON to ensure that a portion of the fleet financed but not mortgaged is available to the lender. If BOURBON were to exceed certain financial ratios stipulated in this same contract, BOURBON would, at the lender's option, have to grant mortgages on these same vessels (on the unmortgaged portion) first and/or on other vessels of the BOURBON fleet in addition until these same ratios are re-established to the lender's satisfaction. No prepayment is required to comply with these financial covenants.

The other loans obtained by the group also do not contain contractual requirements which could materially impact the group's financial statements if they were breached.

Debt secured by real security interests

At December 31, 2005, debt with credit institutions secured by mortgages, pledges of equipment or securities and other guarantees represented a total of €684,829 thousand compared with €879,630 thousand in 2004.
Assets pledged are primarily vessels.

These mortgages were recorded with the "Bureau des Hypothèques" between 1999 and 2005 for a total value of €1,021,500 thousand.

2.12 Deferred taxes assets/liabilities

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

(in thousands of euros)	31/12/05	31/12/04
Deferred tax assets	6,900	9,975
Deferred tax liabilities	(41,393)	(48,866)
Net deferred taxes	**(34,493)**	**(38,891)**

Breakdown by type of deferred taxes

(in thousands of euros)	**31/12/05**	**31/12/04**
Deferred tax assets:	**6,900**	**9,975**
Retirement	3,934	3,827
Other timing differences	131	2,911
Consolidation restatements	3,764	3,696
Other	(929)	(459)
Deferred tax liabilities:	**(41,393)**	**(48,866)**
Restatements of amortization and depreciation	(41,304)	(57,508)
Other restatements and timing differences	(89)	8,642

As of December 31, 2005, adopting a conservative policy, no deferred tax asset was recognized on the tax losses, the base total of which was €38,284 thousand.

2.13 Income taxes

(in thousands of euros)	**31/12/05**	**31/12/04**
Taxes payable	(18,849)	(11,494)
Deferred taxes	108	8,592
Tax (expense)/income	**(18,741)**	**(2,902)**

The income tax of €18,849 thousand due at December 31, 2005 takes into account the tax savings resulting from the application of the following tax rules:
- tax consolidation for an amount of €19,372 thousand,
- tonnage tax in the amount of €5,139 thousand.

Likewise, in 2005, the group used tax loss carry forwards not previously activated for a base amount of:
- ordinary deficits: €27,462 thousand,
- long-term capital losses: €47,530 thousand.

This amount does not include the tax on the gains from the sale of consolidated shares for an amount of €5,358 thousand, which is shown on the line "net gain from equity interests sold".

As of December 31, 2005, the theoretical corporate income tax of €47,750 thousand is calculated by applying the tax rate in force in France to the earnings before taxes, income from equity associates and net gain on equity interests sold:

(in thousands of euros)	
Consolidated income before taxes, income from equity affiliates and net gain on equity interests sold	134,456
Corporate tax in force in France at 31/12/05	
33.33%	(44,814)
1.50%	(672)
3.30%	(2,264)
Theoretical corporate tax	(47,750)
Corporate tax booked	(18,849)
Difference	**28,901**

Difference between the tax booked and the theoretical tax:

(in thousands of euros)	
Companies in deficit, not fiscally consolidated	(855)
Non-taxable foreign companies	6,103
Change in surtax rate	672
Other differences	877
Tax exemption (Pons law, Tax GIEs)	16,965
Tonnage tax	5,139
Total	**28,901**

2.14 Financial income

Financial income:

(in thousands of euros)	**31/12/05**	**31/12/04**
Cost of net financial debt:	**(24,751)**	**(26,772)**
Cost of gross financial debt	(36,635)	(32,891)
Income from cash and cash equivalents	11,884	6,119
Other financial expenses and income:	**11,048**	**(2,768)**
Net foreign exchange income	14,020	(2,708)
Other financial expenses	(13,792)	(7,926)
Other financial income	10,820	7,866

The amount of the foreign exchange income does not include the impact of the fair value of the derivative financial instruments, which is recognized as other financial expenses and income. This totaled €2,176 thousand at December 31, 2005, and essentially represents the change in fair value of the ineffective portion of the currency hedges (note 1.14.1).

3. Segment information

The group has opted for the business sector as the first level of segmentation and the geographic sector as the second level (note 1.29).

3.1 First-level segment information

The segment information for 2005 is as follows:

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

For 2004, the information is as follows:

(in thousands of euros)	**Offshore**	**Towage & Salvage**	**Bulk**	**Corporate**	**Retail**	**Eliminations**	**Total**
Revenues from third parties	223,624	106,814	158,023	49,774	556,965	–	**1,095,200**
Operating and general costs	(140,936)	(79,341)	(119,093)	(38,151)	(500,705)	–	**(878,226)**
Gross operating income	82,688	27,473	38,930	11,623	56,260	–	**216,974**
Amortization, depreciation and provisions*	(47,996)	(11,931)	(3,935)	(10,855)	(19,844)	–	**(94,561)**
Other operating income and expenses	223	–	–	3,456	780	–	**4,459**
Operating income	34,915	15,542	34,995	4,224	37,196	–	**126,872**
Income from associates, net of goodwill	–	–	–	–	–	–	**–**
** inc. impairment of asset*	–	–	–	–	–	–	**–**
Segment assets	898,096	333,522	117,785	539,077	338,202	(575,798)	**1,650,884**
Segment liabilities	139,350	191,381	49,315	210,664	133,924	(508,335)	**216,299**
Investments net of disposals	320,203	12,595	20,768	(4,648)	8,010	–	**356,928**

3.2 Second-level segment information

The breakdown of revenues by geographic region for year 2005 was as follows:

(in thousands of euros)	**France**	**International**	**Total**
Offshore	10,513	266,714	**277,227**
Towage & Salvage	99,003	15,900	**114,903**
Bulk	33,522	149,382	**182,904**
Corporate	3,388	36,039	**39,427**
Retail	357,527	50,033	**407,560**
Total	**503,953**	**518,068**	**1,022,021**

For 2004, revenues were as follows:

(in thousands of euros)	**France**	**International**	**Total**
Offshore	10,165	213,459	**223,624**
Towage & Salvage	93,004	13,810	**106,814**
Bulk	23,576	134,447	**158,023**
Corporate	5,868	43,906	**49,774**
Retail	475,298	81,667	**556,965**
Total	**607,911**	**487,289**	**1,095,200**

3.3 Additional segment information

(in thousands of euros)

Offshore revenues	**2005**
Europe	62,307
Africa	182,141
Americas	30,401
Asia	2,378
Total	**277,227**

4. Additional information

4.1 Contractual obligations and other off-balance sheet commitments

(in thousands of euros)	**31/12/05**	**31/12/04**
Pledges, mortgages and collateral (note 2.11)	684,829	879,630
Endorsement and guarantees givens	28,760	13,588
Total commitments given	**713,589**	**893,218**
Endorsement and guarantees received	–	1,060
Total commitments received	**–**	**1,060**

Contractual obligations:

(in thousands of euros)	**Total**	**Payments due by period** **<1 year**	**2 to 5 years**	**>5 years**
Finance leases	3,940	3,219	721	–
Simple leases	2,793	95	1,356	1,342
Balance payable on orders for vessels under construction	291,673	249,398	42,275	–
Total	**298,406**	**252,712**	**44,352**	**1,342**

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

4.2 Net earnings per share

4.2.1 Base net earnings per share

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

	2005	**2004 pro forma**	**2004 IFRS**	**2004 published**	**2003 published**
Weighted average number of shares over the period	24,687,717	24,612,000	24,612,000	24,612,000	24,612,000
Weighted average number of treasury shares held over the period	(7,756)	(8,418)	(8,418)	N/A *	N/A *
Weighted average number of shares outstanding during the period	**24,679,961**	**24,603,582**	**24,603,582**	**24,612,000**	**24 612,000**

* N/A: Not applicable. The treasury shares for 2004 published and 2003 published are not used in determining the weighted average number of common shares outstanding, because they were not deducted from consolidated shareholders' equity (French standards).

The weighted average number of shares outstanding during 2005 takes into account the weighted average number of stock options exercised during the period and not yet capitalized as of December 31, 2005. The shares created following the exercise of these options will be part of a capital increase recorded by the Board of Directors on March 20, 2006.

The weighted average number of shares outstanding in 2003 has been adjusted to take into account the allotment of bonus shares in 2004 and the three-for-one stock split over the same period.

For each period presented, the base net earnings per shares is as follows:

	2005	**2004 pro forma**	**2004 IFRS**	**2004 published**	**2003 published**
Weighted average number of shares used to calculate base net earnings per share	24,679,961	24,603,582	24,603,582	24,612,000	24,612,000
Net income (thousands of euros)					
Consolidated, group share	205,039	94,664	94,691	100,148	57,319
Consolidated, group share – excluding net gains on equity interests sold	110,943	87,733	87,760	93,217	57,319
Base net earnings per share (in €)					
Consolidated, group share	8.31	3.85	3.85	4.07	2.33
Consolidated, group share – excluding net gains on equity interests sold	4.50	3.57	3.57	3.79	2.33

4.2.2 Diluted net earnings per share

In accordance with IAS 33, the number of shares used to calculate diluted earnings per share takes into account the diluting effect of stock options exercised, determined using the "share buyback" method. The weighted average number of shares used to calculate net earnings per share is therefore increased by the potentially diluting ordinary shares.

Diluted earnings per share is determined as follows:

Number of potential shares:

	2005	2004 pro forma	2004 IFRS	2004 published	2003 published
Weighted average number of shares outstanding during the period	24,679,961	24,603,582	24,603,582	24,612,000	24,612,000
Weighted average number of diluting stock options during the period	425,184	405,829	405,829	405,829	284,439
Weighted average number of potential shares	**25,105,145**	**25,009,411**	**25,009,411**	**25,017,829**	**24,896,439**

In accordance with IAS 33, the determination of diluted net earnings per share for 2005 does not take into account the stock option plans authorized by the Board of Directors on March 8, 2005 and December 5, 2005 (note 1.23) because these options have an anti-diluting effect.

Diluted net earnings per share:

	2005	2004 pro forma	2004 IFRS	2004 published	2003 published
Weighted average number of shares used to calculate diluted net earnings per share outstanding during the period	25,105,145	25,009,411	25,009,,411	25,017,829	24,896,439
Net earnings (thousands of euros)					
Consolidated, group share	205,039	94,,664	94,691	100,148	57,319
Consolidated, group share – excluding net gains on equity interests sold	110,943	87,733	87,760	93,217	57,319
Diluted net earnings per share (in €)					
Consolidated, group share	8.17	3.79	3.79	4.00	2.30
Consolidated, group share – excluding net gains on equity interests sold	4.42	3.51	3.51	3.73	2.30

4.3 Employees and payroll at December 31, 2005

Workforce:

Employees	**31/12/05**	**31/12/04 pro forma**	**31/12/04**
Managers	242	253	552
Employees and workers	1,002	972	6,105
Seamen	2,404	2,114	2,217
- Officers	*928*	*947*	*974*
- Crews	*1,476*	*1,167*	*1,243*
Total	**3,648**	**3,339**	**8,874**

The change in payroll was as follows:

Payroll *(in thousands of euros)*	**31/12/05**	**31/12/04 pro forma**	**31/12/04**
Personnel costs	134,148	129,485	151,562

4.4 Post-closing events

None.

4.5 Related-party transactions

Transactions with affiliates and joint ventures were not significant in 2005.

Relations with Jaccar

The Jaccar company holds 23.6% of BOURBON. During the year, the Sapmer company was sold to Sapmer Investissements, which is wholly owned by Jaccar Holding, itself a wholly owned subsidiary of Jaccar. The sale price for Sapmer was 21 million euros.

Relations with Sinopacific

The Chairman and Chief Executive Officer of BOURBON is an equal partner in the naval construction company Sinopacific.

BOURBON, through one of its subsidiaries Bourbon Supply Investissements, in 2005 acquired four vessels for a total amount of €51,380 thousand. In addition, at December 31, 2005, the amount of current orders for seventeen vessels totaled €174,419 thousand, which generated advances on orders in the amount of €87,384 thousand.

4.6 Executive compensation

Compensation of the corporate officers is set by the Board of Directors following the recommendation of the Compensation committee.

The executives in office for most of 2005 received the following compensation:

(in thousands of euros)	**2005**
Salaries	107
Services	1,743
Total	**1,850**

4.7 List of consolidated companies

4.7.1 List of fully consolidated companies

	SIREN No.	% control of capital held directly or indirectly 2005	2004	% interest in capital held directly or indirectly 2005	2004	Location
BOURBON	310 879 499	Parent company		Parent company		Paris
Abeille Cilaos	413 559 683	100	100	99.95	99.95	Reunion
Abeille Mafate	413 559 642	100	100	99.95	99.95	Reunion
Aqua Service Réunion		51	–	51	–	Reunion
Armement Sapmer		–	100	–	100	Reunion
Armement Sapmer Distribution	408 532 307	–	99.6	–	99.6	Reunion
Avracs	420 626 228	100	100	100	100	Suresnes
Babor	487 753 980	100	–	100	–	Suresnes
Bourbon Assistance	310 879 499	100	100	100	100	Reunion
Bourbon Ben Luc		100	–	100	–	Vietnam
Bourbon Brazil Participacoes	–	100	100	100	100	Brazil
Bourbon Capital	–	100	100	100	100	Luxembourg
Bourbon Capital Holdings USA	–	100	100	100	100	United States
Bourbon Capital USA	–	100	100	100	100	United States
Bourbon Interoil Nigeria Ltd	–	40	40	40	40	Nigeria
Bourbon Maritime	055 802 540	100	100	100	100	Marseilles
Bourbon Offshore Associates	–	100	–	100	–	United States
Bourbon Offshore Crafts	484 732 201	100	–	100	–	Marseilles
Bourbon Offshore Gaia	387 957 053	50.8	50.8	50.8	50.8	Marseilles
Bourbon Offshore Greenmar	–	100	70	100	70	Nyon
Bourbon Offshore Holding	451 273 361	100	–	100	–	Marseilles
Bourbon Offshore I AS	–	75	–	75	–	Norway
Bourbon Offshore I KS	–	80.26	–	75	–	Norway
Bourbon Offshore III AS	–	80	–	80	–	Norway
Bourbon Offshore III KS	–	85.52	–	80	–	Norway
Bourbon Offshore Interoil Shipping-navegacao Lda	–	55	55	55	55	Madeira
Bourbon Offshore Norway	–	100	100	100	100	Norway
Bourbon Offshore Surf	072 801 749	100	100	100	100	Marseilles
Bourbon Offshore VII AS	–	–	100	–	100	Norway
Bourbon Offshore VII KS	–	–	100	–	100	Norway
Bourbon Supply Investissements	449 927 219	100	100	100	100	Marseilles
Cador	487 753 519	100	–	100	–	Suresnes
Carmin Shipping	407 863 992	–	100	–	99.99	Marseilles
CBo Territoria	–		99.8		99.8	Reunion
Challenge Hypermarket		50		50		Mauritius
Chambon Offshore International	321 006 132	100	100	100	100	Marseilles
Cogerem GIE	434 135 752	100	100	99.98	99.98	Marseilles
Compagnie Financière de Bourbon	343 778 023	51	51	51	51	Reunion
Compagnie Marocaine de Remorquage et de Sauvetage	–	–	100	–	100	Casablanca
Conseils Finance Gestion GIE	404 670 911	100	100	100	99.99	Marseilles
Deepwaters Marine Eurofinance	–	100	100	100	100	United States
Diamant Express	340 057 470	97.93	97.93	97.93	97.93	Marseilles
DTI Océan Indien		100		100		Mauritius

		% control of capital held directly or indirectly		% interest in capital held directly or indirectly		
	SIREN No.	**2005**	**2004**	**2005**	**2004**	**Location**
Eidsurf	–	51	51	51	51	Norway
Elbuque Shipping Lda	–	100	100	51	51	Madeira
Espace Bourbon Thang Long		65		65		Mauritius
Ex Commodo, SGPS Sociedade Unipessoal Lda (ex Bourbon Maritima)	–	100	100	100	100	Madeira
Financière Bourbon	328 723 721	100	100	100	100	Marseilles
Fipargest	349 439 133	100	100	100	100	Reunion
Flash Light - Exploracao de barcos Lda	–	100	100	51	51	Madeira
Fructidor	452 287 279	100	100	100	100	Suresnes
Gestion SB GIE	381 865 419	92.86	100	92.86	99.99	Reunion
GIE Abeille Bourbon	480 955 376	99	–	99	–	Marseilles
GIE Abeille Liberté	482 250 214	99	–	99	–	Marseilles
GIE Abeille Nantes Saint-Nazaire 2004	452 495 773	100	100	100	100	Marseilles
GIE Abeilles Le Havre 2003	450 046 461	100	100	100	100	Marseilles
GIE AHTS 256 (Luzolo)	449 117 019	100	100	100	100	Marseilles
GIE AHTS 279 (Bourbon Aladin)	453 592 149	100	–	100	–	Marseilles
GIE AHTS 280 (Bourbon Apsara)	453 591 802	100	–	100	–	Marseilles
GIE AHTS 281 (Bourbon Alexandre)	453 591 653	100	–	100	–	Marseilles
GIE AHTS Argonaute 2004	451 441 976	100	100	100	100	Marseilles
GIE FSIV 252 Kemba	448 331 926	100	100	100	100	Marseilles
GIE FSIV 253 Surf Express	449 951 490	100	100	100	100	Marseilles
GIE FSIV 254 Bourbon Express	480 149 376	100	–	100	–	Marseilles
GIE FSIV 255 Bourbon Océane	481 471 670	100	–	100	–	Marseilles
GIE N'DUVA	444 059 182	100	100	100	100	Marseilles
GIE PSV 114 (Bourbon Helios)	453 593 253	100	–	100	–	Marseilles
GIE PSV 115 (Bourbon Hermes)	453 593 113	100	–	100	–	Marseilles
GIE PSV 116 (Bourbon Hera)	453 592 917	100	–	100	–	Marseilles
GIE PSV Antenor 2004	451 347 991	100	100	100	100	Marseilles
GIE PSV Asterie 2004	452 252 687	100	100	100	100	Marseilles
GIE Remorqueurs Offshore 2003 (Nemed)	449 059 443	100	100	100	100	Marseilles
GIE Surfer 2003	447 484 825	100	100	100	100	Marseilles
GIE Surfer 2004	451 159 925	100	100	100	100	Marseilles
GIE Surfer 2005	481 103 620	100	–	100	–	Marseilles
GIE Surfer 2005 Bis	483 477 857	100	–	100	–	Marseilles
GIE VS 4501 (Athena)	439 084 799	100	100	100	100	Marseilles
Grena Navegacao Lda	–	100	100	100	100	Madeira
H.S.O.	421 245 408	100	100	100	100	Suresnes
Handy Bulk AG	–	100	100	100	100	Zurich
Handy Shipping AG	–	99.95	99.95	99.95	99.95	Zurich
Island Offshore II AS	–	75.5	75.5	75.5	75.5	Norway
Island Offshore II KS	–	77.95	77.95	75.5	75.5	Norway
Ivoirienne de Remorquage et de Sauvetage	–	50.99	50.99	50.99	50.99	Abidjan
Jade Navegacao Lda	–	100	100	100	99.99	Madeira
La Petrussienne	–	50.8	50.7	25.9	25.85	San Pedro
Lastro Companhia Internacional de Navegacao Lda	–	100	100	100	99.99	Madeira
Latin Quarter Servicos Maritimos Internacionais Lda	–	100	100	51	51	Madeira
Les Abeilles	712 006 493	100	99.99	100	99.99	Marseilles
Les Abeilles Bayonne	389 545 617	–	100	–	99.99	Bayonne
Les Abeilles Bordeaux	348 203 472	99.84	99.8	99.84	99.8	Bordeaux
Les Abeilles Boulogne	617 020 094	100	100	100	99.99	Boulogne
Les Abeilles Brest	347 979 171	100	100	100	99.99	Brest

	SIREN No.	% control of capital held directly or indirectly 2005	2004	% interest in capital held directly or indirectly 2005	2004	Location
Les Abeilles Cameroun	–	98	98	98	98	Douala
Les Abeilles Côte d'Ivoire	–	99.6	99.58	99.6	99.58	Abidjan
Les Abeilles Dunkerque	077 050 011	100	100	100	100	Dunkirk
Les Abeilles International	313 701 187	100	100	100	100	Le Havre
Les Abeilles La Rochelle	347 987 901	100	100	100	99.99	Rochelle
Les Abeilles Le Havre	368 500 708	99.88	99.88	99.88	99.88	Le Havre
Les Abeilles Saint-Nazaire	348 197 880	100	100	100	100	Saint-Nazaire
Les Armements Réunionnais	414 550 079	–	100	–	99.99	Reunion
Domaine de la Convenance	342 293 263	99.99	99.99	99.99	99.99	Reunion
Les Villas du Lagon		100		100		Mauritius
Mahe Cruise Ltd	–	79.99	79.99	79.99	79.99	Seychelles
Mastshipping Shipping Lda	–	100	100	51	51	Madeira
Motel Les Brisants		50		50		Mauritius
Navegaceano Shipping Lda	–	100	100	51	51	Madeira
O.D.B.	421 248 394	100	100	100	100	Suresnes
Offshore Structured Asset Finance	–	100	100	100	100	United States
Onix Investimentos e Servicos Lda	–	100	100	100	99.99	Madeira
Opale Shipping	414 564 997	100	100	100	100	Pointe-à-Pitre
Paris Shipping & Chartering	333 955 078	100	100	100	100	Suresnes
Placements Provence Languedoc	731 620 399	100	100	100	100	Marseilles
Recif SAS	320 921 679	99.12	99.11	98.45	98.79	Reunion
Rivages Croisières	402 497 903	–	100	–	100	Marseilles
Sagrim	8 380	74.97	74.97	74.97	74.97	Madagascar
SCI Claire Fontaine		100		100		Mauritius
Seaward	412 104 903	–	100	–	100	Marseilles
Sehb Le Récif	325 777 068	99.79	100	98.75	99.27	Reunion
Sermar	343 200 374	–	100	–	100	Le Havre
SESAC (Dockwise)	394 276 661	100	100	100	100	Suresnes
Setaf	407 514 850	100	100	100	100	Suresnes
Setaf-Saget	440 281 087	100	100	100	100	Suresnes
Setapar	409 611 837	100	100	100	99.99	Suresnes
Sinvrac	451 355 358	100	100	100	100	Suresnes
Société de Développement Immobilier	345 376 263	–	99.98	–	99.98	Reunion
Société de Remorquage et de Sauvetage de La Réunion	310 863 360	95.41	95.36	95.41	95.36	Reunion
Société de Remorquage Portuaire et d'Assistance en Méditerranée	404 350 639	100	100	100	100	Port de Bouc
Société Mahoraise de Remorquage de Sauvetage et de Lamanage	099 379 125	100	100	100	100	Mamoudzou
Société nouvelle Arpec	384 092 532	100	100	100	100	Port de Bouc
Somarsal Marine Service (SMS)	024 085 524	100	100	100	100	Mayotte
Sonasurf Internacional Shipping Lda	–	51	51	51	51	Madeira
Sonasurf Jersey	–	100	100	51	51	Jersey
Sopade (Sté participation développement SAS)	434 222 089	100	100	100	100	Reunion
Sret	339 894 529	–	98.92	–	98.92	Reunion
Sucrerie de Bourbon GIA LAI	–	51	51	51	51	Vietnam
Sucrerie de Bourbon Madagascar	10 230	100	100	100	100	Madagascar
Sucrerie de Bourbon Tay Ninh	03/bbh-hdqt	100	100	100	100	Vietnam
Tribor	487 771 297	100	–	100	–	Suresnes
Union des Remorqueurs de Dakar	–	99.95	99.93	99.95	99.93	Dakar

4.7.2 List of proportionately consolidated companies

	SIREN No.	% control of capital held directly or indirectly 2005	2004	% interest in capital held directly or indirectly 2005	2004	Location
Agence Rialto	402598833	–	66.66	–	66.66	Reunion
Austral d'Investissement	-	–	66.66	–	66.66	Mauritius
Bourbon Distribution Mayotte	02404912400019	–	66.66	–	46.65	Mayotte
Carmart		–	66.66	–	53.28	Mauritius
Cie Mauricienne d'Hypermarché Ltd	11275 B 140 1870	–	66.66	–	53.28	Mauritius
Delba Maritima Navegacao	-	50	50	50	50	Brazil
Distri-Food	434555827	–	66.66	–	50.66	Reunion
Espace Bourbon An Lac		–	66.66	–	53.33	Vietnam
Espace Bourbon Dong Nai	1751/GP	–	66.66	–	43.33	Vietnam
Fim Colimo	343694527	–	66.66	–	66.66	Reunion
Grains du Capricorne	37767059900014	–	66.66	–	66.66	Reunion
Home City	440262962	–	66.66	–	66.66	Reunion
Magma	24065617	–	66.66	–	46.65	Reunion
Mayotte Distribution	24046971	–	66.66	–	46.62	Mayotte
Ortem	-	–	66.66	–	53.28	Mauritius
S2FOI	434577094	–	66.66	–	50.66	Reunion
Salaison de Bourbon		–	66.66	–	66.66	Reunion
Sapmer Distribution de marques	331621052	–	100	–	66.66	Reunion
Saprim	316392224	–	66.66	–	66.13	Reunion
SCI Armagnac	434525374	–	66.66	–	65.99	Reunion
SCI Badamier	424684272	–	66.66	–	66.66	Reunion
SCI des Centres commerciaux	399553676	–	66.66	–	66.66	Reunion
SCI du Chaudron	301050780	–	66.66	–	66.66	Reunion
SCI Jacaranda	415067776	–	66.66	–	66.66	Reunion
SCI Kerveguen	439852864	–	66.66	–	66	Reunion
SCI Ligne du Paradis	434373387	–	66.66	–	65.99	Reunion
SCI Omega	378058812	–	66.66	–	66.7	Mayotte
SCI Timur	382921773	–	66.66	–	66.66	Reunion
SCI Toscane	425 124 286	–	66.66	–	46.68	Reunion
SCI Vava Industrie	379118813	–	66.66	–	65.99	Reunion
SCIM3	42258763400011	–	66.66	–	66.66	Reunion
Score Digue	587806	–	66.66	–	66.53	Madagascar
Score Madagascar	12695	–	66.66	–	65.3	Madagascar
Selata(n) Indah	428173652	–	66.66	–	66.66	Mayotte
SEMS SA	332332386	–	66.66	–	66.13	Reunion
Sicre	383468196	–	66.66	–	66.66	Reunion
SNIE Distribution	–	–	66.66	–	46.66	Mayotte
Société de restauration rapide de La Réunion – S3R	389392523	–	66.66	–	66.66	Reunion
Société des Hypermarchés bénédictins	428663348	–	66.66	–	66.66	Reunion
Sodexmar	383766581	–	66.66	–	66.66	Reunion
Sodimar	391649183	–	66.66	–	66.66	Reunion
Sofimex	394643407	–	66.66	–	66.65	Rungis
Sogim	349073841	–	66.66	–	66.66	Reunion
Sogramo		–	66.66	–	66.66	Reunion
Somags (operation of CORA & SPAR stores)	–	–	66.66	–	46	Mauritius
Sonasurf Angola	–	50	50	50	51	Angola

		% control of capital held directly or indirectly		% interest in capital held directly or indirectly		
	SIREN No.	2005	2004	2005	2004	Location
Sorecom	310837331	–	66.66	–	66.66	Reunion
Soretravi	312301096	–	66.66	–	66.66	Reunion
Sormac	379262744	–	66.66	–	66.66	Reunion
Spar Mauritius		–	66.66	–	46	Mauritius
SSTIC – Prestations informatiques	432594125	–	66.66	–	66.66	Reunion
Transit SNIE	94130473	–	66.66	–	46.43	Mayotte
Usine de Traitement de Viande – UTV	94128402	–	66.66	–	46.66	Mayotte
UTV Investissement SNC	413623984	–	66.66	–	46.66	Mayotte
Vindémia	380859025	–	66.66	–	66.66	Reunion
Wheathervane Ltd		–	66.66	–	53.28	Mauritius
Zoom Madagascar	601310	–	66.66	–	65.3	Madagascar

4.7.3 List of companies consolidated using the equity method

		% control of capital held directly or indirectly		% interest in capital held directly or indirectly		
	SIREN No.	2005	2004	2005	2004	Location
Agence Rialto	402598833	30	–	30	–	Reunion
Austral d'Investissement	-	30	–	30	–	Mauritius
Bourbon Distribution Mayotte	02404912400019	30	–	21	–	Mayotte
Carmart		30	–	30	–	Mauritius
Cie Mauricienne d'Hypermarché Ltd	11275 B 140 1870	30	–	23.98	–	Mauritius
Distri-Food	434555827	30	–	22.80	–	Reunion
Espace Bourbon An Lac		30	–	24	–	Vietnam
Espace Bourbon Dong Nai	1751/GP	30	–	19.50	–	Vietnam
Fim Colimo	343694527	30	–	30	–	Reunion
Grains du Capricorne	37767059900014	30	–	30	–	Reunion
Home City	440262962	30	–	30	–	Reunion
Magma	24065617	30	–	21	–	Reunion
Mayotte Distribution	24046971	30	–	20.98	–	Mayotte
Ortem	-	30	–	23.98	–	Mauritius
Rigdon Marine Corporation	–	40.26	–	40.26	–	United States
Rigdon Marine LLC	–	24.50	–	24.50	–	United States
S2FOI	434577094	30	–	22.8	–	Reunion
Salaison de Bourbon		30	–	26.78	–	Reunion
Sapmer Distribution de marques	331621052	30	–	30	–	Reunion
Saprim	316392224	30	–	29.76	–	Reunion
SCI Armagnac	434525374	30	–	29.70	–	Reunion
SCI Badamier	424684272	30	–	30	–	Reunion
SCI des Centres commerciaux	399553676	30	–	30	–	Reunion
SCI du Chaudron	301050780	30	–	30	–	Reunion
SCI Jacaranda	415067776	30	–	30	–	Reunion
SCI Kerveguen	439852864	30	–	29.70	–	Reunion
SCI Ligne du Paradis	434373387	30	–	29.70	–	Reunion
SCI Omega	378058812	30	–	30.07	–	Mayotte

	SIREN No.	% control of capital held directly or indirectly 2005	2004	% interest in capital held directly or indirectly 2005	2004	Location
SCI Timur	382921773	30	–	30	–	Reunion
SCI Toscane	425 124 286	30	–	21.01	–	Reunion
SCI Vava Industrie	379118813	30	–	29.70	–	Reunion
SCIM3	42258763400011	30	–	21	–	Reunion
Score Digue	587806	30	–	29.94	–	Madagascar
Score Madagascar	12695	30	–	29.39	–	Madagascar
Selata(n) Indah	428173652	30	–	30	–	Mayotte
SEMS SA	332332386	30	–	29.76	–	Reunion
Sicre	383468196	30	–	30	–	Reunion
SNIE Distribution	–	30	–	21	–	Mayotte
Société de restauration rapide de La Réunion – S3R	389392523	30	–	30	–	Reunion
Société des Hypermarchés bénédictins	428663348	30	–	30	–	Reunion
Sodexmar	383766581	30	–	30	–	Reunion
Sodimar	391649183	30	–	30	–	Reunion
Sofimex	394643407	30	–	30	–	Rungis
Sogim	349073841	30	–	30	–	Reunion
Sogramo		30	–	30	–	Reunion
Somags (operation of CORA & SPAR stores)	–	30	–	30	–	Mauritius
Sorecom	310837331	30	–	30	–	Reunion
Soretravi	312301096	30	–	30	–	Reunion
Sormac	379262744	30	–	30	–	Reunion
Spar Mauritius		30	–	30	–	Mauritius
SSTIC – Prestations informatiques	432594125	30	–	30	–	Reunion
Transit SNIE	94130473	30	–	20.89	–	Mayotte
Usine de Traitement de Viande – UTV	94128402	30	–	21	–	Mayotte
UTV Investissement SNC	413623984	30	–	21	–	Mayotte
Vindémia	380859025	30	–	30	–	Reunion
Wheathervane Ltd		30	–	30	–	Mauritius
Zoom Madagascar	601310	30	–	29.39	–	Madagascar

5. Notes on the first-time application of IFRS

5.1 Opening balance sheet

The opening balance sheet at January 1, 2004 is as follows:

(in thousands of euros)	IFRS	French GAAP Reclassified (1)
Intangible assets	11,381	24,922
Goodwill	45,877	35,016
Property, plant and equipment	1,091,630	971,525
Interests in associates	–	–
Other financial assets	65,947	82,678
Deferred taxes	5,870	17,075
Other long-term assets	4,259	10,439
Total non-current assets	**1,224,963**	**1,141,655**
Inventories and work in progress	102,663	98,704
Trade and other receivables	197,114	185,118
Tax credits	–	–
Other current assets	20,957	24,124
Marketable securities and other investments	24,472	23,973
Cash and cash equivalents	155,939	154,609
Total current assets	**501,144**	**486,528**
TOTAL ASSETS	**1,726,107**	**1,628,183**
Share capital	26,801	26,801
Share premiums	48,748	48,747
Consolidated reserves, group share (including income/loss for the financial year)	376,190	289,829
Total shareholders' equity, group share	**451,739**	**365,377**
Minority interests	45,926	44,219
Total minority interests	**45,926**	**44,219**
Total shareholders' equity	**497,665**	**409,596**
Borrowings and financial liabilities	635,207	621,447
Employee benefit obligations	13,328	17,298
Other provisions	19,833	35,610
Deferred taxes	53,132	26,872
Other long-term liabilities	1,713	13,674
Total non-current liabilities	**723,213**	**714,901**
Borrowings and bank loans (<1 year)	277,457	282,457
Provisions (<1 year)	628	881
Trade and other payables	214,131	207,294
Tax liabilities	2,144	2,144
Other current liabilities	10,868	10,910
Total current liabilities	**505,228**	**503,686**
Total liabilities	**1,228,442**	**1,218,587**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,726,107**	**1,628,183**

(1) Balance sheet published under French standards at December 31, 2003 (January 1, 2004) and reclassified based on the IFRS presentation: see transition table presented in note 5.3.

Since the market listing of BOURBON in October 1998, the group has clearly demonstrated its desire to be more in line with IFRS. As a result, a number of options were utilized by the group from the time permitted by the accounting standards for establishing the financial statements. Thus, the impact of the transition to IFRS is limited, as shown in the analysis below:

5.1.1 Positive goodwill

BOURBON used the option not to restate business combinations retrospectively. As a result, the net book value of residual goodwill at January 1, 2004 under the old standards was fixed on that date.
Impairment tests were performed and the corresponding impacts recognized as equity (decrease of €7,540 thousand).

In addition, the business goodwill of the Retail activity was reclassified as goodwill in the amount of €18,401 thousand.

Residual goodwill as of January 1, 2004 breaks down as follows:

(in thousands of euros)	**French GAAP**	**Valuations**	**Reclassifications**	**IFRS**
Retail business	25,829	–	18,401	44,230
Marine services	8,994	(7,347)	–	1,647
Corporate	193	(193)	–	–
Total	**35,016**	**(7,540)**	**18,401**	**45,877**

For the Retail activity, given the memorandum signed with the Casino group and the estimated sale value, no depreciation was recognized.

In Marine services, the balance of the goodwill at January 1, 2004 amounted to €1,647 thousand and comes from the takeover of the Les Abeilles companies by BOURBON. No impairment was recognized in the profitability of the Towage & Salvage Division within the group.

5.1.2 Intangible assets

The business goodwill of the Retail activity was reclassified in the goodwill item. The balance of the intangible assets essentially represents the leasehold fees paid in Vietnam. The fees represent the compensation paid by BOURBON to establish its hypermarkets on Vietnamese soil. These fees are amortized over the operating period of the hypermarkets in this country as planned by the group. The classification and valuation call for no comment from the group under IFRS.

Thus, at January 1, 2004, the net amount of intangible assets was as follows:

(in thousands of euros)	**French GAAP**	**Valuations**	**Reclassifications**	**IFRS**
Retail business	23,711	–	(18,401)	5,310
Marine services	705	–	–	705
Corporate	506	–	4,860	5,366
Total	**24,922**	**–**	**(13,541)**	**11,381**

5.1.3 Property, plant and equipment

At January 1, 2004 under the previous standards, the net amount of €971,525 thousand for property, plant and equipment consisted of the following elements:

(in thousands of euros)	**01/01/04**
Land	35,772
Buildings	102,681
Technical facilities	716,353
Other fixed assets	22,866
Assets in progress	93,853
Total	**971,525**

These tangible assets, which break down as follows, were restated during the transition to IFRS:

(in thousands of euros)	**French GAAP**	**Valuations**	**Reclassifications**	**IFRS**
Retail business	145,671	18,355	–	164,026
Marine services	733,627	57,556	–	791,183
Corporate	92,227	25,051	19,143	136,421
Total	**971,525**	**100,962**	**19,143**	**1,091,630**

A – Retail business

Property, plant and equipment of the Retail Division consist primarily of land, hypermarkets and supermarkets, and facilities and fittings for the stores. Under IFRS, these assets were not revalued and were maintained at their net book value even though the fair value of the assets was greater. However, the useful lives were revised as follows:
• land, in the net amount of €29,974 thousand, was maintained at its net book value in the opening balance sheet,
• buildings were valued at €77,035 thousand at January 1, 2004; the original value of these assets was maintained in the opening balance sheet. However, the useful life was revised. Thus, all the buildings have a useful life of 40 years, compared with 20 years under the previous standards. The impact of this restatement on the opening balance sheet is an increase of €18,355 thousand in the net book value of the fixed assets,
• the retail centers were classified as "investment properties" and reclassified from the items "land" and "buildings" to the item "investment properties" for a net amount of €15,186 thousand. The investment properties are valued using the amortized cost method over a useful life of 40 years.

B – Marine services

Property, plant and equipment for a total net amount of €733,627 thousand under the old standards essentially consist of vessels and administrative buildings.

The vessels, with a total net value of €634,627 thousand at January 1, 2004, were valued using the following rules:
• determination of fair value based on an expert's appraisal,
• recalculation of net book value under IFRS, i.e. taking into account a residual value and a useful life.

For vessels with a net book value under IFRS greater than the fair value, the fair value was used; in the opposite case, the net book value was used.

Administrative buildings were revalued at fair value, based on an expert opinion, in the amount of €6,895 thousand.

Consideration of these different points led the group to revalue its property, plant and equipment by €57,556 thousand on the opening balance sheet.

C - Corporate

Property, plant and equipment, in a total net amount of €92,227 thousand under the previous standards, consist primarily of two sugar plants in Vietnam and lands in Reunion.

The land held by BOURBON was valued by an expert at €26,978 thousand for a net book value of €5,605 thousand. These assets were valued at fair value at January 1, 2004, representing a positive impact of €21,373 thousand. The value of the assets in the amount of €19,143 thousand were valued at their amortized cost.
Under the previous standards, the sugar plants were amortized over relatively short periods (an average of 15-20 years) in order to comply with the group's practices. The group's revision of useful life resulted in the use of an average life of 30 years. The positive impact at January 1, 2004 was a €3,678 thousand increase in property, plant and equipment.

5.1.4 Long-term financial assets

Under the old standards, long-term financial assets totaled a net amount of €91,532 thousand as follows:

(in thousands of euros)	**01/01/04**
Unconsolidated shares	43,087
Loans	46,194
Other long-term financial assets	5,414
Accrued interest	1,378
Provisions for depreciation	(4,541)
Total net long-term financial assets	**91,532**

(in thousands of euros)	**French GAAP**	**Valuations**	**Reclassifications**	**IFRS**
Retail business	4,696	–	–	4,696
Marine services	47,736	(958)	–	46,778
Corporate	39,100	–	(24,627)	14,473
Total	**91,532**	**(958)**	**(24,627)**	**65,947**

These net financial assets essentially represent shares of unconsolidated companies (€11,933 thousand) and loans held to maturity (€46,194 thousand). The shares are valued at the percentage of our share in the net position of each of these companies. Under this principle, a provision for depreciation in the amount of €958 thousand on the shares of unconsolidated companies was recorded.

5.1.5 Inventories

Inventories at January 1, 2004 were valued at €98,704 thousand under the old standards. They primarily represent the merchandise inventories of the Retail business and the sugar inventories in Vietnam.

(in thousands of euros)	**French GAAP**	**Valuations**	**Reclassifications**	**IFRS**
Inventories (net value)	98,704	3,103	856	102,663

In the Retail business, the method for valuing inventories was revised and the following corrections were made:
- integration of logistics costs,
- deduction of commercial joint ventures.

The impact of this change was an increase of €3,103 thousand in the value of the inventories.

In the sugar business, the valuation of the inventories, i.e. a valuation at the cost of production, was not modified under IFRS.

5.1.6 Provisions for risks and contingencies

The provisions for risks and contingencies, amounting to €53,789 thousand under the previous standards, primarily represented:
- disputes with third parties,
- retirement commitments,
- major repairs on the vessels.

(in thousands of euros)	**French GAAP**	**Valuations**	**Reclassifications**	**IFRS**
Employee commitments – share >1 year	17,298	(3,406)	(564)	13,328
Other provisions for risks and contingencies	35,610	(16,474)	697	19,833
Total provisions at >1 year	**52,908**	**(19,880)**	**133**	**33,161**
Employee commitments – <1 year	881	(253)	–	628
Total	**53,789**	**(20,133)**	**133**	**33,789**

The definition and valuation of all these provisions comply with IAS rules on liabilities, with the exception of the provision for major repairs and the provision for retirement compensation.

Provisions for major repairs concerns only the marine services divisions and were cancelled in their entirety. The positive impact on the reserves was €16,474 thousand. It should be noted that the cancellation of these provisions must be analyzed in parallel with the organization of fixed assets by components (note 5.1.3).

Under the French GAAP, the provision for retirement commitments was calculated using the retrospective method, taking into account the rights acquired by employees on the date the commitment was valued, and weighted for turnover and mortality. As required by IAS 19, the projected unit credit method was used during the transition to IFRS and the compensation payments were revalued. The application of this method had the effect of reducing the provision by €3,659 thousand.

5.1.7 Negative goodwill

Negative goodwill must now be recognized as income in the year it is generated. In accordance with this principle, the negative goodwill existing on January 1, 2004 was written back in its entirety as reserves. The amount of €12,410 thousand under the old standards represents the residual negative goodwill on Bourbon Offshore Norway, generated at the time the group acquired control of this subsidiary in July 2003.

The global impact of the restatement is, therefore, a reduction in the "negative goodwill" item (presented as "other long-term liabilities") in the amount of €12,410 thousand.

5.1.8 Deferred taxes

Deferred taxes on all the restatements above were calculated based on the tax rules applicable to each of the entities.

As a result, the deferred taxes existing at year end were reduced on the asset side in the amount of €10,378 thousand and increased on the liability side in the amount of €27,087 thousand, which resulted in a reduction of €37,465 thousand in reserves.

5.1.9 Deferred expenses

In accordance with the principle that requires expenses be attached to income, there should be no deferred expenses on the asset side of the balance sheet under IFRS.
At January 1, 2004, the net balance of this item, i.e. €4,023 thousand, represents the costs for loans and deferred current operating expenses. This entire amount was reversed.
The costs for loans were reclassified as a deduction from the "borrowings" item in accordance with IAS 32 and IAS 39 in the amount of €1,837 thousand.
The balance of €2,186 thousand was deducted from reserves.

5.1.10 Summary

The restatements described above impacted shareholders' equity as follows:

(in thousands of euros)		**Impact**
Goodwill	note 5.1.1	–7,540
Property, plant and equipment	note 5.1.3	100,962
Long-term financial assets	note 5.1.4	–958
Inventories	note 5.1.5	3,103
Provisions for risks and contingencies	note 5.1.6	20,133
Negative goodwill	note 5.1.7	12,410
Deferred expenses	note 5.1.9	–2,186
Consolidation of companies not included in the scope under the old standards		–390
Subtotal before deferred taxes		**125,534**
Deferred taxes	note 5.1.8	–37,465
Total reserves (group + minority interests)		**88,069**

(in thousands of euros)	**Group**	**Minority interests**	**Total**
Retail business	13,465	281	13,746
Marine services	52,872	(2,670)	50,202
Corporate	20,025	4,096	24,121
Total	**86,362**	**1,707**	**88,069**

5.2 Transition of results at December 31, 2004 under the previous GAAP to IFRS

(in thousands of euros)	Revenues	Operating income	Financial income
Results at December 31, 2004 – CRC 99.02	**1,114,173**	**125,958**	**(29,553)**
1 – Restatement of amortization and depreciation on fixed assets	–	7,840	–
2 – Provision for retirement commitments	–	(271)	–
3 – Provisions for major repairs	–	2,598	–
4 – Income on disposals of assets	–	(8,372)	–
5 – Restatement of stock options	–	(1,158)	–
6 – Deferred taxes	–	–	–
7 – Reclassifications	(18,973)	277	–
8 – Other	–	–	13
Results at December 31, 2004 – IFRS	**1,095,200**	**126,872**	**(29,540)**

For points 1 to 3 in this table, refer to the transition note in point 5.1, with the following cross-references:
1 – Restatement of fixed assets, note 5.1.3
2 – Provision for retirement commitments, note 5.1.6
3 – Provision for major repairs, note 5.1.6

Point 7 – "Reclassifications" primarily reflects the reclassification of the supplier advertising participation (PPF) in the Retail activity from revenues to cost of sales.

Non-recurring income	Net gain on interests sold	Tax	Goodwill	Total net income	Income group share
7,208	**–**	**(2,752)**	**4,787**	**105,648**	**100,148**
–	–	–	–	7,840	6,670
–	–	–	–	(271)	(271)
–	–	–	–	2,598	2,598
–	–	–	–	(8,372)	(8,372)
–	–	–	–	(1,158)	(1,158)
–	–	(150)	–	(150)	(150)
(277)	–	–	–	–	–
(6,931)	6,931	–	(4,787)	(4,774)	(4,774)
–	**6,931**	**(2,902)**	**–**	**101,361**	**94,691**

5.3 Presentation of the balance sheet published at December 31, 2004 and at December 31, 2003: transition from previous GAAP to IFRS

(in thousands of euros) **ASSETS**	**2004 published**	**2004 published – Reclassified for IFRS presentation** Intangible assets	Goodwill	Property, plant and equipment	Interests in associates	Other financial assets
Goodwill	34,572	–	34,572	–	–	–
Intangible assets	26,384	26,384	–	–	–	–
Property, plant and equipment	1,147,178	–	–	1,147,178	–	–
Long-term financial assets	146,696	–	–	–	–	130,702
Interests in associates	–	–	–	–	–	–
Inventories and work in progress	94,855	–	–	–	–	–
Trade receivables	109,190	–	–	–	–	–
Other receivables and adjustment accounts	110,730	–	–	–	–	–
Marketable securities	37,516	–	–	–	–	–
Cash and cash equivalents	155,334	–	–	–	–	–
Total assets	**1,862,455**	**26,384**	**34,572**	**1,147,178**	**–**	**130,702**

(in thousands of euros) **LIABILITIES**	**2004 published**	**2004 published – Reclassified for IFRS presentation** Capital	Additional paid-in capital	Consolidated reserves, group share (including income)	Minority interests	Borrowings and financial liabilities	Employee commitments
Share capital	31,267	31,267	–	–	–	–	–
Share premiums	44,281	–	44,281	–	–	–	–
Reserves	338,032	–	–	338,032	–	–	–
Group translation adjustment reserves	(68,732)	–	–	(68,732)	–	–	–
Income/loss for the financial year	100,148	–	–	100,148	–	–	–
Total shareholders' equity	**444,996**	**31,267**	**44,281**	**369,448**	**–**	**–**	**–**
Non-group interests	**43,114**	–	–	–	**43,114**	–	–
Other equity	**–**	–	–	–	–	–	–
Provisions for risks and contingencies	55,434	–	–	–	–	–	17,720
Provisions from goodwill	5,580	–	–	–	–	–	–
Borrowings and financial liabilities	1,087, 519	–	–	–	–	794,718	–
Trade payables and other op. liabilities	113,117	–	–	–	–	–	–
Other liabilities and adjustment accounts	112, 695	–	–	–	–	–	–
Total liabilities	**1,862,455**	**31,267**	**44,281**	**369,448**	**43,114**	**794,718**	**17,720**

2004 published – Reclassified for IFRS presentation

Deferred taxes	Other long-term assets	Inventories and work in progress	Trade receivables	Tax receivables	Other current assets	Marketable securities and other investments	Cash and cash equivalents
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	15,994	–	–
–	–	–	–	–	–	–	–
–	–	94,855	–	–	–	–	–
–	–	–	109,190	–	–	–	–
10,087	825	–	86,623	–	13,195	–	–
–	–	–	–	–	–	37,516	–
–	–	–	–	–	–	–	155,334
10,087	**825**	**94,855**	**195,813**	**–**	**29,189**	**37,516**	**155,334**

2004 published – Reclassified for IFRS presentation

Other provisions	Deferred taxes	Other long-term liabilities	Borrowings and bank loans (portion <1 year)	Provisions (portion <1 year)	Trade and other payables	Tax liabilities	Other currency liabilities
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
37,030	–	–	–	684	–	–	–
–	–	5,580	–	–	–	–	–
–	–	–	292,801	–	–	–	–
–	–	5	–	–	113,112	–	–
(26)	10,911	1,098	–	–	90,632	1,946	8,134
37,004	**10,911**	**6,683**	**292,801**	**684**	**203,744**	**1,946**	**8,134**

2003 published – Reclassified for IFRS presentation

(in thousands of euros) **ASSETS**	2004 published	Intangible assets	Goodwill	Property, plant and equipment	Interests in associates	Other financial assets
Goodwill	35,016	–	35,016	–	–	–
Intangible assets	24,922	24,922	–	–	–	–
Property, plant and equipment	971,525	–	–	971,525	–	–
Long-term financial assets	91,532	–	–	–	–	82,678
Interests in associates	–	–	–	–	–	–
Inventories and work in progress	98,704	–	–	–	–	–
Trade receivables	97,618	–	–	–	–	–
Other receivables and adjustment accounts	130,284	–	–	–	–	–
Marketable securities	23,973	–	–	–	–	–
Cash and cash equivalents	154,609	–	–	–	–	–
Total assets	**1,628,183**	**24,922**	**35,016**	**971,525**	**–**	**82,678**

2003 published – Reclassified for IFRS presentation

(in thousands of euros) **LIABILITIES**	2004 published	Capital	Additional paid-in capital	Consolidated reserves, group share (including income)	Minority interests	Borrowings and financial liabilities	Employee commitments
Share capital	26,801	26,801	–	–	–	–	–
Share premiums	48,747	–	48,747	–	–	–	–
Reserves	290,471	–	–	290,471	–	–	–
Group translation adjustment reserves	(57,961)	–	–	(57,961)	–	–	–
Income/loss for the financial year	57,319	–	–	57,319	–	–	–
Total shareholders' equity	**365,377**	**26,801**	**48,747**	**289,829**	**–**	**–**	**–**
Non-group interests	**44,219**	–	–	–	**44,219**	–	–
Other equity	**–**	–	–	–	–	–	–
Provisions for risks and contingencies	53,789	–	–	–	–	–	17,298
Provisions from goodwill	12,410	–	–	–	–	–	–
Borrowings and financial liabilities	903,946	–	–	–	–	621,447	–
Trade payables and other op. liabilities	128,977	–	–	–	–	–	–
Other liabilities and adjustment accounts	119,465	–	–	–	–	–	–
Total liabilities	**1,628,183**	**26,801**	**48,747**	**289,829**	**44,219**	**621,447**	**17,298**

2003 published – Reclassified for IFRS presentation

Deferred taxes	Other long-term assets	Inventories and work in progress	Trade receivables	Tax receivables	Other current assets	Marketable securities and other investments	Cash and cash equivalents
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	8,854	–	–
–	–	–	–	–	–	–	–
–	–	98,704	–	–	–	–	–
–	–	–	97,618	–	–	–	–
17,075	10,439	–	87,500	–	15,270	–	–
–	–	–	–	–	–	23,973	–
–	–	–	–	–	–	–	154,609
17,075	**10,439**	**98,704**	**185,118**	**–**	**24,124**	**23,973**	**154,609**

2003 published – Reclassified for IFRS presentation

Other provisions	Deferred taxes	Other long-term liabilities	Borrowings and bank loans (portion <1 year)	Provisions (portion <1 year)	Trade and other payables	Tax liabilities	Other currency liabilities
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
35,610	–	–	–	881	–	–	–
–	–	12,410	–	–	–	–	–
–	–	–	282,457	–	42	–	–
–	–	5	–	–	128,972	–	–
–	26,872	1,259	–	–	78,280	2,144	10,910
35,610	**26,872**	**13,674**	**282,457**	**881**	**207,294**	**2,144**	**10,910**

Auditors' report on the consolidated financial statements for the year ended December 31, 2005

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

To the shareholders,

Following our appointment as auditors by your shareholders' meeting, we have audited the accompanying consolidated financial statements of BOURBON for the year ended December 31, 2005.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit. These financial statements have been prepared for the first time in accordance with IFRS as adopted in the European Union. They include comparative information restated in accordance with the same standards in respect of fiscal year 2004 except for IAS 32 and IAS 39, which have been applied as from January 1, 2005.

I - Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2005 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

II - Justification of our assessments

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

Note 1.1 titled "Significant accounting methods" sets forth the accounting rules and methods used to record the operations of the Retail activity, from which the company is currently withdrawing.

In addition, note 1.11.1 presents the rules and methods for the recognition and valuation of the vessels.

As part of our assessment of the accounting rules and policies used by your company, we have verified the appropriateness of the accounting methods described above and the disclosures provided in the notes to the financial statements.

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

III – Specific verification

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

Lyons and Marseilles, April 18, 2006

The auditors

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

Legal and Financial Information

Contents

Corporate governance

1. Chairman and Chief Executive Officer

In its May 31, 2002 meeting, the Board of Directors approved combining the positions of Chairman of the Board and of Chief Executive Officer, occupied by Mr. Jacques de Chateauvieux. This decision has not been amended since then.

Mr. Jacques de Chateauvieux was assisted during the year 2005 by Messrs. Jean-Marc Brébion and Christian Munier, Executive Vice Presidents. In its December 5, 2005 meeting the Board of Directors accepted the resignation of Mr. Jean-Marc Brébion and named Messrs. Christian Lefèvre and Laurent Renard Executive Vice Presidents.

Hence, since December 5, 2005, the company has been managed by the following persons:
- Mr. Jacques de Chateauvieux, Chairman and Chief Executive Officer,
- Mr. Christian Munier, Executive Vice President, Director,
- Mr. Christian Lefèvre, Executive Vice President,
- Mr. Laurent Renard, Executive Vice President.

2. Composition of the Board of Directors

	Date of first appointment	Date of mandate expiry	Terms of office held outside the group at 31/12/05
Mr. Jacques de Chateauvieux Age 55 Director Chairman of the Board Chief Executive Officer	14/10/1977	31/12/2006	• Chairman, Jaccar • Chairman, CBo Territoria • Chairman, Sapmer • Member of the AXA Supervisory Board • ICV adviser
Mr. Christian Munier Age 55 Director Executive Vice President	18/06/1999	31/12/2007	• Chairman, CDM2 • Member of the Supervisory Board of Les moteurs Baudouin SA • Director, Bonnasse Lyonnaise de Banque SA
Mr. Christian de Chateauvieux Age 58 Director Cousin of the Chairman & CEO	29/06/1990	31/12/2007	• Chairman and CEO, Ch. de Chateauvieux & Associates SA • Chairman and CEO, Legrand Filles et Fils SA • Manager, Les Armands SCI • Manager, Le Petit Vasouyard SARL
Mr. Henri de Chateauvieux Age 58 Director Member of the compensation committee Brother of the Chairman & CEO	25/05/1987	31/12/2007	• Chairman, Mach-Invest • Director, Sapmer SA • Director, Vindémia SAS • Director, Bourbon Retail
Ms. Victoire de Margerie Age 43 Director Chairman of the audit committee	08/06/2004	31/12/2006	• Director, Baccarat • Director and member of the strategy committee of Société du Louvre (until September 2005) • Director and member of the Ipsos compensation committee • Strategy professor at the Grenoble Management School

	Date of first appointment	Date term expires	Terms of office held outside the group at 31/12/05
Mr. Guy Dupont Age 61 Director	18/06/1999	31/12/2007	• Chairman, Bois Rouge Gestion GIE • Chairman, Cerf GIE • Chairman, Distillerie de Savanna SAS • Chairman, Eurocanne SAS • Chairman, Sucrerie de Bois Rouge SAS • Director, Antenne Réunion SA • Director, CBo Territoria • Director, Brasseries de Bourbon SA • Director, Gema GIE • Director, ICV Mascareignes • Director, Loiret & Haentiens SA • Director, Rhums Réunion GIE • Manager, SAS GVS • Manager, SCI Orion
Mr. Marc Francken Age 60 Director Member of the compensation committee	25/05/2000	31/12/2005	• Chairman, Gevaert NV (Belgium) • Chairman, Bofort (Belgium) • Chairman, Towage & Salvage Union (Belgium) • Chairman, Technum (Belgium) • Director, Almanij (Belgium) • Director, Vitgeversbedrijf Tijd (Belgium) • Director, Vum Media (Belgium) • Director, Vlaams Economisch Verbond (Belgium) • Director, Lieven Gevaert Leerstoel (Belgium) • Director, Asbl de Warande (Belgium) • Member of Lieven Gevaert Fonds – Koninklijke Vlaamse – Ingenieeurs Vereniging – Fugger Societ Eit – De Warande – Nederlands Loodwezen Bv – Orde Van den Prince
Ms. Dominique Sénéquier Age 52 Director Member of the audit committee Member of the compensation committee	08/09/2003	31/12/2005	• Chairman, Matignon Développement 1 SAS • Chairman, Matignon Développement 2 SAS • Chairman, Matignon Développement 3 SAS • Chairman of the Board of AXA IM Private Equity Europe SA • Chairman of the Board of AXA IM Private Equity Europe SA • Chairman of the Supervisory Board, Renaissance Investissements SA • Vice Chairman of the Supervisory Board, Linedata Services SA • Chief Executive of AXA Chile Private Equity 1 b SAS • Director, AIP Finance SA • Chairwoman, AXA Private Equity Secondaries Ltd • Member of PCP Holding SAS – AXA Alternative Participations Sicav 1 – AXA Alternative Participations Sicav II
Mr. Roger Wright Age 53 Director Member of the audit committee	13/09/2004	31/12/2005	• Chairman & CEO, Bassini Playfair Wright LLC (Brazil) • Director, Klabin (Brazil) • Director, Gradiente Electronics (Brazil) • Director, TAM Airlines (Brazil) • Director, Ibravo (Brazil) • Member of the Brazilian Institute of Volunteerism

3. Compensation of the corporate officers

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

Compensation paid to the corporate officers is set by the Board of Directors advised by the compensation committee. The corporate officers serving during most of 2005 received the following compensation, in the form of salaries and/or services rendered.

(in thousands of euros)	Fixed compensation	Variable compensation	Total	*Of which* Gross direct compensation	*Of which* Billing for services (excluding taxes)
Jacques de Chateauvieux	360	750	1,110	*–*	*1,110*
Jean-Marc Brébion	421	–	421	*89*	*332*
Christian Munier	319	–	319	*18*	*301*

Compensation paid to the new Executive Vice Presidents appointed on December 5, 2005 will be included from January 1, 2006.

Mr. Jacques de Chateauvieux runs the Jaccar company, BOURBON's lead holding company. On the recommendation of the compensation committee, the Board of Directors in its March 22, 2004 meeting decided to raise the fees paid for his services to the Jaccar company. Thus these fees contain a fixed portion of 360,000 euros (excluding taxes) and a variable portion based on 1% of BOURBON's consolidated net income for the previous year with a cap of 750,000 euros (excluding taxes). Thus in 2005, the Jaccar company received variable compensation of 750,000 euros.

No in-kind benefits were granted to Messrs. Jacques de Chateauvieux, Jean-Marc Brébion or Christian Munier during the year 2005; no supplementary pension system was granted by BOURBON to the corporate officers.

Stock options

Stock options were granted to the corporate officers during 2005.

	Number	Maturity date	Exercise price (in euros)
Jean-Marc Brébion*	20,000	03/08/09	42.17
Christian Lefèvre**	30,000	12/05/09	65.50
Christian Munier	20,000	03/08/09	42.17
Laurent Renard**	30,000	12/05/09	65.50

*Officer until December 5, 2005.
**Officers since December 5, 2005.

The following stock options were exercised:

	Number	Exercise price (in euros)
Jean-Marc Brébion*	57,273	11.29
Christian Munier	57,273	11.29

* Officer until December 5, 2005.

Directors' fees

In 2005, the BOURBON Directors received a total of 139,000 euros in the form of Directors' fees for the duties performed in 2004.

In addition, Mr. Christian Munier received 43,000 euros in Director's fees for his tenure with other group companies.

Post-employment benefits

The original employment contract of Laurent Renard, Executive Vice President since December 5, 2005, includes a provision for benefits in the event of dismissal following a change in the control of BOURBON.

4. Stock options granted to employees

The authorization given by the combined annual and special shareholders' meeting on May 25, 2000 for a period of five years, expired on May 25, 2005. Under that authorization, stock options were granted by the Board of Directors in October 2001 and September 2003. The Board of Directors, in its March 8, 2005 session, decided to grant a third plan of 150,000 options exercisable from March 9, 2009 to March 8, 2011 at the price of €42.17.

In addition, the combined annual and special shareholders' meeting of June 7, 2005 granted permission to the Board of Directors, in its twenty-first special resolution, to grant, one or more times, to the employees or to some of them or to some employee categories or to the corporate officers, defined by law, of the company or of affiliated companies as defined under article L. 225-180 of the French Commercial law "Code de commerce", options entitling the holder to subscribe for new shares in the company and/or to purchase outstanding shares in the company from purchases made by it. Under this new authorization, at its December 5, 2005 meeting, the Board of Directors decided to open a fourth plan of 300,000 stock options exercisable from December 5, 2009 to December 4, 2011 at the price of €65.50.

In all, in the year 2005, 143,000 options were granted to the ten non-executive employees receiving the largest allotments, as shown in the table below:

Number	Maturity date	Exercise price (in euros)
81,000	03/08/09	42.17
62,000	12/05/09	65.50

Besides, in 2005, non-executives exercised options to subscribe to BOURBON's shares. The ten largest amounts exercised involved 163,114 options at the price of €11.29 (the terms for exercising the stock options were adjusted to take into account the three-for-one split of the par value of the shares authorized by the combined annual and special shareholders' meeting of August 23, 2004).

5. Operations carried out by executives on BOURBON shares

Aside from the options exercised reported above, the Jaccar company, of which Mr. Jacques de Chateauvieux is Chairman, acquired 985,114 BOURBON shares at €51 per share on June 27, 2005.

6. Fees of the statutory auditors and their networks

(in thousands of euros)	EurAAudit CRC		Deloitte Touche Tohmatsu	Exa Ernst & Young*
Audit	**2005**	**2004**	**2005**	**2004**
Auditing network and certification of consolidated and statutory accounts	184	158	218	554*
Other ancillary assignments and other auditing engagements	9	–	–	–
Sub-total	**193**	**158**	**218**	**554***
Other services				
Legal, tax, corporate	–	–	–	3
Other	–	–	–	–
Sub-total	**–**	**–**	**–**	**3**
TOTAL	**193**	**158**	**218**	**557***

*Including the Retail subsidiaries.

In its fifteenth and sixteenth resolutions, the combined annual and special shareholders' meeting of June 7, 2005 accepted the resignation from their term as BOURBON auditors of the firm of Exa Ernst & Young, and named the firm of Deloitte & Associates (a member of the Deloitte Touche Tohmatsu network) to replace it. In 2004, the fees paid to the firm of Exa Ernst & Young included the fees paid for their work in the subsidiaries of the Retail business; their terms in these subsidiaries were maintained for the year 2005, but the corresponding fees obviously do not appear in the amounts paid to the firms that are members of the Deloitte Touche Tohmatsu network for the year 2005.

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

To our shareholders,

Pursuant to the provisions of paragraph 6 of article L. 225-37 of the French commercial law "Code de commerce", I hereby submit my report on the following:
• the conditions for the preparation and organization of the work of your Board of Directors for the year ended December 31, 2005,
• the internal control procedures established by the company,
• and the scope of the powers of the Chairman, President and Chief Executive Officer.

BOURBON complies with the corporate governance in force in France.

7.1 Conditions for the preparation and organization of the work of the Board of Directors

7.1.1 Composition of the Board of Directors

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

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

Each Director must own at least 300 BOURBON shares, as provided by the bylaws.

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

Evaluating the independence of the Directors

The Board of Directors has examined the qualification of BOURBON Directors in terms of their independence under the definition and the criteria selected by the October 2003 AFEP-MEDEF report on the corporate governance of listed companies.

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

Situation regarding the corporate officers

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

In addition, to the company's knowledge, no corporate officer:
• owns any equity capital or voting rights above 5% aside from Jacques de Chateauvieux, who owns more than 20% of the equity in the company through the Jaccar company,
• has ever been subject to any arrangement or agreement entered into with the principal shareholders, customers, suppliers or anyone else under which he would have been selected as a member of the Board or as a member of the management, independently of any related-party agreements.

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

7.1.2 Powers of the Board of Directors

7.1.2.1 Principles

The Board of Directors sets the guidelines for the company's business and sees to it that they are implemented in accordance with the charter and bylaws, and with the laws and regulations in effect.

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

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

7.1.2.2 Representation on the Board of Directors

The Chairman represents the Board of Directors. He organizes and manages the work of the Board, which he reports to the annual meeting, and carries out its decisions. He sees to it that the company's governing bodies operate smoothly and ensures that the Directors are able to fulfill their mandates.

The Chairman of the Board of Directors and Chief Executive is assisted as at December 31, 2005 by three Executive Vice Presidents, Mr. Christian Munier (also a Director) and Messrs. Christian Lefèvre and Laurent Renard (who are not Directors).

The group's executive committee, which consists of BOURBON's Chief Executive and Executive Vice Presidents, meets regularly and in particular before every meeting of the Board of Directors.

7.1.3 Meetings of the Board of Directors

At least four meetings of the Board of Directors are held every year, and whenever circumstances warrant.

The minutes of the meetings of the Board of Directors are drafted after each meeting and sent without delay to all the Directors. The minutes are generally subject to their express approval at the following Board meeting.

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

During the year ended, five meetings of the Board were held – on March 8, March 21, May 18, September 12 and December 5, 2005, at 33, rue du Louvre in Paris.

The attendance rate for all the Directors was 90%.

One director, Mr. Jean-Marc Brébion, who resigned, was not replaced at the December 5 Board meeting, the date on which his resignation took effect. He attended the BOURBON Board meetings of March 8, March 21, May 18, September 12 and December 5, 2005.

7.1.4 Evaluating the work of the Board of Directors

In its March 20, 2006 meeting, the Board discussed its operations. The members concluded that the BOURBON Board is operating in a very satisfactory manner and that important issues are appropriately addressed and discussed. Specific criteria for evaluating the operation of the Board of Directors will be defined in 2006.

7.1.5 The specialized committees of the Board of Directors

The Board of Directors has two specialized committees:

7.1.5.1 The audit committee

The purpose of the audit committee is to assist the Board of Directors to ensure the quality of internal control and the reliability of the information provided to shareholders and to the financial markets.

To date, the committee is composed of three people:
- Ms. Victoire de Margerie, Chairman,
- Ms. Dominique Sénéquier,
- Mr. Roger Wright.

The committee met three times in 2005. The attendance rate at the meetings of the audit committee was 89%.

The committee dealt mainly with the following issues, among others:
- appointment of auditors,
- mapping of risks,
- review of internal audit's activity,
- review of financial statements.

7.1.5.2 The compensation committee

The duties of this committee are as follows:
• to make any recommendations to the Board of Directors involving the Chairman's compensation and pension, and those of the other corporate officers, as the case may be,
• to examine proposals involving the introduction of stock options or stock purchase plans authorized by the combined annual and special shareholders' meeting,
• to carry out any and all specific duties assigned to it by the Board of Directors.

To date, the compensation committee is composed of three people:
• Mr. Marc Francken,
• Mr. Henri de Chateauvieux,
• Ms. Dominique Sénéquier.

The committee met once in 2005 with an attendance rate of 100%.

Of all the points subject to deliberations by the Board of Directors, the Board approved the proposals made during the year by the compensation committee, particularly those involving the awarding of stock options.

7.2 Internal control procedures

7.2.1 Objectives in terms of internal control

Within BOURBON, there are a number of objectives assigned to the internal control process:
• prevention and control/reduction of risks,
• control and efficiency in the conduct of operations,
• reliability of financial and accounting information,
• complying with the laws and regulations in effect,
• safeguarding assets.

Improving and maintaining a satisfactory level of internal control are a common concern shared by all line and staff managers; implementing an effective internal control system is an integral part of management's responsibilities.

In order to obtain reasonable assurance regarding the control of the risks (defined as not meeting BOURBON's objectives), the internal control system is based on an organization and procedures as well as the mapping and management of the risks outlined below.

No matter how well designed and applied it is, internal control, like any control system, cannot provide an absolute guarantee that the risks targeted by it will be totally eliminated.

7.2.2 Control environment

The control environment is an important factor in the internal control process insofar as it determines the staff level of awareness in that field.

7.2.2.1 General organization of internal control

BOURBON's operational control is decentralized, which implies strong central control even though the managers in the field have the primary responsibility for internal control.

In carrying out its responsibilities for proper internal control operations, the BOURBON executive committee is backed by the following departments:
• the corporate accounting department,
• the management control department,
• the corporate legal department.

Within each department, in addition to involvement by management, the administrative and financial managers are an integral part of the internal control process.

7.2.2.2 Internal control procedures

7.2.2.2.1 General procedures
In its different businesses, BOURBON ensures that at all times its operations are conducted without danger to the health and safety of its employees and sub-contractors. At the same time, BOURBON aims to satisfy its customers, its partners and its employees. For that reason, a "Quality, Health, Safety and Environment" charter was established and adopted on the vessels, at the bases and at the administrative offices. Following the fundamental principles set forth in the charter, each division is in charge of the proper implementation and monitoring of QHSE (Quality, Health, Safety and Environment) performances on its vessels and at its sites.

In connection with the quality and/or safety certification (ISO standards and ISM code) of the supply/assistance to oil platforms and port towage businesses, manuals of procedures and instructions are in effect in different areas: operations/operation, fitting, commercial, procurement, disputes, technical, emergency, safety, etc. The manuals form the basis for the operational control of the businesses annual in-house quality/safety audits are conducted regularly under the authority of the quality/safety assurance managers to make sure that they are properly applied.

External audits by the competent authorities are also conducted in accordance with an annual or long-term auditing plan. Specific procedures are also in effect to evaluate on an on-going basis the proper operation of the system put in place.

Concerning the Bulk Division, charter operations and operations involving the bulk carriers are carried out according to precise internal operating rules and audited regularly. Every charter agreement is monitored by a structured "operations" department, which checks that the agreement is properly implemented.

In addition, a manual of general policies and procedures has been gradually developed and distributed since 2004.

In addition to formally stating and harmonizing the policies and procedures, the purpose of the manual is to define the principles and rules to be applied by all BOURBON companies. It describes the roles and responsibilities of the different players within each process, the information flows, the operating procedures as well as the audits to be conducted and the levels of approval required. It also covers the financial, accounting and legal concerns attached to each process.

Among the principal topics addressed, investments as well as dealing with customer bids are key factors given BOURBON's business activities.

7.2.2.2.2 Internal control procedures dealing with accounting and financial information

The reliability of the accounting and financial information published is backed by a set of systems, rules, procedures and audits as well as by documentation and the gradual formalization of procedures.

This involves mainly the following:

• budgets designed by the different entities in the group and monitoring of their implementation at the operational level and by the group's management control unit,

• procedures for consolidating of the financial statements in accordance with the rules set and approved by the management. The semi-annual and annual consolidated financial statements are presented to the audit committee prior to approval by the Board of Directors,

• procedures for the drafting of the annual report to ensure the accuracy, consistency and compliance with applicable laws and regulations and the quality of the financial information.

7.2.3 Managing internal control

The internal control systems themselves are subject to controls both continuously by the management and through isolated evaluations by bodies with neither authority over nor direct responsibility for the operations.

7.2.3.1 The audit committee

The responsibilities and the work carried out by the audit committee are described in subsection 7.1.5.1 of this report.

7.2.3.2 The internal control committee

The purpose of this committee, which was established in 2004, is to manage the quality of internal control within BOURBON and to supervise internal auditing activities, i.e.: approving the annual auditing plan, reviewing the reports issued and following up on the recommendations as implemented, reviewing and evaluating the internal control procedures, risk management system and internal auditing operations.

Composed of the three Executive Vice Presidents and the managers from the BOURBON operating divisions, the internal control committee met twice in 2005.

7.2.3.3 Internal audit department

The BOURBON internal audit department was established in April 2002. It is staffed by four auditors.

The responsibility of the internal audit department is to evaluate on an on-going basis the proper operation and efficiency of the BOURBON internal control system in order to obtain reasonable assurance regarding the control of risks. The scope of the department's authority extends to all BOURBON subsidiaries and businesses. The internal audit department carries out its duties totally independently from the other audited units and in accordance with the IIA (Institute of Internal Auditors) code of ethics.

An internal audit charter was established to define and explain widely within BOURBON what an internal audit is: the mission, organization and place in the hierarchy, powers and responsibilities, rules of conduct, skills and methodology.

Internal audit engagements are carried out in accordance with an annual plan approved by the internal control committee. The annual auditing plan is prepared with consideration given to the growth of BOURBON, in particular globally. This plan is also presented to the audit committee.

The internal audit department has a methodology that allows it to reach conclusions resulting in recommendations that are adopted in cooperation with the person audited, and implementation are followed-up.

The internal audit department investigates regularly to make sure the foregoing general policies and procedures are applied.

7.2.3.4 The statutory auditors

On December 31 of every year, the BOURBON financial statements and those of its subsidiaries are examined by the auditors.

Coming from outside the group, the auditors complete the BOURBON internal control system. Their work provides the group with reasonable assurance as to the reliability and accuracy of the accounting and financial information produced.

7.2.4 Risk mapping and management

BOURBON's objective is to make certain that the entire internal control system can, to the extent possible, prevent any risks to which it is exposed. In this spirit, in May 2005, the internal control committee decided to introduce a process aimed at designing a "mapping of risks".

A dedicated staff was established by division: Offshore, Towage & Salvage, Bulk, as well as at a functional level at corporate headquarters.

An inventory of risks was prepared as thoroughly as possible, along with the associated controls, and then categorized by type.

On a case-by-case basis, probabilities of occurrence and of potential impact were evaluated. Thus the risks inventoried were ranked based on their possible frequency (from frequent to improbable) and their impact (negligible to catastrophic, which would require an action plan to be implemented immediately by a crisis unit).

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

The audit committee was informed regularly of progress in the work done to design this mapping.

The risk mapping will be updated as needed and reviewed at least once a year. The type and ranking of these risks will be considered as strategic and confidential. Nevertheless, a formal report is made of the principal risks and procedures for managing them in the section "Risk Factors" (page 90).

7.2.5 Conclusion

These different actions are meant to establish an increasingly high degree of command over internal control in the BOURBON entities.

The control environment and the control system described above are not static, and BOURBON's management is attentive to changes in this area and seeks regular improvement in its internal control system.

7.3 Powers of the Chief Executive Officer

No limitation has been placed on the powers of the Chairman and Chief Executive Officer. The Executive Vice Presidents have the same powers as the Chief Executive Officer, pursuant to the charter and bylaws and the decision to appoint them.

Chairman of the Board

8. Auditor's report prepared pursuant to article L. 225-235 of the French Commercial Code on the report by the Chairman of the Board concerning the internal control procedures for the preparation and treatment of financial information

This is a free translation of the original French text for information purposes only.

To the shareholders,

As auditors of BOURBON and pursuant to the provisions of article L. 225-235 of the French Commercial Code, we present our report on the report prepared by the Chairman of your company as required by article L. 225-37 of the French Commercial Code for the year ended December 31, 2005.

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 implemented by the company.

Our responsability 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 performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control procedures relating to the preparation and treatment of accounting and financial information. These procedures consisted of:

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

On the basis of our procedures, we have no comment to make on the information concerning the company's internal control procedures for the preparation and treatment of the accounting and financial information contained in the report by the Chairman of the Board prepared pursuant to the provisions of the last paragraph of article L. 225-37 of the French Commercial Code.

Lyons and Marseilles, April 18, 2006

The auditors

EurAAudit C.R.C.
Cabinet Rousseau Consultants

Jean-Marc Rousseau

Deloitte & Associés

Vincent Gros

Risk factors, exceptional events and disputes

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

Risk factors

BOURBON's objective is to make certain that the entire internal control system can, to the extent possible, prevent any risks to which it is exposed. In this spirit, on May 11, 2005, the internal control committee decided to introduce a process aimed at designing a "mapping of risks".

In this context, a dedicated staff was established by Division (Offshore, Towage & Salvage, Bulk) as well as at a functional level at corporate headquarters.

An inventory of risks was prepared as thoroughly as possible, along with the associated controls, and then categorized by type.

On a case-by-case basis, probabilities of occurrence and of potential impact were evaluated. Thus the risks inventoried were ranked based on their possible frequency (from frequent to improbable) and their impact (negligible to catastrophic), which would require an action plan to be implemented immediately by a crisis unit.

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

The risk map will be updated as needed and reviewed at least once a year. The type and ranking of these risks will be considered as strategic and confidential. Nevertheless, it is possible to develop below the principal risk factors.

Risks related to BOURBON's business activities

In the three businesses in which BOURBON is engaged in marine 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 the segment and the thorough knowledge of the administrative and political constraints of the different operating segments.

For **offshore oil and gas marine services**, the service offering is based both on experienced and qualified personnel trained in each of its assignments and on a full range of recent modern vessels, which makes it possible to offer each customer genuine customized service. Thanks to its strong investment capacity and its technical and technological expertise acquired in more than thirty years of experience, the BOURBON Offshore Division is able to respond to:
• the genuine technological revolution in offshore oil and gas businesses by operating one of the most up-to-date and multi-purpose fleets,
• the needs of the traditional offshore market (depths of less than 200 m) and the requirements of deepwater offshore (depths of up to 3,000 m).

The offshore oil and gas marine offering is dependent on its customers' willingness to invest. Oil and gas prices on the world markets have a significant effect on capital spending in this sector.

Thus a prolonged decline in the price of oil and gas can reduce the ability of BOURBON's customers to invest in new developments. Capital spending in the oil industry can also be influenced by the following factors:
• the rate of discovery and development of new oil and gas reserves,
• the global demand for energy,
• the global demand for petrochemical products,
• local political and economic conditions.

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

BOURBON ranks among the leaders in offshore oil and gas marine services and operates in sixteen countries. The diversity of its businesses and of the geographical areas into which BOURBON is expanding is such that no customer or supplier is in a significant position in terms of revenues or procurement. Total is the principal customer (accounting for around 28% of revenues). The portion of revenues accounted for by it is dropping from year to year thanks to major contracts signed with other leading oil companies (Exxon, Petrobras, Shell, BP, etc.). In 2005, sales to Total (28%) and Exxon (18%) were the only ones accounting for more than 10% of the revenues posted by the Offshore Division.

Moreover, vessel charter agreements are mainly six-month-to-eight-year contracts expiring at different times.

For **harbour towage**, which up until now has been highly regulated, business is based on consents issued by the port authorities (French ports) and/or concessions (African ports).

For **assistance and salvage**, the reputation of the subsidiary "Les Abeilles International" is based on a contractual relationship of more than 20 years with the French Navy, during which marine environment prevention and protection actions were carried out under extremely difficult conditions thanks to tugs fitted with efficient modern technical equipment and highly involved professional crews.

For **bulk shipping**, the subsidiary Setaf-Saget, a specialist in dry bulk shipping for more than 35 years, operates in all seas around the world with a fleet of 60 up-to-date bulk carriers, six of which are directly owned, and offers its customers customized services by proposing a full range of high value-added logistics services.

The amount of business of the Bulk Division depends on the degree of global trade and economic growth and on the volatility of freight rates (the *Baltic Supramax* index). A severe depression in world trade could reduce the demand for bulk carriers. However, owing to the quality of its directly-owned fleet, the Division can develop new markets, like shipping coal in the Indian Ocean, and can optimize return shipments.

Industrial and environmental risks

The marine business is regulated by the international rules issued by the IMO (International Marine Organization) and by the national rules for flags.

Internationally, the MARPOL (Marine Pollution) agreement sets the rules for preventing air pollution caused by vessels.

BOURBON endeavors to follow closely any and all rules in effect and seeks in its acquisition programs for new vessels any technological innovations designed to limit releases into the atmosphere from propulsion systems.

In terms of operating risks, BOURBON has made safety a watchword in all its endeavors. A quality, health, safety and environmental charter was drafted and an information and training policy was implemented widely among its employees. The work done in 2005 in terms of resources will continue in the next few years, and the results already obtained are highly encouraging.

The QHSE (Quality, Heath, Safety, Environmental) department is responsible for advising the steering committee, preparing a report on the actions taken and planning QHSE policies and objectives.

Legal risks and insurance

The activities of **offshore services** are based on a contractual arrangement requiring a best endeavors obligation and containing a general rule waiving legal actions among the parties.

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

Concerning the **bulk shipping** activity, the obligations of the international shipper are regulated by international agreements that define the system of liabilities as regards the loader and the shipper.

The group is present worldwide. Thus, the companies themselves are required to obey the laws and regulations applicable to them locally, particularly in the marine, customs and tax areas.

The diversity of the customers and the geographical areas in which BOURBON does business limits the risks of recovering trade receivables and lessens the political risks.

Insurance

BOURBON has taken out a comprehensive insurance policy for the entire managed fleet, designed to cover any risks, damage or liability affecting it owing to its contractual commitments and its activities:
• in terms of marine risks, the group covers risks of injury and equipment damage, ordinary risks and the risks of war on the basis of a worldwide comprehensive policy,
• it carries a vessel owner's or operator's liability policy with P. & I. Clubs, members of the International Group of P. & I. Clubs, such as the Shipowners, the U.K. Club, the Skuld and the Gard.

In addition, BOURBON has a civil liability policy (operation, post-construction and professional) designed to guarantee any risks not directly related to a maritime contract and therefore not covered by the P. & I. Clubs. This is an "umbrella" policy that would apply in the event of any difference in terms.

BOURBON also carries personal civil liability insurance for executive managers acting as legal or *de facto* corporate officers.

Insurance management

Concerning the fleet, whenever possible, it is grouped under a single policy (exception: local insurance/insurance requirement in some countries; organizational constraints).

The goal sought is to cut costs while centralizing the management of issues relating to risk analysis, verification of risk/coverage matching and negotiating contracts long enough to obtain a better visibility of insurance expenses.

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

The P.&I. guarantee allows BOURBON to obtain all the guarantees related to its civil liability as a ship owner and operator. The deductibles are low (around 10,000 euros).

BOURBON does not have an "loss of hire" guarantee covering the risks following the docking of vessels after damages requiring repairs. Deductibles for such guarantees are generally around 14 days, which is very close to the average length of the repair work.

The civil liability policy taken out with Axa Corporate Solutions and Groupama Transport (two guarantee lines) offers a total guarantee amount of 22 million euros; the deductible is a maximum of 30,000 euros.

The liability insurance for the management was taken out with AIG. The amount of the guarantees is 19.1 million euros.

BOURBON chooses not to publish the amount of the premiums paid for confidentiality reason.

No insurance captive was established in the group.

Liquidity risks

The group is financed in accordance with a group-wide policy implemented by the finance and administration department. This policy consists in self-financing the investment program by using asset sales and generating sustained operating cash flows, thanks to the strategy of long-term contracts, particularly in the offshore oil and gas marine services sector.

Cash management is coordinated in Marseilles. La Financière Bourbon, a general partnership set up as a cash clearing house, offers its services to most of the group's operating subsidiaries. Those entities that have a cash agreement with La Financière Bourbon receive active support in managing their funds flows, their foreign currency and interest rate risks, their operating risks and their short and long-term debt in accordance with the various laws in force locally.

In July 2005, the debt owned by the Norwegian subsidiary Island Offshore II (initially established in 2003) was refinanced in the amount of 600 million Norwegian kroner; under the terms of the new loan, the life of the loan was extended to ten years and the interest expense was significantly reduced.

In September 2005, after receipt of the first Casino put, the syndicated loan of 245 million euros taken out in January 2003 was repaid early. In September 2005 also a new loan of 320 million euros was taken out to pay for the capital expenditures undertaken for the twelve months ahead. The first loan payment falls due in April 2007, with the following payments spread out over a ten-year period. As of December 31, 2005, the available balance amounted to 190 million euros.

In addition, the group had unused short-term credit lines of 63 million euros as of December 31, 2005.

The repayment schedule for long-term financial debt is included in note 2.11 of the notes to the consolidated financial statements.

Market risks (interest and foreign currency risks)

Interest rates

BOURBON regularly monitors its exposure to interest rate risks. This is the responsibility of the group treasurer, who reports to the Executive Vice President for Finance and Administration.

The group does not use any financial instruments for speculation purposes.

At December 31, 2005, before the use of variable interest rate hedges (rate swaps), the amount of fixed-rate debt, denominated in euros, amounted to 40 million.

In addition, the group covered 320 million euros of its variable rate bank debt through backwarded swaps converting them to fixed-rate debt.

Interest rate hedges were carried out with leading bank counterparties.

Foreign currency

Objectives

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

Long-term cash flows

Policy

• In the case of vessels acquired in a foreign currency, the policy is to hedge foreign exchange risks during the construction period (12 to 18 months) by using forward contracts for the purchase of foreign currency.

• The policy is to finance these acquisitions in the currency in which the corresponding charters will be paid by customers. However, in order to avoid translation differences in the countries outside the euro zone and the dollar zone (particularly Norway), the entities finance their investments in their functional currency.

Current practice

• Early in 2004, as an exception, it was decided to abandon temporarily this practice and to convert most of the borrowings in dollars at the time into euros (at the 2003 closing rate of 1 euro = 1.26 dollar). This was done to realize the 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 (outside of Norway) have been in euros. When the euro/dollar exchange rate permits, these borrowings will again be converted into dollars and subsequent investments will again be financed in dollars.

Therefore, BOURBON continues to acquire assets whose value is essentially dependent on the dollar, using the proceeds from disposals of euro-valued assets.

Cash flows from operating activities

• For **offshore oil and gas marine services**, BOURBON bills a major portion (around 65%) of its services in dollars. The group benefits from some natural currency hedging thanks to the payment of expenses in the same currency (15% to 20% of the costs, or around 10% of revenues). The policy is to maximize this natural hedging

The residual exposure is partially hedged in the short term by using forward dollar and/or option sales.

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

• The **bulk shipping** business, mainly in dollars (revenues and costs) is accounted for in the dollar functional currency. The resulting margin in dollars is not hedged.

• For the **sugar** business in Vietnam, expenses are for the most part essentially in the same currencies as income. The currency risk is therefore limited to the effect of the translation risk.

• The group has not subscribed to any COFACE-type agreement, and currency transactions are carried out exclusively for hedging purposes.

Labor risks

As far as we are aware, BOURBON is not exposed to any particular labor risks other than those occurring in the normal course of business in companies of comparable size with operations around the world.

The quality of the group's services and the success of an ambitious growth plan are largely based on BOURBON's ability to attract and ensure the loyalty of skilled employees and to maintain a level of training that constantly results in improved standards. As a result, BOURBON has developed action plans designed to ensure that hiring is done on an international basis and to actively continue the training policy at all levels. Moreover, the combined annual and special shareholders' meeting of June 7, 2005 granted authority to the Board of Directors to grant stock options to employees entitling them to subscribe for new shares in the company and/or to purchase outstanding shares in the company from purchases made by it, up to 5% of the company's share capital. In this context, the Board of Directors in its December 5, 2005 meeting granted an initial tranche of options to 10% of BOURBON's employees.

Other particular risks

Ship-building

One of the keys to success lies in the availability to provide our customers with cutting edge vessels at competitive prices. BOURBON is developing concepts for new generation vessels (secure anchor handling system, diesel-electric propulsion and DP2, etc.). It has them produced in serials at competitive shipyards (in China, India and Nigeria) in order to achieve economies of scale.

To allow for these cost savings while still guaranteeing delivery deadlines, BOURBON selects a limited number of shipyards, hence there is a certain degree of dependence on these shipyards. Failure to meet a deadline by any of these shipyards could reduce BOURBON's ability to meet customer needs.

Business in emerging countries

The group does part of its business in emerging countries. The risks associated with running a business in those countries can include political, economic, social or financial instability. It is conceivable that BOURBON may not be able to obtain insurance or to hedge against those risks, and may also be faced with problems in conducting business in such countries, which could have an impact on its results.

Tax risks

In France, BOURBON has received several tax consents from the tax legislation department on the financing of its fleet through tax-GIEs *(Groupement d'Intérêt Économique)*. Some changes to the system might occur.

Cost control

In a competitive environment, customer satisfaction requires good cost control. The policy is to order new ships in quantities so as to keep capital expenditures and maintenance costs down.

Trademarks, licenses, patents – Real properties

Trademarks, licenses, patents

The BOURBON company has filed its logo, including the graphics features. It has also protected its trademarks, i.e. BOURBON, Bourbon Offshore, Les Abeilles, Setaf-Saget and Setaf for the interested products and services.

Property, plant and equipment

BOURBON generally owns its operating resources with the exception of those of the Bulk Division.
The group's tangible assets consist mainly of vessels representing nearly 91% of the line item (excluding fixed assets in progress and prepaid expenses).
As at year-end 2005, the fleet owned by the **Offshore Division** included 99 crewboats and 58 supply vessels.
Aside from the 5 intervention and assistance tugs, the **Towage & Salvage Division** operates 62 harbour tugs in France and abroad.
Lastly, the **Bulk Division** fully owns 6 bulk carriers for its solid bulk shipping business and operates a total fleet of around 60 bulk carriers.
A summary of BOURBON's property, plant and equipment and the principal related expenses (depreciation and provisions) appears in note 2.1 of the notes to the consolidated financial statements (page 39).

Agenda of the combined annual and special shareholders' meeting

Agenda of the annual meeting

• Management report by the Board of Directors on the year ended December 31, 2005.

• Report by the Chairman prepared pursuant to article L. 225-37 of the French commercial Law "Code de commerce".

• Special report by the Board of Directors on stock options, prepared pursuant to article L. 225-184 of the French commercial Law "Code de commerce".

• General auditors' report.

• Special report by the auditors on the agreements described in articles L. 225.38 et seq. of the French commercial Law "Code de commerce".

• Auditors' report on the internal control procedures for the preparation and treatment of accounting and financial information.

• Discharge of Directors.

• Approval of the parent company and consolidated financial statements for fiscal year 2005.

• Appropriation of earnings, decision to be made regarding a dividend payment.

• Setting director's fees.

• Renewal of the term of office of three Directors.

• New authorization for the company's plan to buy back its own shares.

Agenda of the special meeting

• Report by the Board of Directors.

• Statutory auditors' report.

• Decision to be made regarding a capital increase reserved for employees.

• Doubling of the number of outstanding shares.

• Related amendment to article 7 of the bylaws.

• Decision to be made on the duration of the Directors' term of office and renewal procedure.

• Amendment to the corporate purpose; related amendment to article 2 of the bylaws.

• Powers for filings and formalities.

Draft resolutions by the combined annual and special shareholders' meeting

Within the scope of the annual meeting

First resolution

The annual meeting, ruling under the quorum and majority conditions required for annual meetings, after hearing a reading of the management report by the Board of Directors, the Chairman's report and the statutory auditors' report, approves these reports in their entirety, together with the balance sheet, the income statement and notes for the year ended December 31, 2005, as presented, together with the transactions reflected in these financial statements and summarized in these reports.

Second resolution

The annual meeting, ruling under the quorum and majority conditions required for annual meetings, therefore approves the transactions and measures reflected in the said statements or summarized in these reports and hereby discharges the directors from their tenure for this fiscal year.

Third resolution

The annual meeting, ruling under the quorum and majority conditions required for annual meetings, approves the proposal by the Board of Directors appropriating the earnings for the year as follows:

(in euros)	
Profit for the year	181,000,459.75
Treasury stock dividends in 2005	5,691.00
Income to be appropriated	**181,006,150.75**

Appropriation of earnings

(in euros)	
Net dividend €1 per share	25,045,577.00
Other reserves	155,960,573.75
Total	**181,006,150.75**

This dividend will entitle the recipient to a 40% allowance applicable to individuals with a tax residence in France, or 0.40 euro per share; legal entities shall not qualify for an allowance.
There is no income distributed under the authority of this meeting, other than the dividend cited above, whether or not it qualifies for the 40% allowance cited in section 3.2 of article 158 of the French "Code général des impôts".

Fourth resolution

The annual meeting, ruling under the quorum and majority conditions required for annual meetings, acknowledges that the dividends paid out for the three previous fiscal years and the corresponding dividend tax credits were as follows:

	Number of shares distributed	*(in euros)*	**Net dividend per share**	**Tax credit per share (individual)**	**Total amount distributed**
2002	7,032,000		1.08	0.54	7,594,560
2003	7,032,000		1.40	0.70	9,844,800
2004	24,612,000		0.56	–	13,782,720

The dividend will be paid out on or after Monday, May 29, 2006.

Regarding the buyback by the company of its own shares, the shares do not entitle the owner to dividends. The sum corresponding to unpaid dividends will therefore be allocated to "retained earnings".

Fifth resolution

The annual meeting, ruling under the quorum and majority conditions required for annual meetings, after hearing the report by the Board and the auditors' report on the consolidated financial statements closed on December 31, 2005, approves them as presented, together with the transactions reflected in these financial statements and summarized in these reports.

Sixth resolution

The annual meeting, ruling under the quorum and majority conditions required for annual meetings, after hearing the special auditors' report, approves the agreements cited therein and this report in its entirety.

Seventh resolution

The annual meeting, ruling under the quorum and majority conditions required for annual meetings, after reviewing the report by the Board, resolves to set the total sum of the directors' fees allocated to the Board of Directors at 200,000 euros for the year 2005 and for each of the subsequent years.

Eighth resolution

The annual meeting, ruling under the quorum and majority conditions required for annual meetings, notes that the term of office of Ms. Dominique Sénéquier as Director is expiring, and resolves to renew it for a period of three years, namely until the end of the meeting ruling on the financial statements for the year ending December 31, 2008.

Ninth resolution

The annual meeting, ruling under the quorum and majority conditions required for annual meetings, notes that the term of office of Mr. Marc Francken as Director is expiring and resolves to renew it for a period of three years, namely until the end of the meeting ruling on the financial statements for the year ending December 31, 2008.

Tenth resolution

The annual meeting, ruling under the quorum and majority conditions required for annual meetings, notes that the term of office of Mr. Roger Wright as Director is expiring, and resolves to renew it for a period of three years namely until the end of the meeting ruling on the financial statements for the year ending December 31, 2008.

Eleventh resolution

The annual meeting, ruling under the quorum and majority conditions required for annual meetings, after hearing the report by the Board of Directors and reviewing the description of the share buyback program presented in the 2005 annual report, the BOURBON reference document, hereby grants authority to the Board of Directors, with the option of sub-delegation, to trade in the company's shares provided it abides by the laws and regulations applicable at the time of trading, and in particular by the terms and obligations laid down by the provisions of articles L. 225-209 to L. 225-212 of the French commercial Law "Code de commerce". This authorization is designed to allow the company:
• to guarantee liquidity and trade in the stock market through the intermediary of a fully independent investment services adviser under a liquidity contract pursuant to an ethics charter recognized by the *Autorité des Marchés Financiers (AMF)*, and
• to retain some stock in order to remit it at a later date in payment or exchange in merger or acquisition deals.

And, for such purposes, to retain the stock repurchased, dispose of it or transfer it using any method described below, in accordance with the regulations in effect and in particular by selling it on the Stock Market or the over-the-counter market or through a public offering.

The share buyback program shall be established in accordance with the provisions of EU regulation No. 2273/2003 of December 22, 2003, which went into effect on October 13, 2004 and then pursuant to Directive 2003/6/CE of January 28, 2003 and shall take into account the specific information provided by the *AMF (Autorité des Marchés Financiers)*.

Stock purchases, sales or transfers shall take place at the times to be determined by the Board of Directors, using any method, including through a liquidity contract, over-the-counter, and by block of shares with no limit as to volume, in accordance with the regulations in effect.

The annual meeting sets the maximum purchase price at 120 euros per share, and the minimum selling price at 60 euros per share, on the one hand, and the number of shares that can be acquired at no more than 5% of the capital stock, based on the capital at December 31, 2005, or 1,252,278 shares. Therefore the maximum amount of the operation is set at 150,273,360 euros. In addition, when the shares acquired under these conditions are used to grant stock options, pursuant to articles L. 225-279 and seq. of the French commercial Law "Code de commerce" the price is determined in accordance with the laws relating to stock options.

In the event of a capital increase by capitalization of reserves and the allotment of bonus shares, and in the event of a split, or a regrouping of shares, the number of shares and the prices indicated above will be adjusted accordingly.

This authorization is given for a maximum period of eighteen months. All powers are granted to the Board of Directors, with the option of delegation and sub-delegation, to implement this authorization.

The Board of Directors will in its report to the annual meeting give to the shareholders the information relating to purchases, transfers and sales of shares carried out in this way.

Within the scope of the special shareholders' meeting

Twelfth resolution

The annual meeting, ruling under the quorum and majority conditions required for special meetings, after reviewing the report by the Board of Directors and the statutory auditors' report on the capital increase reserved for employees, following the decision to issue stock options made by the special meeting of June 7, 2005, hereby resolves pursuant to article L. 225-129 VI, paragraph 1 of the French commercial Law "Code de commerce", to reserve for the employees of the company an increase in the capital stock in cash under the terms and conditions set forth in article L. 443-5 of the labor Code.

The meeting hereby grants full powers to the Board of Directors to carry out this operation.

This capital increase will be carried out in a maximum amount representing 1% of the amount of the capital increase carried out at the time the stock options are exercised.

The meeting hereby resolves to waive expressly the pre-emptive subscription rights of shareholders to the benefit of employees subscribing to a company Savings Plan (PEE) to be established by the company.

The meeting grants full powers to the Chairman and CEO to approve all the procedures for the interested operations; it grants him full powers to report the capital increase carried out in accordance with this decision, to amend the bylaws accordingly and in general to do whatever is necessary.

Thirteenth resolution

The meeting, ruling under the quorum and majority conditions required for special meetings, after reviewing the report by the Board of Directors, hereby resolves to double the number of shares in the company so that each shareholder will be awarded two shares for each share currently owned. The total number of shares in the company would thus be raised to 50,113,610.

Fourteenth resolution

As a result of the previous resolution, the special meeting resolves to amend article 7 of the bylaws as follows:

ARTICLE 7 – SHARE CAPITAL

The share capital is set at the sum of 31,832,347 euros; it is divided into 50,113,610 shares. The shares are all of the same class.

Fifteenth resolution

The meeting, ruling under the quorum and majority conditions required for special meetings, after reviewing the report by the Board of Directors, resolves to amend article 13 of the bylaws relating to the duration of the Directors' term of office such that:

- the duration of their tenure is set at three years (instead of six),
- the last paragraph of the first subsection of this article on the procedures for renewing the Board will be eliminated, as it is no longer applicable

Sixteenth resolution

As a result of the previous resolution, the special meeting resolves to amend article 13 of the bylaws as follows:

ARTICLE 13 – APPOINTMENT OF DIRECTORS

1 – During the life of the company, the Directors are appointed by the annual shareholders' meeting. However, in the event of a merger or a split-off, they may be appointed by the special meeting. The duration of their tenure is three years. It ends after the annual meeting ruling on the financial statements for the year ended held in the year in which the tenure of the said Director expires.

The retirement age of a Director is set at 70 (seventy).

All outgoing Directors are eligible for reelection provided they meet the conditions set forth in this article. Directors may be dismissed and replaced at any time by the annual meeting. Any appointment made in violation of the foregoing provisions shall be null and void, with the exception of temporary appointments.

The rest remains unchanged.

Seventeenth resolution

The meeting, ruling under the quorum and majority conditions required for special meetings, after reviewing the report of the Board of Directors and acknowledging the group's shift in focus to marine services, resolves to amend the references to the corporate purpose as follows:

ARTICLE 2 – PURPOSE

The purpose of the company is:

• the creation, ownership, acquisition, sale, lease, development, operation, management, rental, control, organization and financing of all industrial, commercial, agricultural, real estate or other types of property, companies or businesses,

• the acquisition of equity interests and the management of interests related to any and all marine business activities, either directly or indirectly,

• the manufacture, packaging, import, export, commission, representation, transit, deposit and shipping of 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 shares, 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, the various elements of which have been specified above.

Eighteenth resolution

The meeting gives full powers to the bearer of an original, a copy or an extract of the minutes of this meeting to carry out any and all legal or administrative formalities, conduct all filings and disclose any and all information as required by the laws in effect.

General information on BOURBON SA and its share capital

1. Information about the company

Corporate name: BOURBON.
Head office: 33, rue du Louvre - 75002 Paris.
Date of incorporation of the company: December 2, 1948.
Nationality: French.
Legal form: joint stock company ("société anonyme") with a Board of Directors, governed by the law of July 24, 1966 concerning commercial companies.
Term: the company was incorporated for 99 years and expires on December 2, 2066 except if dissolved early or extended (harmonisation of the bylaws pursuant to the law of July 24, 1966; special shareholders' meeting of January 19, 1966).
Trade Register: Paris 310 879 499.
Location where the corporate documents and records may be consulted: the bylaws, financial statements and reports and minutes of shareholders' meetings may be consulted at the head office 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 shipping 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 shares, 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, the various elements of which have been specified above.
Financial year: January 1 to December 31 of each year.

Shareholders' meetings (article 19 of the bylaws)

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

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

However, the Chairman of the Board of Directors shall always have the 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, unless otherwise specified, the meeting shall by 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.

Ownership thresholds

The bylaws do not stipulate specific requirements for ownership thresholds.
Pursuant to article L. 233-7.1, paragraphs 1 and 2 of the French commercial Law "Code de commerce" (amended by Law 2005-842 of July 26, 2005):
• when the stock of a company with its head office in the French Republic is admitted for trading on a regulated market or on a financial instruments market admitting for trading stocks that can registered in an account with an authorized intermediary under the conditions set forth by article L. 211-4 of the "Code monétaire et financier", any individual or legal entity acting alone or with others, who owns a number of shares representing more than one twentieth, one tenth, three twentieths, one fifth, one fourth, one third, half, two thirds, eighteen twentieths or nineteen twentieths of the capital and/or voting rights in the company shall inform the company of the total number of shares or voting rights owned by them before a deadline set by decree in the Council of State from the time the threshold is crossed,
• the information cited in the foregoing paragraph shall also be given before the same deadlines whenever the percentage of share capital or voting rights owned falls below the thresholds cited in that paragraph,
• the person required to provide the information referred to in the first paragraph shall specify the number of shares owned that give access in the future to the share capital and voting rights attached thereto. Failure to meet this obligation shall result in the sanctions described in article L. 233-14, L. 248-1 and L. 242-2 of the French commercial Law "Code de commerce".

Appropriation and distribution of earnings (articles 24 and 25 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 share capital; it shall resume when the legal reserve falls below one tenth of the share capital for any reason.

Distributable earnings consist of the profit for the year less prior losses and sums placed in reserve as required by law and the bylaws, plus any retained earnings.

The annual shareholders' meeting may withdraw from these earnings any sums it deems appropriate to be carried forward to the following year or to be placed in one or more general or special reserves, the use of or allocation to which to be determined by it. The balance, if any, is divided among all shares. Dividends are first taken from the distributable earnings for the year.

The shareholders' meeting may also decide to distribute sums taken from the reserves at its disposal, and must expressly note the reserve items from which these sums are taken.

Excluding the case of a capital reduction, no distribution may be made to shareholders when the shareholders' 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 procedures for 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 prepared 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 to shareholders, except where the distribution was made in violation of the law, and the company establishes the fact that the beneficiaries were aware of the illegal nature of this distribution at the time or could not have been unaware of it given the circumstances. Any action for recovery after payment of such dividends is subject to a three-year statute of limitations.

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

The annual shareholders' meeting may, on the recommendation of the Board of Directors, decide to pay the dividend in-kind.

Purchase by the company of its own stock

(cf. Description of the share buyback program proposed to the combined annual and special shareholders' meeting of May 23, 2006 – *page [ ]**).*

2. Information about the share capital

Share capital

After the Board of Directors' meeting of March 20, 2006, the share capital amounted to €31,832,347. It was divided into 25,056,805 shares, fully paid-up.

The company was listed for trading on the *Second Marché* of the Paris Stock Exchange on October 20, 1998.

Since February 2, 2004, BOURBON has been classified by Euronext in the "Oil Services" sector.

The BOURBON share was admitted by decision of the Scientific Advisory Board of Euronext Paris on July 4, 2005 to the SBF 120 Index. This decision went into effect after the September 1, 2005 trading session.

During 2005, more than 13.2 million BOURBON shares were traded.

With market capitalization of 1,852 million euros as of December 31, 2005, the BOURBON share was admitted for trading by Euronext Paris on January 12, 2006 in capitalization compartment A of Eurolist Paris. Then, in order to take into account the noticeable increase in liquidity, it was included in the deferred settlement service as from the March 28, 2006 trading session.

As at December 31, 2005, the employee shareholders holding stock through the FCPE "Bourbon Expansion" were 669 for 237,888 shares of stock, or 0.97% of the share capital.

In the combined annual and special meeting of December 16, 2004, double voting rights were eliminated.

Option plans for new stock

• **The combined annual and special meeting of May 25, 2000** granted authority to the Board of Directors to grant options giving rights either to subscribe to new shares issued by the company in a capital increase, on one or more occasions for a period of five years, or to purchase existing shares of the company from the buybacks made by the company, subject to legal requirements. This authorization expired on May 24, 2005. It contained the following terms for application:
The beneficiaries of the operations may be some or all the employees or some categories of employees, or the corporate officers as defined by law, both of the company and of affiliated French or foreign companies as this term is defined by article 208-4 of the law of July 24, 1966 concerning commercial companies. The total number of options that may be granted by the Board of Directors under this authority may not give rights to subscribe to or to purchase new or existing shares equal to more than 5% of the capital on the implementation date of this authority, subject to all legal limits on the allotment. The authority granted for options includes an express waiver by shareholders of their preemptive subscription rights.

The purchase price of new and/or existing shares for the beneficiaries shall be set on the date the options are granted by the Board of Directors, and may be neither less than 95% of the average opening price of the shares on the *Second Marché* of the Paris Stock Exchange during the twenty trading days preceding the date the options on new and/or 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 less than twenty trading days after detachment of a coupon giving the right to a dividend or a capital increase.

The shareholders' meeting delegates full powers to the Board of Directors to set the other terms and procedures for awarding the options and exercising them, including the power to:
• set the conditions under which the options are to be granted and to define the list or categories of beneficiaries,
• set the seniority requirements to be met by the beneficiaries,
• decide on the conditions under which the price and the number of shares may be adjusted, particularly in the cases described in articles 174-8 to 174-16 of the decree of March 23, 1967,
• set the exercise period(s) of the options thus granted, provided that the term of the options does not exceed a period of six years from the date they are granted,
• provide for the option of temporarily suspending the exercise of options for a maximum period of three months in the event of financial transactions involving the exercise of a right attached to the shares.

Plan No 1
Using the authority granted by the combined annual and special shareholders' meeting of May 25, 2000, the Board of Directors' meeting of September 10, 2001 decided to grant, as of October 9, 2001, options giving the right to subscribe to new shares in the company to be issued in a capital increase up to a total maximum amount of 571,500 euros, representing 150,000 new shares with a par value of 3.81 euros.

These options were granted under the conditions set by the 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 of allotment, until October 8, 2007, the end of the sixth year of allotment.

Following the allotment of one bonus share for 11 existing shares in June 2002, then one share for six in June 2004, followed by the 3-for-1 stock split on August 30, 2004, the number of options for new shares increased to 572,756 and the price was adjusted accordingly to 11.29 euros.

Plan No 2

Using the authority granted by the combined annual and special shareholders' meeting of May 25, 2000, the Board of Directors' meeting on September 8, 2003 decided to grant 32,000 new options, as of September 8, 2003, for new shares in the company to be issued in a capital increase, in a total nominal amount of 121,920 euros, corresponding to 32,000 new shares with a par value of 3.81 euros.

These stock options were granted under the conditions set by the special shareholders' meeting at the price of 63.9 euros, corresponding to 95% of the average of the prices quoted at the end of the 20 trading sessions preceding September 8, 2003.

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

The number of options and the prices are adjusted for capital transactions completed after allotment, thus after the allotment of one bonus share for six existing shares in June 2004, followed by the 3-for-1 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 fully paid in cash at the time of subscription and will be issued with rights as of the first day of the year in which the option is exercised, and with entitlement to the entire dividend paid for that year. The beneficiaries of these options are the corporate officers and the employees directly involved in successfully meeting the five-year objectives.

Plan No 3

Using the authority granted by the combined annual and special shareholders' meeting of May 25, 2000, the Board of Directors' meeting on March 8, 2005 decided to grant 150,000 new options of the company to be issued in a capital increase in a total nominal amount of 190,500 euros corresponding to 150,000 new shares with a par value of 1.27 euro each. Under this authority, 127,000 stock options were granted.

These options were granted under the conditions set by the special shareholders' meeting at the price of 42.17 euros corresponding to a price slightly above 95% of the average of the prices quoted at the end of the 20 trading sessions preceding March 8, 2005.

These options may be exercised from March 8, 2009, the start of the fifth year of allotment, and until March 7, 2011, the end of the sixth year of allotment.

The number of options and the price will be adjusted for transactions conducted on the capital after allotment. They must be fully paid up at the time of subscription in cash and will be issued with rights as of the first day of the year in which the option is exercised, and with entitlement to the entire dividend paid for that year. The beneficiaries of these options are the corporate officers and the employees directly involved in successfully meeting the five-year objectives.

On the recommendation of the Chairman, the Board of Directors' meeting of December 5, 2005 decided to add a rider to the BOURBON stock option plan of March 8, 2005, maintaining the employees of former BOURBON subsidiaries or sub-subsidiaries as recipients of the BOURBON stock options.

These are subsidiaries or sub-subsidiaries sold in connection with the restructuring of the group and its shift in focus to the marine business.

Employees of the BOURBON subsidiaries or sub-subsidiaries which are no longer within the BOURBON scope of consolidation will continue to enjoy these rights as long as they are employed with those companies.

• **The combined annual and special shareholders' meeting of June 7, 2005** granted authority to the Board of Directors in its twenty-first special resolution to grant, one or more times, to some or all the employees or some categories of employees or the corporate officers, defined by law, of the company or of any affiliated companies pursuant to article L. 225-180 of the French commercial Law "Code de commerce", options entitling the holder to subscribe for new stock in the company and/or to purchase existing share in the company from purchases made by it.

The Board of Directors may use this authority one or more times during a period of thirty-eight months from the time of the meeting.

The total number of options granted under this authority not yet exercised may not entitle the holder to subscribe for or to buy a number of shares greater than 5% of the capital stock in the company after the meeting.

The exercise period for the options may not exceed six years from the date the options are allotted by the Board of Directors.

The decision in question entails the express waiver by the recipients of the stock options of their pre-emptive right to the shares issued as the options are exercised.

The subscription or purchase price of the shares under option shall be set by the Board of Directors on the day the options are allotted; as required by law, but with the exception of the application of any discount, the subscription price shall be determined based on the average prices quoted in the 20 trading sessions preceding the day the shares under option are allotted.

This price may not be changed unless the company carries out a financial transaction during the option exercise period. In that case, the company will adjust the price or the number of the shares, as required by law.

All powers were given to the Board of Directors acting under the foregoing conditions, to grant the foregoing stock options, to set the terms and conditions thereof, in accordance with the law and the bylaws, to designate the beneficiaries, to take due note of the capital increase(s) carried out under this authority, to withhold from the amount of any premiums related to the capital increases the cost of such transactions, to carry out any and all related formalities and to amend accordingly the article of the bylaws setting the amount of the capital.

Plan No 4

Using the authority granted by the combined annual and special shareholders' meeting of June 7, 2005, the Board of Directors' meeting on December 5, 2005 decided to grant 300,000 new options to be issued in a capital increase in a total nominal amount of 381,000 euros corresponding to 300,000 new shares with a par value of 1.27 euro each.

These options were granted under the conditions set by the special shareholders' meeting at the price of 65.50 euros corresponding to a price slightly above 95% of the average of the prices quoted at the end of the 20 trading sessions preceding December 5, 2005.

These options may be exercised from December 5, 2009, the start of the fifth year of allotment, and until December 4, 2011, the end of the sixth year of allotment.

The number of options and the price will be adjusted for transactions conducted on the capital after allotment. They must be fully paid up at the time of subscription in cash and will be issued with rights as of the first day of the year in which the option is exercised, and with entitlement to the entire dividend paid for that year. The beneficiaries of these options are the corporate officers and the employees directly involved in successfully meeting the five-year objectives.

• Capital increases already carried out

On October 9, 2005, after the fourth year following the allotment date, the exercise period for the first option plan began for options allotted under the authority granted to the Board of Directors by the combined shareholders' meeting of May 25, 2000 (Board of Directors' meeting of September 10, 2001).

The exercise of these options by the recipients generated successive capital increases noted as a whole at the first meeting of the Board of Directors for the year 2006, or in the Board meeting of March 20, 2006.

This resulted in the following:

• on the one hand, as of December 31, 2005, 433,577 new shares were subscribed, representing an increase in the share capital in the amount of 550,819.38 euros, thus raising the company's capital to the sum of 31,818,083.53 euros; the subscription premium amounted to 4,344,264.95 euros,

• on the other hand, for the period between January 1, 2006 and the date of the Board meeting noting the successive capital increases (March 20, 2006), the stock options continued to be exercised and 11,228 new shares were subscribed, representing an increase in the share capital of 14,264.13 euros, raising the company's capital as of that date to the sum of 31,832,347.66 euros; the additional paid-in capital amounted to 112,499.99 euros.

The Board of Directors in its March 20, 2006 meeting therefore noted that BOURBON's share capital as provided under the bylaws, rounded down to the nearest full number, was set at 31,832,347 euros, and accordingly decided to amend article 7 of the bylaws as follows:

Article 7 – Share capital

The share capital is set at 31,832,347 euros. It is divided into 25,056,805 shares. The shares are all in the same class.

Potential capital dilution as of December 31, 2005

As of December 31, 2005, 25,045,577 BOURBON shares were outstanding. Stock options not yet exercised and not canceled will result in capital dilution when exercised.

There is no other form of potential capital.

Information on stock options

Shareholders' meeting date		**May 25, 2000**		**June 7, 2005**	
	Plan No 1 (1)	**Plan No 2 (1)**	**Plan No 3**	**Plan No 4**	**Total**
Date of Board meeting	September 10, 2001	September 8, 2003	March 8, 2005	December 5, 2005	
Total number of shares that can be subscribed or purchased, by specifying:	572,576	112,000	150,000	300,000	–
the number that can be subscribed or purchased by:					
• corporate officers	131,728	24,500	40,000	60,000	–
• top 10 employee optionees	164,564	78,750	81,000	62,000	–
Start date for exercising options	09/10/05	08/09/07	08/03/09	05/12/09	–
Expiry date	08/10/07	07/09/09	07/03/11	04/12/11	–
Subscription or purchase price	€11.29	€18.26	€42.17	€65.50	–
Number of shares subscribed as at 31/12/05	433,577	–	–	–	–
Options canceled	67,203	8,750	23,000	–	–
Options remaining	71,976	103,250	127,000	300,000	602,226

(1) Figures adjusted for different capital movements since plans 1 and 2 were allotted.

Should the 602,226 options be exercised, the potential capital dilution would be a maximum of 2.35% or 602,226/(25,045,577 + 602,226).

Changes in the share capital over the past five years

Date	Operation	Share issues: Amount of capital increase (€)	Share issues: Number of shares	Share issues: Issue and merger premium	Total amount of capital	Total number of shares
21/06/00	Allotment of 1 new share for 10 old shares and conversion of capital to €	2,116,446	555,319	–	23,280,905	6,108,509
21/06/02	Allotment of 1 new share for 11 old shares	2,116,446	555,319	–	25,397,351	6,663,828
21/06/02	Exercise of 9,100 stock warrants (BSA) at the price of €57.93	41,619	10,920	492,480	25,438,970	6,674,748
06/09/02	Exercise of 297,710 BSA at the price of €57.93	1,361,568	357,252	16,111,702	26,800,538	7,032,000
28/06/04	Allotment of 1 new share for 6 old shares	4,466,726	1,172,000	–	31,267,264	8,204,000
23/08/04	Merger-consolidation: Société Financière Jaccar	9,472,434	2,485,401	39,393,233	40,739,698	10,689,401
23/08/04	Capital reduction by canceling the securities received	–9,472,434	–2,485,401	–39,393,233	31,267,264	8,204,000
30/08/04	3-for-1 split	–	–	–	31,267,264	24,612,000
31/12/05	Exercise of stock options (October 05 to December 05)	550,819	433,577	4,344,265	(1)	25,045,577
20/03/06	Exercise of stock options (January 1 to March 20, 06)	14,264	11,228	112,500	31,832,347 (2)	25,056,805

(1) Capital increase related to the 433,577 options exercised as of December 31, 2005, noted only on March 20, 2006.
(2) Noting the capital increase related to the (433,577 + 11,228) options exercised as of March 20, 2006.

There was no change in capital between March 20, 2006 and the date the 2005 "reference document" was filed.

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

On October 30, 2003, Gebema (the Gevaert Group) 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 BOURBON, declared it had fallen below the 20% threshold to 0%. At the same time, Jaccar declared it had moved from 0% to 10%, and Bearing Venture Capital exceeded the 5% threshold. Then, on September 16, 2004, Jaccar declared it had moved from 10% to 20%, and on October 21, 2004, Bearing Venture Capital announced it had dropped below 5%. Finally Gebema (the Gevaert Group) declared it had fallen below 5%.

Finally, on June 27, 2005, Jaccar reported the acquisition of 985,114 shares. Thus its equity stake as of March 20, 2006 amounted to 23.6%.

As a result of these transactions, and until the date the 2005 reference document was filed, to the company's knowledge, only one shareholder – Jaccar – owns more than 5%, 10% or 20%. Jaccar declared that 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 BOURBON."

Changes in the shareholder base

	Position as of 31/12/05			Position as of 31/12/04			Position as of 31/12/03		
Shareholder	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Financière Jaccar	0	0	0	0	0	0	2,194,531	31.21	32.51
Gebema	0	0	0	0	0	0	363,200	5.16	3.70
Schroders	0	0	0	0	0	0	376,873	5.36	3.84
Jaccar (*)	5,909,980	23.60	23.60	4,924,866	20.01	20.02	0	0	0

* Jaccar: the Jacques de Chateauvieux family.

Current distribution of capital and voting rights

Total number of shares (December 31, 2005)	25,045,577
Total number of voting rights (December 31, 2005)	25,044,917
Total number of voting rights (February 28, 2006)	25,025,577
Approximate number of shareholders (TPI shareholder identification procedure of February 3, 2006)	25,000
Shareholders with 5% or more of the capital or voting rights (February 28, 2006)	
– more than 20%	Jaccar
– more than 10%	None
– more than 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: 30.5%,
- voting rights: 30.5%.

As of December 31, 2005, the company held 660 shares and 20,000 shares as of February 28, 2006, or 0.08% of the capital. Furthermore, as of December 31, 2005, 669 employees held 0.97% of the capital with 237,888 shares.
Since December 31, 2004, there has been a shareholders' agreement stipulating a collective pledge to retain shares of BOURBON stock ("Dutreil act", article 885.1 of the French "Code général des impôts" involving 27.17% of the capital.)

This agreement, which is tax-related in nature, does not under any circumstances represent a "collective action" to implement a voting policy or a BOURBON management policy.

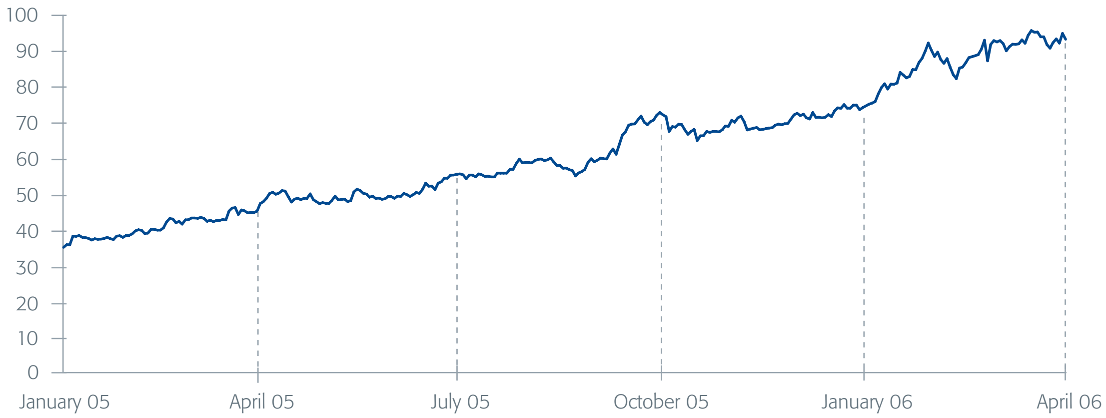
It does not contain any preferred terms for sales.

Shareholder breakdown in terms of capital (February 28, 2006)

Jaccar: 23.60%
Public: 75.35%
Employees: 0.97%
Treasury shares: 0.08%

Markets for issuer's shares

Price trend in euros (02/01/05 to 04/04/06)



Price trend in euros over 18 months

Date	High	Low	Volume	Capital in €m
2004				
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	39.53	35.25	852,335	33.47
February	43.77	38.70	738,894	31.36
March	47.47	42.40	1,276,937	58.92
April	50.88	44.90	1,955,977	97.47
May	54.30	47.23	1,066,871	53.87
June	56.40	49.64	2,406,519	123.77
July	58.60	53.00	941,478	52.57
August	60.50	55.25	938,928	54.75
September	71.55	58.20	1,396,988	90.80
October	73.95	63.65	1,522,743	102.62
November	71.15	66.85	914,406	62.71
December	74.20	69.05	1,080,981	77.44
2006				
January	88.90	72.00	995,311	79.92
February	93.20	78.00	1,481,357	128.56
March	93.90	85.65	1,549,390	140.33

* The year 2005 adjusted for CBo Territoria distribution.

Dividends

Closing date	Net dividend/ share	Dividend tax credit/share	Gross dividend/share	Total dividend pay-out in €000
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	–	0.56	13,783
December 31, 2005 (3)	1.00	–	1.00	25,046

(1) 7,032,000 shares.
(2) 24,612,000 shares.
(3) 25,045,577 shares.

Special report describing the share buyback program proposed to the combined annual and special shareholders' meeting of May 23, 2006

The purpose of this document is first of all to inform the shareholders' meeting of the share purchasing transactions authorized by it and to explain in particular for each of the transactions completed the number and price of the shares thus acquired, the volume of the shares used for these purposes as well as any reallocations for other purposes for which they were used; and secondly to describe the objectives and the procedures of the share buyback program subject to authorization by the annual meeting to be held on May 23, 2006, as well as its effects on the position of the shareholders.

Summary of the main information regarding the transaction

Issuer	BOURBON (Eurolist Paris)
Program	Share buyback
Maximum percentage of capital	5%
Maximum purchase price per unit	120 euros
Minimum selling price per unit	60 euros
Objectives in decreasing order of priority	– ensure liquidity and trade on the market through an investment services provider trading completely independently under a liquidity contract complying with an ethics charter recognized by the *AMF*, – retain shares to be remitted later in payment or exchange in mergers and acquisitions.
Life of program	Eighteen months from the combined annual and special shareholders' meeting of May 23, 2006, or until November 23, 2007.

1. Assessment of the previous buyback program

Percentage of capital held by the company and breakdown by objective of the capital stock held by the company

As of February 28, 2006, the company owned 20,000 treasury shares, or 0.08% of the capital:

Trading on the market by an investment services provider	20,000
Retention to be remitted in payment or exchange in mergers and acquisitions	–

The combined annual and special shareholders' meeting of June 7, 2005 (*cf. AMF* approval No. 05411) authorized BOURBON to implement a buyback program for its own stock.

Declaration by issuer of treasury stock transactions

1) Reminder: in a previous program, in the first half of 2004, the company acquired, for price adjustment purposes, 6,039 shares of BOURBON stock at the cost price of 26.80 euros.
With changing regulations, these shares became null and void and were all sold in November 2005 under an *ad hoc* mandate signed with the Fideuram Wargny Stock Exchange at the price of 67.31 euros.

2) Except for the foregoing transaction, the company has traded since then in its own shares only through the liquidity contract, managed in accordance with the AFEI charter signed with CM-CIC Securities, which held for BOURBON:

- 1,875 shares at December 31, 2004 at the average price of 2.61 euros,
- 4,206 shares at March 31, 2005 at the average price of 27.93 euros,
- 660 shares at December 31, 2005 at the average price of 72.02 euros,
- 20,000 shares at February 28, 2006 at the average price of 87.69 euros.

At December 31, 2005, the company owned 660 shares, or less than 0.01% of the capital.

In addition:

- there are no derivatives on the BOURBON stock,
- under the liquidity contract, CM-CIC Securities has cash on hand of 3 million euros.

Transactions conducted by acquisition, disposal or transfer, under the foregoing buyback program from April 1, 2005 to February 28, 2006

Percentage of capital held as treasury stock, either directly or indirectly	0.08%
Number of shares canceled during the past 24 months	None
Number of shares held in portfolio	20,000
Book value of portfolio (in euros)	1,805,929.33
Market value of portfolio (in euros)	1,713,000

	Total gross flows		**Positions opened on the day this reference document was filed**			
			Positions opened at the time of purchase		**Positions opened at the time of sale**	
	Purchases	**Sales/ transfers**				
Number of shares	379,924	371,320	Options purchased	Forward purchases	Options sold	Forward sales
Average max. maturity	–	–	–	–	–	–
Average transaction price (in euros)	64.26	64.33	–	–	–	–
Average strike price (in euros)	–	–	–	–	–	–
Amounts (in euros)	24,413,916	23,886,748	–	–	–	–

2. Objectives of the share buyback program and use of the shares repurchased

BOURBON plans to renew the share buyback program at the annual meeting of May 23, 2006, for the following purposes, in decreasing order of priority:

• to ensure liquidity and trade on the market through a fully independent investment services provider under a liquidity contract that complies with an ethics charter recognized by the *AMF*,

• to retain shares to be remitted later in payment or exchange in mergers and acquisitions.

3. Legal framework

The implementation of this program, which comes under law 98-546 of July 2, 1998 containing various economic and financial provisions, will be proposed for approval by the annual shareholders' meeting of May 23, 2006 in accordance with the following resolution:

Eleventh annual resolution

"The annual meeting, ruling under the quorum and majority conditions required for annual meetings, after hearing the report by the Board and reviewing the description of the share buyback program presented in the 2005 annual report, the BOURBON reference document, hereby grants authority to the Board of Directors, with the option of sub-delegation, to trade in the company's shares, provided it obeys all laws and regulations applicable at the time they are traded, in particular the conditions and obligations set forth by articles L. 225-209 to L. 225-212 of the French commercial Law "Code de commerce"*.*

The purpose of this authorization is to allow the company:

• to insure liquidity and trade in its own shares through a fully independent investment services provider, under a liquidity contract complying with an ethics charter recognized by the AMF,

• to retain shares to be remitted later in payment or exchange in mergers and acquisitions.

And for such purposes, to retain the shares repurchased, sell or transfer them by any means as described below, in accordance with the regulations in effect, and in particular by the sale on the Stock Market or the OTC market, by public offering.

The buyback program must be established in accordance with the provisions of EU regulation 2273/2003 of December 22, 2003, which went into effect on October 13, 2004 to implement EU directive 2003/6/CE of January 28, 2003 and must take into account the information provided by the AMF.

Stock may be purchased, sold or transferred at the times to be determined by the Board of Directors, by any and all means, including through a liquidity contract, on the over-the-counter market and by blocks of shares with no limit as to volume, in accordance with the regulations in effect.
The annual meeting shall set the maximum purchase price at 120 euros per share and the minimum selling price at 60 euros per share, and it shall set the number of shares that can be acquired at no more than 5% of the capital stock based on the capital at December 31, 2005, or 1,252,278 shares. Hence the maximum amount of the operation shall be set at 150,273,360 euros. In addition, when the shares acquired under these conditions are used to grant stock options, pursuant to articles L. 225-279 et seq. of the French commercial Law "Code de commerce"*, then the price shall be determined in accordance with the laws governing stock options.*
In the event of a capital increase by capitalization of reserves and the allotting of bonus shares and in the event of a stock split or a grouping of shares, the number of shares and the prices indicated above shall be adjusted accordingly.
This authorization is given for a maximum period of eighteen months. Full powers are hereby granted to the Board of Directors, with the option of delegation and sub-delegation, to implement this authorization.
The Board of Directors shall in its report to the annual meeting give to the shareholders any and all information related to purchases, transfers or sales of stock under these conditions."

4. Procedures

1. Maximum percentage of the capital to be acquired and maximum amount payable by BOURBON

The maximum amount of BOURBON capital that can be acquired is no more than 5% of the capital stock at December 31, 2005, composed of 25,045,577 shares, or 1,252,278 shares.
The company agrees to retain a float of at least 10% of its capital, and, as required by law, not to hold, either directly or indirectly, more than 10% of its capital.
As indicated, the maximum number of shares that can be repurchased by the company to be retained and remitted later in payment or exchange in a merger, split-off or contribution operation shall be limited to 5%, as required by law.
Should all the shares be acquired at the maximum price allowed by the meeting, or 120 euros, then the maximum number that could be repurchased by BOURBON would be 150,273,360 euros. As indicated, the minimum selling price was set at 60 euros.
The company's free reserves at December 31, 2005 from the last parent company statements amounted to 68,587,000 euros.
As required by law, the amount of the program may not exceed this figure until the close of the annual parent company statements of the financial year in progress.

2. Buyout procedures

The shares may be repurchased by any means, including OTC and by blocks of shares, but under no circumstance through derivatives. The portion realized by block may not comprise the entire program.

3. Duration and timetable of the buyback program

Subject to approval by the annual meeting on May 23, 2006, this program is authorized for a period to end at the time of the next annual meeting convened to approve the 2006 financial statements, not to exceed a maximum period of eighteen months, or November 23, 2007.

5. Recent events

Press releases (cf. www.bourbon-online.com):
- January 13, 2006: BOURBON admitted to compartment A and included in the deferred settlement service
- January 18, 2006: stake acquired in Rigdon Marine
- February 10, 2006: comments on 2005 revenues

Auditors' special report on related-party agreements

Presented at the annual ordinary shareholders' meeting of May 23, 2006

To the shareholders,

As auditors of your company, we hereby submit our report on related-party agreements.

1. Agreements authorized during the year

Pursuant to article L. 225-40 of the French Commercial Code, we have been advised of the agreements which have received prior approval from your Board of Directors.

The terms of our engagement do not require us to identify such other agreements, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to article 92 of the decree of March 23, 1967, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

We conducted our procedures in accordance with professional standards applicable in France; those standards require that we verify the consistency of the information provided to us with the relevant source documents.

With Jaccar

Type and purpose: sale of the equity shares held by BOURBON in Sapmer to Sapmer Investissements, wholly owned by Jaccar Holding, itself a wholly-owned subsidiary of Jaccar.
Interested director: Jacques de Chateauvieux, Chairman and Chief Executive Officer of your company is a partner in Jaccar.
Date of authorization: meeting of the Board of Directors of March 21, 2005.
Terms of authorization and application: the sale price was set at €21 million. Under this agreement, the sum of €21 million was collected and recorded as income from the disposal of equity interests of your company for fiscal 2005 (book gain of €16,937,713.10).

With CBo Territoria

Type and purpose: sale of equity shares held by BOURBON in Sret, SCI Station d'Essai and SNC ZAC Mapou to CBo Territoria.
Interested director: Jacques de Chateauvieux, Chairman and Chief Executive Officer of your company, is a director of CBo Territoria.
Date of authorization: the meetings of the Board of Directors of May 18, 2005 and December 5, 2005.
Terms of authorization and application: the price proposed was set at:
- 1 euro for the Sret shares, in consideration of the waiver of the claims held by your company on Sret,
- €1,313,909.65 for the shares of SCI Station d'Essai, payable no later than December 20, 2005,
- €141,146.34 for the shares of SNC ZAC Mapou, payable no later than December 20, 2005.

Under these agreements, the proceeds from the sale of the following equity shares were recognized as income in BOURBON's results for fiscal 2005:
- for the Sret shares (book loss of €2,791,705.21): 1.00 euro,
- for the shares of SCI Station d'Essai (book gain of €1,143,944.24): €1,313,909.65,
- for the shares of SNC ZAC Mapou (book gain of €129,997.34): €141,146.34.

At the same time, the sum of €1,103,108.79 was recorded in respect of the loss of the receivables held by BOURBON on Sret.

At the request of CBo Territoria, the Board of Directors decided, at its meeting of December 5, 2005, to grant an extension for the payment for these sales of equity shares until December 31, 2006, with interest calculated at the rate of 4% per annum on the total amount of €1,455,055.99.

With AXA Private Equity

Type and purpose: sale of equity shares held by BOURBON in Bourbon Axa Manager to Axa Private Equity.
Interested director: Jacques de Chateauvieux, Chairman and Chief Executive Officer of your company, is a member of the Axa Supervisory Board, and Dominique Sénéquier, a director of your company, is Chairman of the Management Board of Axa IM Private Equity.
Date of authorization: the meeting of the Board of Directors of September 12, 2005.
Terms of authorization and application: the price proposed was approximately €800,000. Pursuant to this agreement, the amount of €36,899 was recognized as proceeds from the sale of BOURBON equity interests for fiscal 2005 (book gain of €31,399), in addition to an indemnity of €783,897 for contractual services for the next five years.

2. Agreements entered into in prior years, the performance of which has continued during the past year

Moreover, pursuant to the decree of March 23, 1967, we have been informed that the performance of the following agreements, approved in prior years, continued during the year.

First agreement

Type and purpose: remunerated guarantees granted to secure commitments made by certain BOURBON subsidiaries.
Application over the year: the positions at December 31, 2005 and the income generated by the remuneration on the guarantees granted during 2005 were as follows:

Companies concerned	Balance at 31/12/05	2005 income	Interested directors
SCI Timur	K€13,931	€148,128 (at the rate of 1%)	Mr. Jacques de Chateauvieux Mr. Henri de Chateauvieux Mr. Guy Dupont
Saprim	K€12,846	€136,672 (at the rate of 1%)	Mr. Jacques de Chateauvieux Mr. Guy Dupont
Villas du Lagon	K€3,387	€17,375 (at the rate of 1%)	Mr. Jacques de Chateauvieux Mr. Guy Dupont
Aqua Service Réunion	K€373	€4,398	Mr. Jacques de Chateauvieux
Armements Sapmer	K€4,764	€51,290	Mr. Jacques de Chateauvieux
BOURBON Ships AS (guarantee and letter of comfort)	K€107,879	€78,643 (at the rate of 1%)	Mr. Jacques de Chateauvieux

Second agreement

Type and purpose: unremunerated guarantees granted to secure commitments made by certain BOURBON subsidiaries.
Application over the year: the positions at December 31, 2005 on the unremunerated guarantees granted during fiscal 2005 were as follows:

Third agreement

Companies concerned	Balance at 31/12/05	2005 income	Interested directors
Villas du Lagon	K€6,486	€0	Mr. Jacques de Chateauvieux
(SNC Saint-Paul)			Mr. Guy Dupont
Aqua Service Réunion	K€540	€0	Mr. Jacques de Chateauvieux
SB Tay Ninh			Mr. Jacques de Chateauvieux
Granted	USD 10,000		Mr. Henri de Chateauvieux
Used	USD 0	€0	Mr. Guy Dupont

With Sinopacific

Type and purpose: orders for vessels with advances on construction contracts.
Interested director: Jacques de Chateauvieux is Chairman and Chief Executive Officer of BOURBON and is indirectly interested through transactions concluded between Bourbon Supply Investissements, a BOURBON indirect subsidiary, and the naval construction company Sinopacific, in which he is an equal partner.
Dates of authorization: at its meeting of September 8, 2003, the Board of Directors decided not to invest directly in this naval construction company, but noted that some orders for ships for the marine division of BOURBON would be awarded to this naval construction company. The relations existing at that time between the two parties were considered to be current operations performed under normal conditions. The Board of Directors, at its meeting on March 21, 2005, and based on the volume of orders handled with this company, reviewed the assessment of this agreement, by authorizing BOURBON, through one of its subsidiaries (Bourbon Supply Investissements), to increase the volume of activity with this shipyard and to make financial advances for orders placed, in correlation with the vessels under construction.
Terms of application over the year: four vessels were delivered in 2005, for a total amount of €51,380,083. As of December 31, 2005, there were current orders for seventeen ships, totaling €174,419,225, which generated advances on orders in the amount of €87,383,519.

Lyons and Marseilles, April 18, 2006

The auditors

EurAAudit C.R.C.
Cabinet Rousseau Consultants

Jean-Marc Rousseau

Deloitte & Associés

Vincent Gros

Annual information document

BOURBON financial statements released from January 1, 2005 through December 31, 2005

The statements or publications below are available on the *AMF* website www.amf-france.org and/or on the website www.bourbon-online.com (under “Press releases” and “Slideshow”).

- February 9, 2005: BOURBON – Annual revenues 2004
- February 28, 2005: Delivery and christening of the Abeille Bourbon in Brest
- March 23, 2005: BOURBON – Annual results 2004
- April 15, 2005: CBo Territoria IPO on Alternext
- May 2, 2005: Report of the Board of Directors
- May 10, 2005: BOURBON – 1st quarter revenues, 2005
- May 18, 2005: Put option exercised to Casino – Distribution of CBo Territoria shares on 05/19/05 – AGM resolutions of June 7, 2005
- June 7, 2005: Prospectus on a share buyback program – AGM
- June 16 2005: New corporate name – Groupe Bourbon becomes BOURBON
- June 27, 2005: Jaccar raises its stake in BOURBON
- July 5, 2005: BOURBON admitted to the SBF 120
- August 10, 2005: BOURBON – 1st half revenues 2005
- September 14, 2005: BOURBON – 1st half results 2005
- September 28, 2005: Deconsolidation of Vindémia from the BOURBON statements from October 1, 2005
- October 7, 2005: BOURBON – Background and strategy (slideshow)
- October 10, 2005: Delivery and christening of the Abeille Liberté in Cherbourg
- October 12, 2005: Les Abeilles wins the concession contract for Towage & Assistance services in the future Mediterranean port of Tangiers
- November 9, 2005: BOURBON – 3rd quarter revenues, 2005
- December 6, 2005: BOURBON – Appointment of two Executive Vice Presidents

The information published in the Legal Gazette – the *Bulletin des Annonces Légales Obligatoires (BALO)* - is available on the website balo.journal-officiel.gouv.fr.

- February 16, 2005: Revenues 31/12/04
- May 6, 2005: Notice to attend the combined annual and special shareholders’ meeting of June 7, 2005
- May 18, 2005: Annual financial statements – 31/12/04
- June 15, 2005: Voting rights at the annual shareholders’ meeting of June 7, 2005
- June 29, 2005: Notice of non-modification of the annual statements at 31/12/04
- August 12, 2005: 1st quarter revenues 2005
- August 19, 2005: 1st half revenues 2005
- October 24, 2005: 1st half financial statements 30/06/05
- November 14, 2005: 3rd quarter revenues 2005

Person responsible for the information

Jacques de Chateauvieux
Chairman and Chief Executive Officer
Tel.: (+33) 1 40 13 86 16

Persons responsible for the reference document and the auditing of the financial statements

1. Person responsible for the reference document

Person assuming responsibility for the reference document

Mr. Jacques de Chateauvieux
Chairman and Chief Executive Officer

Attestation by the person responsible for the reference document

I hereby attest, after taking any and all reasonable measures for such purpose, that the information contained in this reference document is, to my knowledge, true and accurate and does not contain any omissions liable to alter the scope thereof.

I have received from the statutory auditors, Deloitte & Associés and EurAAudit CRC a letter in which they indicate they have audited the information on the financial position and the financial statements given in this reference document and have read the entire reference document.

Chairman and Chief Executive Officer

2. Persons responsible for auditing the financial statements

Auditors

	Date first appointed	End of tenure
Statutory auditors		
Société Deloitte & Associés Les Docks - Atrium 10.4 10, place de la Joliette 13002 Marseilles Represented by Mr. Vincent Gros	Appointed by the special shareholders' meeting (SSM) on June 7, 2005	After the annual shareholders' meeting (ASM) ruling on the financial statements for the year ending December 31, 2007
Société EurAAudit CRC 58, rue Montgolfier 69006 Lyon Represented by Jean-Marc Rousseau	Appointed by the SSM on May 30, 2002 and renewed by the SSM on June 7, 2005	After the ASM ruling on the financial statements for the year ending December 31, 2010
Alternates		
Société BEAS 9, villa Houssay 92200 Neuilly-sur-Seine	Appointed by the SSM on June 7, 2005	After the ASM ruling on the financial statements for the year ending December 31, 2007
Jean-Jacques Martin 25, chemin de Parsonge 69570 Dardilly	Appointed by the SSM on May 30, 2002 and renewed by the SSM on June 7, 2005	After the ASM ruling on the financial statements for the year ending December 31, 2010

Notes

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