
# 2003 ANNUAL REPORT

GROUPE BOURBON

# Contents

# Directorate

CHAIRMAN
Jacques de Chateauvieux

DIRECTORS
Christian Boyer de la Giroday
Jean-Marc Brébion
Christian de Chateauvieux
Henri de Chateauvieux
Guy Dupont
Marc Francken
Roland Hugot *(until September 8th 2003)*
Christian Munier
Claude Repiquet
Dominique Sénéquier *(since September 8th 2003)*

# Chairman's foreword

Groupe Bourbon's results for the year 2003 represent the first step in the achievement of the targets set in the business plan for 2003-2007: profitable development for the retailing branch, notably through consolidation of positions gained overseas, and the strong growth of our marine services for deep-water oil fields, fuelled by major investments in the maritime branch.

In our retailing business, the international growth (+44% in constant exchange terms) stemmed primarily from in-house development of existing stores, notably in Vietnam, or those built by Vindémia's teams in Mauritius, Madagascar and Mayotte. It also reflected our acquisitions in the course of the year in Mauritius and Mayotte. Seen in a comparative light, results were muted by the sheer management of this multinational growth, and by the changes in central purchasing office and trade names, but it should be borne in mind that 2002 was an exceptional year.

For this branch, our aim is now to consolidate our market positions and to guarantee a satisfactory level of profitability within a context of stepped-down investments, notably in Réunion Island, where the granting of new authorizations to open stores is henceforth much more uncertain.

In the Maritime branch, the five-year investment plan for an overall 1.2 billion euros is proceeding according to schedule. This plan includes, notably, additions to our fleet of bulk carriers (two, currently being built in China, will be delivered in the near future) and, following a renewed contract with the French Navy, the construction of two new shoreline protection tugs for Les Abeilles International.

The bulk of this investment plan is concentrated on marine services for deep-water oil fields however. In the course of the year, our 100% buy-out of the Norwegian corporation Havila Supply, now Bourbon Offshore Norway, simplified matters for putting newly-built vessels directly into operation. Groupe Bourbon's offshore division can now rely on a network of local companies to handle the operation of our vessels and provide the human resources required to furnish top-quality services to our clients.

More than ever, the successful completion of our offshore plan implies acquisition of high-technology vessels at competitive investment prices. This in turn means repeat orders to shipyards whose cost prices are structurally competitive. It also requires seasoned, motivated crews with team spirit and we recruit these resources, both officers and seamen, from the various countries in which we operate. Careful attention to health–security–environment questions, with consistently high performances, is a key factor for securing client confidence, paving the way to the medium-term contracts required to balance our investment outlays.

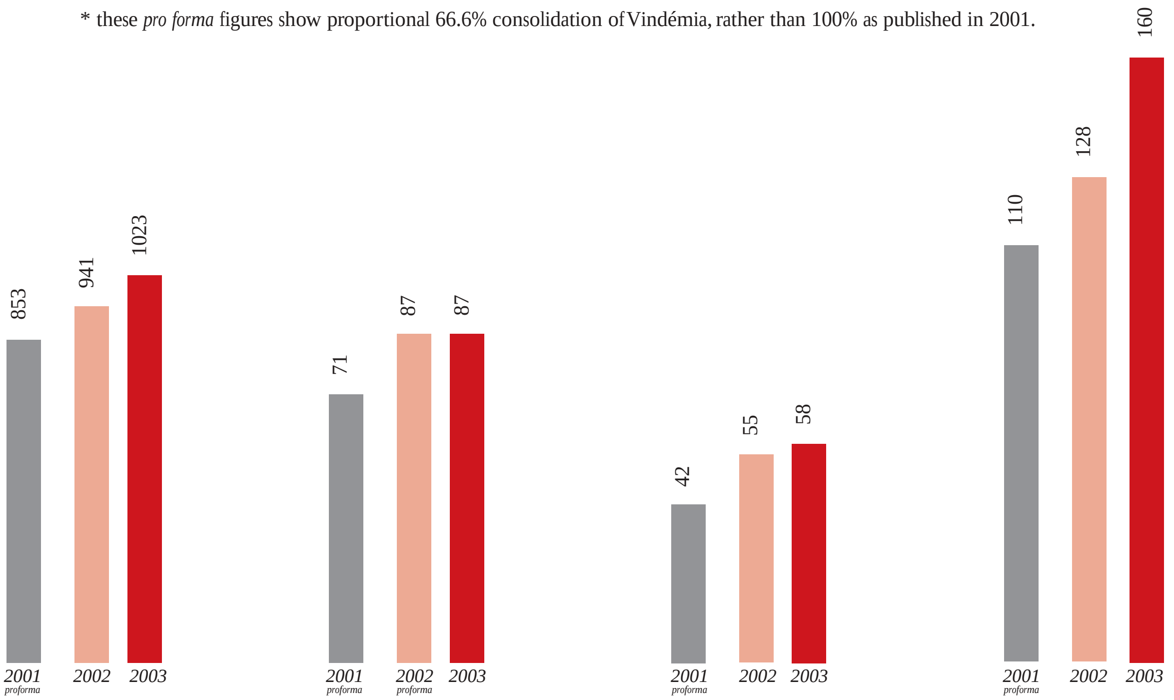
Although Groupe Bourbon has created the conditions required for self-financing of our business development, the success of our plans is still based on the professional qualities, the enthusiasm and the corporate spirit of the men and women who, day after day, make our group what it is. I should like, in your name, to thank them and encourage them to strive every day harder to satisfy our clients.

Jacques de CHATEAUVIEUX
Chairman and chief executive officer

# Consolidated key figures at December 31st 2003

(2001 shown *pro forma**)

* these *pro forma* figures show proportional 66.6% consolidation of Vindémia, rather than 100% as published in 2001.



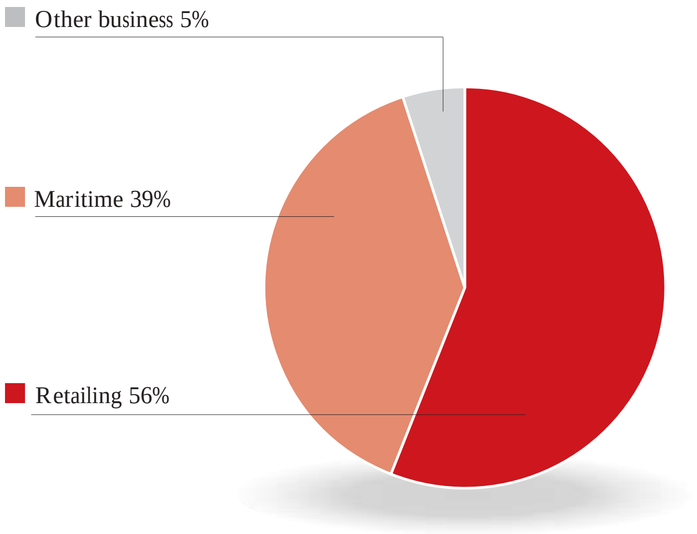

Turnover
(in millions of euros)

Earnings before interest and taxes
(in millions of euros)
after allowance for staff profit-sharing

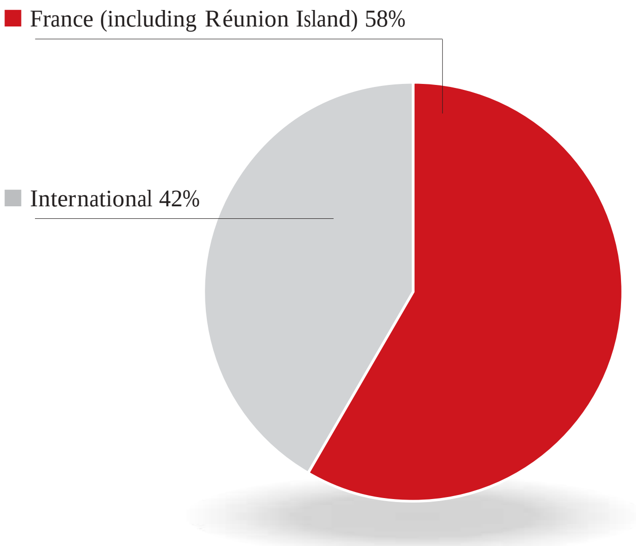
Group share of net earnings
(in millions of euros)

Cash flow from operating activities
(in millions of euros)

**Breakdown of 2003 turnover per branch of activity**




**Breakdown of 2003 turnover per geographical zone**



# Consolidated key figures at December 31st 2003

| *in 000s of euros* | *2003* | *2002* | *% variation* | *2001 pro forma** | *2001 as published* |
|---|---|---|---|---|---|
| Turnover | 1 023 133 | 940 500 | 8.8 | 852 487 | 1 088 905 |
| Earnings before interest and taxes (EBIT) (including share of results from joint operations) | 87 147 | 87 443 | -0.3 | 71 062 | 74 691 |
| Current income | 77 351 | 78 307 | -1.3 | 55 561 | 56 672 |
| Net consolidated income | 66 226 | 60 951 | | 41 295 | 49 912 |
| Group share of net earnings | 57 319 | 54 895 | 4.4 | 41 591 | 50 402 |
| Consolidated shareholders' equity | 409 596 | 407 271 | 0.6 | 363 434 | 429 589 |
| Net debt | 725 364 | 471 232 | 53.9 | 362 377 | 378 660 |
| Cash flow from operating activities | 159 714 | 128 360 | 24.4 | 109 600 | 120 745 |
| Net investment | 340 600 | 231 700 | 47.0 | 107 800 | 138 400 |
| Number of shares | 7 032 000 | 7 032 000 | | 6 108 509 | 6 108 509 |
| Net earnings per share for group share | 8.15 | 8.04 | 1.4 | 6.09 | 7.38 |
| Cash flow per share | 22.71 | 18.25 | 24.4 | 17.94 | 19.77 |
| Dividend per share (excluding tax credit) | 1.4 | 1.08 | 29.6 | NS | 1.00 |

* The *pro forma* figures for 2001 are adjusted to allow for 66.6% consolidation of the retailing branch (in view of the 33.4% shareholding taken by Casino), the transfer of the «Réunion-Europe» sugar business in early 2001 and the changes in accounting and valuation methods applied for the maritime branch figures (see notes 1.2, 1.3 et 1.4 appended to the consolidated accounts for 2002).

III

# GENERAL INFORMATION CONCERNING GROUPE BOURBON AND ITS CAPITAL

## 3.1. Information on the corporation itself

*Corporate name :* GROUPE BOURBON
*Head office:* La Mare, Sainte-Marie, Réunion Island (France)
*Date of founding :* December 2nd 1948
*Nationality :* French
*Legal status :* French business corporation (public company), under the company law of July 24th 1966.
*Lifespan :* The corporation has a lifespan of 99 years and will end on December 2nd 2066 unless extended or dissolved before due date (harmonization of articles of incorporation as provided for under the company law of July 24th 1966, voted at the special meeting of shareholders on January 19th 1966).
*Business register :* Saint-Denis 310.879.499.
*Place where documents and information concerning the corporation may be found : The articles of incorporation (charter and bylaws), accounts, reports and minutes of annual general meetings may be consulted at the above-mentioned head office.*

*Objects of the corporation (article 2 of the corporation charter) :*
The objects of the corporation are as follows :

- The creation, ownership, acquisition, sale, leasing, development, operation, management, rental, control, organization and financing of any industrial, commercial, trading, agricultural, real-estate or other type of property business or company ;
- The manufacturing, production, packaging, import, export, commission, brokerage, representation, transit, consignment and transport of all products, goods, objects and commodities of any type and any origin ;
- The registration, acquisition, operation, sale or granting of any license, patents, trademarks or brand names ;
- The acquisition of holdings or interest, through contributions, mergers, investment, participation, subscription of shares, stock, bonds or by any other means, in any corporation or business directly within the scope of the corporate objectives and, more generally, in any company, firm or activity which may bring customers to its business or help those businesses in which it has involvement or interests ;

and, in more general terms, any industrial, commercial, financial, agricultural, real-estate or other type of property operations or transactions directly pertaining to the corporate objects as defined above.
*Accounting year :* From January 1st to December 31st each year.

*General meetings (articles 16 and 17 of the company by-laws) :*
The general meetings of shareholders are convened and deliberate as required by law and decided by the by-laws. They may be held in any place specified in the notice convening them.
Any shareholder, whatever the number of shares owned, may participate, directly or by proxy, in meetings but must furnish proof of his identity and of his ownership of the shares in the form either of registration in the share ledger or of a certificate from the appropriate broker stating that the shares registered in the account are unavailable until the date of the meeting. This certificate must be submitted to the place stated in the notice of the meeting and these formalities must be completed at least five days before the date of the meeting.
The chairman of the board of directors may however, as a general measure, accept these proofs of share registration and these certificates outside the above-mentioned time limit.
In the absence of the chairman and unless distinctly provided otherwise, the meeting is chaired by a director specially appointed by the board. Failing an appointed director, the meeting elects its chairman.

*Thresholds and limits :*
The articles of incorporation do not contain any special provisions concerning thresholds and limits.
Any shareholder who, acting alone or with others, comes to hold more than one twentieth, one tenth, one fifth, a third, half or two thirds of the company's capital stock and/or voting rights, must comply with the stipulations of sections 356-1 and following of the company law dated July 24th 1966 and, more particularly, must inform the corporation by recorded-delivery letter, within fifteen days of exceeding one of these limits, of the number of shares and voting rights held. This disclosure obligation also applies, under the same conditions, whenever the stock or voting rights held falls below one of the above-stated limits.
The provisions of section 356-4 shall come into force in the event of failure to comply with this obligation.

*Application and distribution of earnings (articles 21 and 22 of the company by-laws)* :
Listing the revenue and expenses for the business year, the income statement distinguishes, after deduction of depreciation and reserves, the annual surplus or deficit.
From the surplus, after deductions for possible losses carried forward, at least 5% is set aside as a legal reserve. This appropriation ceases to be mandatory when the reserve fund attains one tenth of the company capital but comes back into effect whenever, for any reason, the legal reserve falls beneath this tenth.
Distributable income is made up of the annual surplus, reduced by losses carried over and sums assigned to the reserve fund in compliance with the law and the articles of incorporation, and increased by earnings carried forward.
From this surplus, the annual general meeting may decide to deduct any sums it deems appropriate, either to be carried forward into the following year, or to be assigned to one or more reserve funds, whether general or special, whose use and appropriation the meeting also decides.
The remaining surplus, if any, is divided among all the shares.
Dividends are drawn, as a matter of priority, from the distributable income for the financial year.
The annual meeting may, in addition, decide to distribute sums drawn from the reserves at its disposal, but must specifically indicate the reserve items from which these withdrawals are made.
Other than in cases of a reduction of capital, no distributions can be made to shareholders when the owners' equity falls or would as a result fall below the level of the capital increased by those reserves which cannot by law or under the articles of incorporation be distributed. Appraisal increase credit cannot be distributed but may be wholly or partly added to the capital.
Any deficit, after approval of the accounts by the general meeting, is carried forward to be debited from future earnings until extinguished.
The general meeting is empowered to grant each shareholder, for all or part of the dividend distributed, the choice between payment of the dividend in shares, as laid down by law, or in cash.
The terms and conditions of payment of dividends in cash are set by the general meeting or, failing this, by the directorate.
Cash payments of dividends must take place, unless otherwise authorized by court decision, within nine months of the close of the business year in question.
However, when a balance sheet drawn up in the course of or at the close of a business year and duly certified by the auditor(s) shows that the company, since the close of the previous financial year and after due appropriations for depreciation, amortization and reserves and deductions where necessary for previous losses carried over, as required by law and the articles of incorporation, has made a profit, then interim dividends may be distributed prior to the approval of the financial statements for the business year. These interim dividends may not exceed the amount of the surplus earnings thus defined.
The request for payment of dividends in shares must be made within a time limit set by the meeting but within a periodof three months immediately following the date of the meeting.
No recovery of dividend may be demanded of shareholders except in those cases where the dividend was distributed in breach of legal requirements and the corporation proves that the beneficiaries had knowledge of the irregular nature of this distribution at the time or could not, in the circumstances, have been unaware of it. Where applicable, action for recovery is barred by limitation three years after the date of payment of these dividends.
Dividends unclaimed within five years of their decided payment are barred in favor of the French state.

Buyback, by the corporation, of its own stock:
The 18th resolution of the mixed annual meeting of May 30th again authorized the implementation of a buyback program for the company's own shares. A prospectus (certified by the COB on April 30th 2002, n° 02-476) described the objectives and terms of this program, together with its incidence for the shareholders.
The corporation exercised this authorization, buying 106,626 Groupe Bourbon shares on the market between July 1st 2002 and October 10th 2003. In order to satisfy a considerable demand for shares and with an ever-present view to maintaining the liquidity of the stock, 105,000 of these shares were transferred in a private placement (5% Gevaert, see 3.2.5) on October 29th 2003. The rest of these shares were sold in the final days of December 2003. At year's end 2003, Groupe Bourbon held no treasury stock.
According to circumstances, Groupe Bourbon reserves the right to resume its buyback program in 2004. Thus at March 30th 2004, the group held 2723 of its own shares.

## 3.2. Information concerning the capital

### 3.2.1. Capital stock

The capital amounts at present to € 26,800,538 and is divided into 7,032,000 shares, all fully paid up. The corporation has been quoted on the *second marché* [a French market with reduced reporting requirements] of the Paris Stock Exchange since October 20th 1998 (Sicovan n° 6590).
Article 11.1 of the by-laws, originally voted in September 1998 before the company was introduced to the market and updated by the board meeting of September 9th 2002, stipulates that «Each share entitles the holder to a share in the corporate assets and profits in proportion to the share of the capital it represents. It also entitles the holder to a right of vote and representation in the general meetings as provided for by law and the articles of incorporation. Fully-paid registered shares give holders double voting rights in all meetings on condition that they have been registered in the name of the same holder for at least four years.».

### 3.2.2. Potential capital

The mixed annual general meeting of May 25th 2000 authorized the directorate to grant options entitling holders either to subscribe for new shares issued by the company as an increase of capital in one or more operations over a period of five years, or to purchase existing shares from buybacks undertaken by the company as permitted by law.
The beneficiaries of these transactions may be the staff-members or some of them, or certain categories of personnel or corporate representatives as defined by legislation, whether of the company itself or other French or foreign corporations which are linked to it as defined by section 208-4 of the French company law dated July 24th 1966.
The total number of options granted by the directorate under this authorization, subject to all legal restrictions governing their allotment, may not entitle subscription for or purchase of shares exceeding 5% of the capital at the date of application of the present authorization.
The authorization allowing stock options involves, for beneficiaries, an express renunciation of their preferential right of subscription.
The purchase and/or subscription price for these shares will be set on the same day as the options are granted by the directorate and can neither be lower than 95% of the average quoted opening price on the *second marché* of the Paris Stock Exchange during the twenty trading sessions prior to the date when these purchase and/or subscription options were granted nor lower than 95% of the average buying price for those shares held by the company under articles 217-1 and/or 217-2 of the French law dated July 24th 1966.
No purchase or subscription option may be granted less than twenty trading sessions after coupons are clipped from shares entitling holders to a dividend or an increase of capital.
The annual meeting delegates all powers to the directorate to determine all the other terms and conditions of allocation and exercise of options, and notably the powers :

- to set the conditions on which the options will be granted and to draw up the list or decide the category of beneficiaries ;
- to determine the seniority required of these beneficiaries ;
- to decide the conditions under which the price and number of shares may be adjusted, notably in the cases described in sections 174-8 to 174-16 of the decree dated March 23rd 1967 ;
- to stipulate the period(s) of exercise of the options thus granted, it being understood that the length of the options cannot exceed a period of six years from their date of allotment,
- to suspend temporarily the declaration of options, for a maximum period of three months, in the event of financial transactions involving the exercise of any rights pertaining to shares.

1) Under the authorization granted by the mixed general meeting of shareholders on May 25th 2000, the directorate meeting of September 10th 2001 decided to grant, as of October 9th 2001, options entitling holders to subscribe for a new corporate share issue, in the form of an increase of capital, for an overall face-value of 571,000 euros, corresponding to a total of 150,000 new shares, each with a face value of € 3.81.
These options were granted under the conditions set by the extraordinary meeting of shareholders at a price of € 43.10, i.e. 95% of the average over the last 20 trading sessions prior to October 9th 2001, rounded up to the nearest tenth of a euro. These share subscription options may be exercised as of October 9th 2005, the beginning of the 5th year of allocation, until October 8th 2007, the end of the 6th year of allocation. Following the allocation of 1 bonus share for 11 held in June 2002, the number of subscription options and the price had to be adjusted.

The number of shares became 163 637 and the price was set at 39.51 euros. On 03/01/2004, as a result of the departure of certain beneficiaries, the number of shares involved in this first allocation of options had fallen to 144 764.
2) On September 7th 2003, exercising the authorization granted by the mixed general meeting of shareholders on May 25th 2000, the board decided to grant 32 000 new subscription options for a new issue of company shares by way of an increase of capital for an overall face-value of 121 920 euros, corresponding to 32 000 new shares, each with a face value of 3.81 euros. These options were granted, under the conditions set by the extraordinary general meeting of shareholders, at a price of 63.90 euros, corresponding to 95% of the average price for the 20 trading sessions immediately preceding September 8th 2003.
These subscription options can be exercised as of September 8th 2007, the beginning of the 5th year of allocation, until September 7th 2009, the close of the 6th year of allocation. As provided for under French law, the price of these options will be proportionally adjusted according to possible changes in capital subsequent to allocation.
They must be fully paid up in cash upon subscription and shall be created with rights as of the first day of the business year in which the option is declared and entitlement to full dividend paid for that year. The beneficiaries of these stock options are the company representatives and the staff directly involved in the accomplishment of the five-year plan. At December 31st 2003, the staff shareholding, through the mutual fund «Bourbon Expansion», amounted to 359 persons for a total of 48 800 shares, i.e. 0.7% of the total stock.

### 3.2.4. Possible dilution of capital

In the event of the 176 764 share subscription options (see § 3.2.2 above) being exercised, then the potential dilution of capital would amount to 2.45% at most [176,764/7,032,000 + 176,764].
In March 2004, as provided for in the terms of allotment and exercise (see § 3.2.2), no share subscription options had been exercised. Furthermore, no new stock option plan had been decided on.

### 3.2.5. Movement of capital over the past five years

| *Date* | *Transactions* | *Share issues* | | | *Accrued capital* | *Accrued shares* |
|---|---|---|---|---|---|---|
| | | *Amount* | *Face value* | *Paid-in capital* | | |
| | | *(€)* | | | *(€)* | |
| 06/21/00 | Allotment of 1 bonus share for 10 and conversion of capital into euros | 2 116 446 | | | 23 280 905 | 6 108 509 |
| 05/31/02 | 9 100 stock warrants exercised at a price of 57.93 € | 527 163 | 10 920 | | 23 289 229 | 6 119 429 |
| 06/21/02 | Allotment of 1 new share for 11 already held | 527 163 | | | 25 397 351 | 6 663 828 |
| 09/06/02 | 297 710 stock warrants exercised at a price of 57.93 € | 17 246 340 | 357 252 | | 26 800 538 | 7 032 000 |

There was no change in equity between 09/06/2002 and date of registration of the «reference document» for 2003.

*Significant transactions affecting the balance of equity over the past three business years :*
On October 20th 1998, Groupe Bourbon was floated with 200,000 shares on the *second marché* of the Paris Stock Exchange. The Belgian group Gevaert, through its subsidiary Gebema, declared a first overstepping of the threshold of 5% of capital on October 16th 1999, followed by that of 5% of voting rights and then 10% of capital on February 15th 2000. On 04/24/2002, following a private placement with French and foreign investors, «UI» (Crédit Agricole group) announced it had crossed the 5 and 10% thresholds while selling stock, but that it no longer held any Groupe Bourbon stock. On October 30th 2003, Geberna (Gevaert group) crossed the 10% threshold when selling stock and confirmed a holding of 5%. On November 4th 2003, Schroders declared having crossed the 5% mark while buying and, on April 23rd 2004, declared having crossed the 5% equity and voting rights when selling.
Movements in stock ownership

| Shareholders | Position at 12/31/03 | | | Position at 12/31/02 | | | Position at 12/31/01 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | 2 194 531 | 31.21 | 32.51 | 2 209 303 | 31.42 | 31.99 | 1 959 302 | 31.94 | 31.76 |
| Gebema | 363 200 | 5.16 | 3.70 | 703 200 | 10.00 | 7.02 | 644 600 | 10.55 | 7.18 |
| Schroders | 376 873 | 5.36 | 3.84 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 |
| Uei | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 | 611 247 | 10.01 | 10.76 |

Financière Jaccar : Jacques de Chateauvieux family holdings.

## 3.3. Present breakdown of capital and voting rights

- Overall number of shares :--------------------------------------------- 7 032 000
- Overall number of voting rights (June 4th 2003) :----------------------- 9 820 533 as published
- Overall number of voting rights (March 4th 2004) : -------------------- 9 747 549
- Approximate number of shareholders (TPI March 4th 2003) :----------- 5 000 of whom 2 740 registered

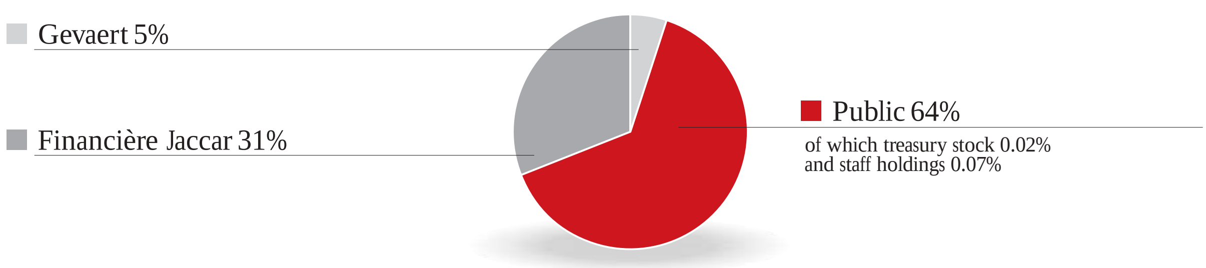
- Shareholders owning 5% or more of stock or voting rights (March 4th 2003) :
  More than 20% ........................................................... Financière Jaccar
  More than 5% ............................................................. Gebema (Gevaert)
  More than 5% ............................................................. Schroders

To the best of the company's knowledge, there are no other shareholders owning, directly, indirectly or together, 5% or more of the stock or voting rights.

Percentage of capital and voting rights held by the board members as a whole :
  Equity capital : --------------------------------------------------------------- 45%
  Voting rights : ----------------------------------------------------------------- 47%
- The company held no treasury stock at December 31st 2003, and 1623 shares at March 1st 2004, i.e. 0.02%.
- The staff owned 0.7% of equity capital (see §3.2.2) : 48 800 shares between 359 holders.
- A shareholders' agreement has been in force since 03/30/2004, with the collective pledge to keep Groupe Bourbon shares («loi Dutreil» article 885 I of the French General Tax Code) 25.29% of equity capital.

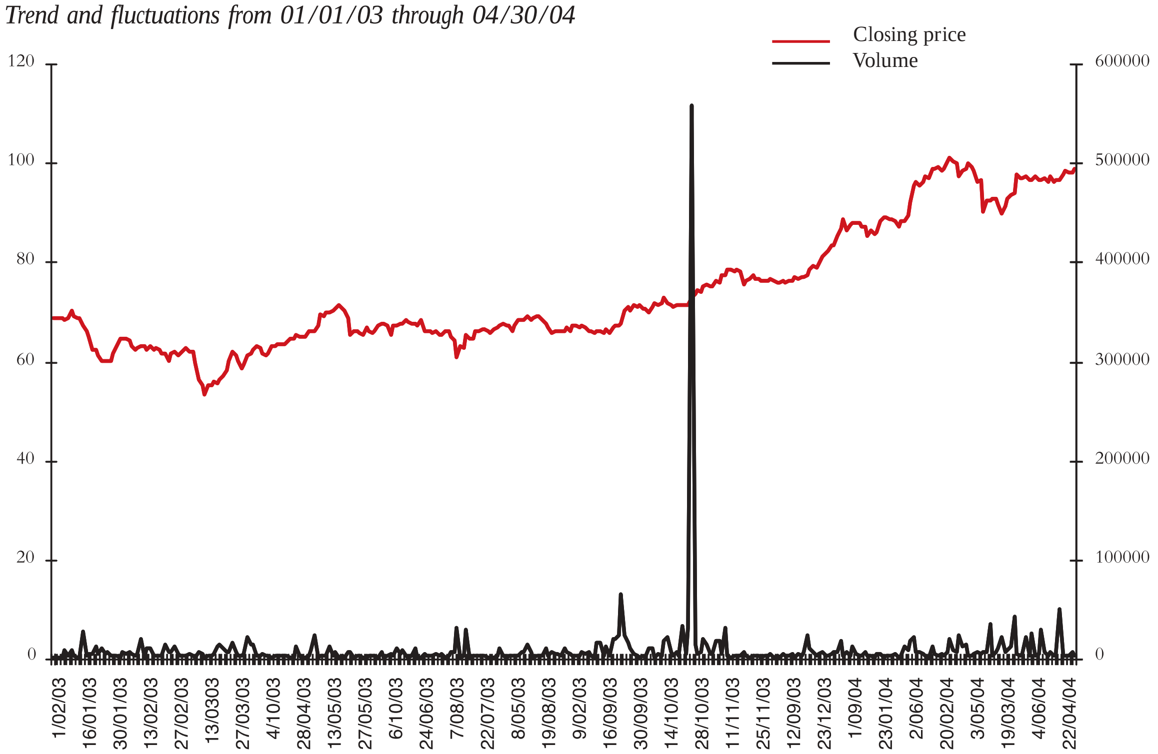
It should be noted that this agreement, for tax purposes, is in no way a «concerted action» intended to implement a voting policy or influence Groupe Bourbon management.

*Breakdown of shareholders in terms of capital (April 30th 2003)*



## 3.4. Market trend for issuer's shares

*Trend and fluctuations from 01/01/03 through 04/30/04*




*Trend over 18 months (highest, lowest, volume and capital)*

| Date | | High | Low | Volume | Capital in M€ |
|---|---|---|---|---|---|
| September | 2002 | 73.50 | 67.50 | 86 151 | 6.09 |
| October | | 71.50 | 68.50 | 71 434 | 5.00 |
| November | | 73.50 | 68.80 | 105 260 | 7.34 |
| December | | 70.00 | 66.10 | 52 452 | 3.58 |
| January | 2003 | 70.00 | 58.65 | 92 772 | 6.00 |
| February | | 64.50 | 59.90 | 110 319 | 6.87 |
| March | | 64.00 | 52.00 | 96 045 | 5.58 |
| April | | 65.00 | 58.00 | 82 759 | 5.12 |
| May | | 72.00 | 64.00 | 76 076 | 5.16 |
| June | | 68.50 | 64.00 | 62 231 | 4.16 |
| July | | 67.50 | 60.00 | 103 893 | 6.62 |
| August | | 69.00 | 65.45 | 83 014 | 5.59 |
| September | | 71.90 | 65.05 | 255 048 | 17.13 |
| October | | 74.45 | 69.10 | 731 419 | 52.55 |
| Novemer | | 79.00 | 73.50 | 131 489 | 10.02 |
| December | | 83.80 | 75.50 | 81 254 | 6.30 |
| January | 2004 | 89.00 | 82.00 | 84 509 | 7.28 |
| February | | 102.30 | 86.50 | 129 204 | 12.23 |
| March | | 105.00 | 89.20 | 244 324 | 23.04 |

## 3.5. Dividends

| Financial year ending | Net dividend (EUR) | Tax credit (EUR) | Gross dividend (EUR) |
|---|---|---|---|
| December 31st 1999 | 0.66 | 0.33 | 0.99 |
| December 31st 2000 | 0.86 | 0.43 | 1.29 |
| December 31st 2001 | 1.00 | 0.50 | 1.50 |
| December 31st 2002 | 1.08 | 0.54 | 1.62 |
| December 31st 2003 | 1.40 | 0.70 | 2.10 |

## 4.1.0. Background

Groupe Bourbon was born of the *Sucreries de Bourbon*, a corporation founded in Réunion Island on December 2nd 1948. After the Second World War, a certain number of families, sugar producers with cane plantations on the island, decided to merge their holdings and plant in order to create the first sugar-producing group in Réunion and to successively modernize the factories which had suffered during the war years.

From 1948 to 1978, Groupe Bourbon factories produced sugar and rum, principally for the mainland French market. 1979 saw the beginning of a period of reorganization, when the smaller sugar mills across the island were gradually closed down in favor of those more strategically placed. Of the eight mills operating in 1978, Réunion kept only two European-scale plants at the end of this island-wide program which was to last eighteen years. One of these two plants, the Sucrerie de Bois-Rouge, was owned and run by Groupe Bourbon until its transfer in February 2001 to the group Union SDA.

It was in this context that Groupe Bourbon began to diversify its activities as of 1989, starting firstly in Réunion, with industrial fishing (1989), retailing (1991) and dairy products (1992), before extending to mainland France with maritime services (1992).

Groupe Bourbon thus became an industrial and service group, active in the fields of retailing, food-processing and marine services. This latter sector was given real impetus with the purchase, in 1996, of the towage group Les Abeilles and of the Sétaf-Saget corporation, specialists in bulk transport.

Aware of the limited size of the Réunion market, Groupe Bourbon sought to extend its retailing and food-processing business, moving successively into Madagascar in 1994, into Vietnam in 1995 and, more recently, into Mayotte (Comoro Islands) in 1999 and to Mauritius in late 2001.

In the latter part of the year 2000, Groupe Bourbon began a major strategic redefinition of its business activities, gradually focusing on development of its maritime branch and, more particularly, on marine services for the offshore industry.

In November 2000, it sold its majority holding in Cilam (dairy products) and, a few months later, in February 2001, the historic «Réunion-Europe» sugar business.

In April that same year, Groupe Bourbon bought a 50% shareholding in Delba Maritima, whose principal client was Petrobras, sharing the business with the Lins family.

At the close of the year, in December, through an increase of capital, Casino took a 33.34% stake in Vindémia, the group's retailing branch. Groupe Bourbon and Casino signed a shareholders' covenant governing their future relations and agreed to consolidate Vindémia's retailing business proportionally as of January 1st 2002.

In May 2002, Groupe Bourbon bought a 25% stake in Havila Supply AS, a company quoted on the Oslo Stock Exchange, and then in July 2003, after a price-support operation followed by a mandatory withdrawal from the listing, Groupe Bourbon took full 100% control of the company. Concomitantly, Havila's North Sea salvage and assistance business (RRV) was transferred and the company adopted the name «Bourbon Offshore Norway».

In acknowledgement of Groupe Bourbon's preponderant concentration on marine services for the offshore industry, Footsie and Euronext now classify Groupe Bourbon under the heading : «Oil Services» (February 2004).

### 4.1.0.1. Simplified organization chart (December 31st 2003)

**GROUPE BOURBON**

| 66.66% | 100% | 100% |
|---|---|---|
| Retailing<br>VINDÉMIA | Marine services<br>BOURBON MARITIME | Other business |
| - *France (Réunion Island)*<br>- *International*<br>*Madagascar*<br>*Vietnam*<br>*Mauritius*<br>*Mayotte* | - *Towage, salvage and assistance (Les Abeilles)*<br>- *Bulk transport (Setaf-Saget)*<br>- *Offshore oilfield services*<br>*Surf*<br>*Bourbon Offshore Norway*<br>*Sonasurf (51%)*<br>*Delba Maritima (50%)* | - *Bourbon Capital*<br>- *Industrial fishing (Sapmer)*<br>- *Sugar (Vietnam)* |

The breakdown of turnover per branch of activity and per geographical zone is detailed in the notes to the consolidated accounts (see section 4.14 below). Owing to the diversity of its activities and the range of geographical zones in which the group operates, no client or supplier has any significant impact on the consolidated turnover.

### 4.1.0.2. Key figures from the annual financial statements

Following the 33.34% ownership interest in Vindémia taken by Casino in December 2001, Groupe Bourbon's retailing branch has been consolidated at 66.66% in the annual financial statements for 2002 and 2003 (the *pro forma* accounts for 2001 were drawn up to allow clearer analysis of the business and economic performances).

Groupe Bourbon's turnover increased by 8.8% over the year 2003 and, at constant exchange rates, would have grown by 14.5%. The international portion of this turnover reached 42%, a 3% increase over 2002.

The drop in dollar rates affected operating activities but gave rise to a net unrealized exchange gain of €13 M.

The 15.3% rise in earnings before interest, tax, depreciation and amortization (EBITDA) resulted from the proportionally larger contribution from the maritime branch and, to a lesser extent, the retailing business.

Owing to the weight of depreciation and amortization (+€19 M in 2003), following major investments in the maritime branch, the earnings before interest and taxes (EBIT) remained on a par with last year.

The group's share in net earnings reached €57.3M, up by 4.4% with regard to 2002 (and by 32% in comparison with 2001 *pro forma*). The cash flow from operating activities, the main gage of the economic return on investments, increased to €159.7M and maintains its sharp growth rate (+24.4%).

By devoting €293M of the €356M gross investment line for 2003 to offshore marine services, the group underscored its confidence in the strategic importance of development in this field.

The year 2003 benefitted from a reduction in tax basis arising from application of the so-called tonnage tax for the business year.

| *(in millions of euros)* | *2003* | *2002* | *2001 pro forma* | *2001 as published* |
|---|---|---|---|---|
| Turnover | 1 023 | 941 | 853 | 1 089 |
| EBITDA | 177 | 154 | 136 | 151 |
| EBIT* | 87 | 87 | 71 | 75 |
| Current pretax income | 77 | 78 | 56 | 57 |
| Unusual income | 1 | 9 | 7 | 20 |
| Net consolidated income | 66 | 61 | 41 | 50 |
| Group share thereof | 57 | 55 | 42 | 51 |
| Cash flow from operating activities | 160 | 128 | 110 | 121 |

* after allowance for employee profit-sharing

Simplified consolidated balance sheet for 2003 :

| *(in millions of euros)* | *2003* | *2002* | *2001* *pro forma* | *2000* *as published* | | *2003* | *2002* | *2001* *pro forma* | *2000* *as publisged* |
|---|---|---|---|---|---|---|---|---|---|
| Net fixed assets | 1 123 | 851 | 721 | 812 | Owners' equity | 409 | 407 | 363 | 430 |
| Inventory | 99 | 87 | 84 | 113 | Reserves | 67 | 52 | 43 | 44 |
| Trade and other receivables | 228 | 258 | 197 | 206 | Loans & financial debts | 904 | 674 | 484 | 528 |
| Cash & equivalents | 179 | 203 | 122 | 149 | Trade and other payables | 249 | 266 | 234 | 278 |
| Total | 1 629 | 1 399 | 1 124 | 1 280 | Total | 1 629 | 1 399 | 1 124 | 1 280 |

Extracts from cash flow statement :

| *(in millions of euros)* | *2003* | *2002* | *2001* *as published* |
|---|---|---|---|
| Total net income of consolidated companies | 66 | 61 | 50 |
| Cash flow from operating activities | 160 | 128 | 121 |
| Net flow generated by (earmarked for) operations | 185 | 100 | 126 |
| Net flow generated by (earmarked for) investments | -362 | -229 | -148 |
| Net flow generated by (earmarked for) financing | 170 | 61 | 170 |
| cash fluctuations | 8 | 67 | 146 |
| Opening cash position | 13 | 80 | -66 |
| Closing cash position | 5 | 13 | 80 |

4.1.0.3. Changes in Groupe Bourbon's main financial ratios

| | *2003* | *2002* | *2001* *pro forma* | *2001* *as published* |
|---|---|---|---|---|
| EBITDA/Turnover | 14.8% | 16.3% | 15.9% | 13.9% |
| EBIT/Turnover | 7.3% | 9.3% | 8.3% | 6.9% |
| Net consolidated income/Turnover | 6.5% | 6.5% | 4.8% | 4.6% |
| Net consolidated income/Consolidated equity | 16.0% | 15.0% | 11.3% | 11.6% |
| Net financial debts/Self-financing capacity | 4.54% | 3.69 | 3.30 | 3.10 |
| Net financial debts/Consolidated equity | 1.77 | 1.16 | 1.00 | 0.88 |

The changes in these ratios result principally from :
- the effects of the euro exchange rate on the level of equity (-€42M),
- the consolidation of Bourbon Offshore Norway (ex-Havila) in the second semester of 2003,
- the large-scale downpayments upon order (€132 M) required by current major investments in offshore vessels.

The group's investment policy is guided by its capacity to recover safe self-financing rapidly, through contracts signed in the maritime branch.
- The ratio of net financial debts/self-financing capacity should be appreciated with due consideration for the high level of downpayments (132 million euros) which are still not earning operating income.
- The ratio of net financial debts/consolidated equity has reached 1.75. In the analysis of this figure, due account should be made for the beneficial effects, both on net debt and on equity, of the put options held by Groupe Bourbon for the transfer of the Vindémia retailing branch to Casino (36.6% of capital between 2004-2006 and 30% of capital between 2007-2009). See §4.1.0.5 : Retailing «value».

Thus, with readjustment for the above-stated effects (and before transfer of the retailing branch), we obtain the following ratios, calculated on the basis of net operational debt (NOD) before downpayments on orders.

| *(in millions of euros)* | *December 2003* | *June 2003* | *December 2002* |
|---|---|---|---|
| Overall net debt | 725 | 631 | 471 |
| Downpayments on vessels under construction | 132 | 93 | 53 |
| Net operational debt | 593 | 538 | 418 |
| Annual cash flow | 160 | 160 | 128 |
| NOD/cash flow | 3.71 | 3.36 | 3.27 |
| Equity | 410 | 407 | 407 |
| NOD/equity | 1.45 | 1.32 | 1.03 |

### 4.1.0.4. Overall group strategy

As of the early 2000s, Groupe Bourbon identified the business of marine services for deep-water oilfields as a high-growth market (around 15% per annum) in which it was already acknowledged as a skilled operator off the west coast of Africa. This business calls for extensive investments and is protected by formidably entrance barriers (see §4.1.0.5). The Bourbon board decided to focus the group's resources on this market, to anticipate and exceed its growth and thus to gain itself a significant market share on a world scale.

With this aim in view, a major policy change was begun in late 2000 with the transfer of the group's dairy and fruit juice interests. This was followed in February 2001 with the sale of the historic «Réunion-Europe» sugar business and the step was completed by the 33.34% shareholding taken by Casino in the retailing branch in late 2001, following an increase of capital and the signature of agreements governing future relations between the two groups (see § 4.1.0.5 «value»)

Groupe Bourbon is now actively extending its marine services for deep-water oilfields in the so-called «golden triangle» between West Africa, Brazil and the Gulf of Mexico, drawing support from the traditional activities of its maritime branch: towage, assistance and bulk transport.

The group's other non-strategic interests may be transferred in due course as opportunities arise.

### 4.1.0.5. Growth, risks, value

#### Retailing branch

*Growth*

This will result from the investment policy implemented over recent years in those developing countries where the group has set its sights (Madagascar, Vietnam, Mayotte and then Mauritius). The growth in turnover from overseas business (+31.8% in 2003 and indeed +44% at constant exchange rates) is the bottom line of this strategy. For coming years, this international growth will extend throughout the usual timeframe for installation and building up a business, accompanied by the development of local purchasing power. In Réunion Island, moreover, development is maintained by the natural growth of the population.

*Risks*

The group's know-how and the consistent results posted by its Réunion Island business combine to offset and reduce the overall risks attached to new development.

*Value*

The value of the business corresponds to the solid market share built up in the geographical zones where Vindémia trades and to the overall profitability of the network.

Following agreements with the Casino group, the value of Groupe Bourbon's shareholding in Vindémia (66.6%) is defined by set multiples of the EBITDA and the net earnings for the two years previous to the business year in question. Calculated with reference to the financial statements published for 2002/2003 and to Vindémia's in-house forecasts, this value would be :

- for the first put option : 189 million euros in 2004 and a forecast 218 million euros in 2006 ;
- for the second put option : a forecast 158 million euros in 2007.

## Marine services

*Growth*

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

Groupe Bourbon's bulk transport business is, in essence, logistics outsourced by its major industrial clients and thus hinges largely on their volume of trade and on the level of freight carried by the group's self-owned vessels.

The growth vector for this branch lies very largely in marine services for the deepwater offshore business. The key factors for success here depend on the group's ability to :

- correlate policy constantly with attentive, critical market analysis,
- manage client relations with major oil producers,
- adapt human resources to requirements and situations (hiring, training, local integration),
- ensure self-sufficient financing of development through internal financing and disinvestment,
- confront international competition on equal terms as regards resources and equipment.

*Risks*

Risk in the marine services market for deep-water oilfields hinges on how major oil company prospecting budgets are spent and on attention to the key factors defined above. For the following reasons, risk in this field is limited by the market-entrance barrier for new competitors :

- the level of capital investment required,
- the technical qualifications required prior to any agreement,
- the nature of the contracts themselves - most generally renewable,
- the incentives for first comers.

From a legal standpoint, contracts are based on the obligation to use best endeavors and do not include indexation clauses to fluctuations in oil prices.

*Value*

In a new market, like marine services for deep-water oilfields, valuation depends on :

• the size of market shares gained in high growth periods,
• the level of these market shares per geographical zone,
• the ownership of the means (vessels, etc.) required to gain these market shares.

In more general terms, the value generated by Groupe Bourbon will result from :

- the growth of its business in geographical zones and professions with high structural profitability,
- its control of ancillary risks, successful development in special environments proving the group's know-how,
- the gain of significant market shares which will not only permit large-scale savings but also allow the group to occupy a dominant position in high growth markets.

# 4.1.1.0. RETAILING

### 4.1.1.0.1. Organization chart of the retailing branch (December 31st 2003)

The retailing branch (Vindémia), which holds and operates assets principally in Réunion Island, Madagascar, Vietnam, Mayotte and Mauritius, was 100% controlled by Groupe Bourbon in January 2001.
In December of that year, with a 91.5 million euro increase of capital, Casino took a 33.34% shareholding in Vindémia in the aim of increasing its future growth capacity. The press release issued at the time stated notably that *«Shareholdings will be proportionally consolidated»* (January 2002) and *«this partnership will be sealed with a shareholders' covenant and agreements governing future relations between the two groups»*. In order to facilitate and accelerate establishment in Vietnam, Madagascar, Mayotte and Mauritius, Groupe Bourbon has signed collaboration agreements with local partners who remain non-controlling shareholders.

GROUPE BOURBON 66.66% — 33.34% CASINO

VINDEMIA

**France (Réunion Island)** 100%

- *Jumbo hypermarkets*
  - *Sodexmar*
  - *SOGRAMO*
  - *SOHYBE*
- *Score supermarkets*
  - *SEMS*
- *Wholesaling business*
  - *Sorécom*
  - *S.D.M.*
- *Logistics and production*
  - *Saprim*
  - *Sicre*
  - *Soretravi*
  - *Salaisons de Bourbon*
  - *Sogim*

**International**

*MADAGASCAR*
- *Hypermarket*
  - *Codismag* (78%)
- *Score supermarket*
  - *S2M* (100%)

*VIETNAM*
- *Big C hypermarket*
  - *Espace Bourbon Dong Nai* (65%)
  - *Espace Bourbon An Lac* (80%)

*MAURITIUS*
- *Jumbo hypermarket/Spar supermarket*
  - *Somags* (69%)

*MAYOTTE [COMORO ISLANDS]*
- *Score hypermarket/supermarket*
  - *Bourbon Distribution Mayotte* (70%)
  - *SNIE Distribution de gros* (70%)
  - *UTV (production)* (70%)

A detailed breakdown of turnover per branch of activity and geographical zone is given in the notes to consolidated accounts (§4.14). Because of the nature of this business and the geographical zones involved, no one client or supplier has any significant incidence on turnover.

### 4.1.1.0.2. Scope of retailing business

*Réunion Island*

In the French department of Réunion, the retailing branch of Groupe Bourbon operates the hyper and supermarkets under the trade name Score, a wholesaling business for foodstuffs and processing and packaging plants for fresh produce (meat and fish), cooked delicatessen meats, coffee roasting and bottling of spirits and wines. This branch owns approximately 80% of its commercial real-estate.
Following the shareholding taken by the Casino group, trade-name changes were made in the course of 2003: to *Big C* in Vietnam and to *Jumbo Score* in other countries. In parallel with these changes, purchasing was channelled towards the Casino group's central purchasing office, EMC.

*Over-the-counter retailing*
The hypermarkets and supermarkets managed by Vindémia are leaders in their respective market sectors. They benefit from an integrated logistics service which supplies them with dry goods and fresh produce from a hub and with refrigerated and frozen goods from a central warehouse. Development of retailing in Réunion is characterized by a strong growth in shopping malls incorporating hypermarkets outside the towns. Groupe Bourbon's retailing branch has contributed very actively to this growth, both in foodstuffs (65% of sales) and non-foodstuffs (the remaining 35%). Because of the Thien Ah Koon amendment, which limits food-retailing floorspace to 25% of the total floorspace per retailing group, new store openings remain uncertain.

*Wholesaling*
Working from two warehouses (one for dry and liquids, the other for fresh and frozen) and through five cash-and-carry outlets, the wholesaling business brings quality service to independant retailers and to the growing 'eat-out' market. This business is leader in its field.

*Logistics and production*
The retailing branch used to operate with the central merchandizing service Opéra but, following its closure and in view of the new Casino shareholding, the decison was taken in early 2003 to reorganize the supply channels and to base them on the Casino group's central buying office : EMC Distribution.
In Réunion, Saprim manages a parallel buying office on a local scale, a central warehouse of 30,000 $m^3$ (of which 3,000 $m^2$ devoted to above-zero refrigeration) and a subzero coldstore of 10,000 $m^3$. The group's retailing branch also manages processing and packaging workshops for fish, meat, delicatessen meats, coffee and rice, together with bottling plants. Except for the market-leading brand-name products on the island (coffee and fish), these Vindémia-owned businesses supply principally group stores.

*Madagascar*
The retailing branch has been active in Madagascar since 1994. In the capital, Antananarivo, it manages a hypermarket of 6,500 $m^2$ within a shopping complex comprising some 3,500 $m^2$ of boutiques and service outlets, together with two smaller hypermarkets under the trade-name Jumbo Score in Digue and Tanjombato (opened in 2004). A Score was opened in Toamasina in December 2002 and others will follows in the country's other local capitals as opportunities arise and the general profitability of the network develops.
This introduction of modern retailing into Madagascar, where local production still supplies more than 80% of listed products, has allowed the group to become fully integrated into the island's economic environment. The national economic situation pursues its slow development but the group's sales show encouraging growth figures. Groupe Bourbon now shares the position of market leader with the Shoprite network.

*Vietnam*

Groupe Bourbon began retailing in Vietnam in August 1998 with the opening of the first French-style hypermarket north of Ho Chi Minh City. With a surface area of 20,000 $m^2$, this shopping mall features a Big C hypermarket of 6,000 $m^2$, specialist medium-sized stores and thirty boutiques. This first operation was followed by a second, this time south of Ho Chi Minh City, at An Lac. The complex covers 26,000 $m^2$ and includes the 6,000 $m^2$ Big C An Lac hypermarket opened in March 2001. Just one month later, the Big C Mien Dong store, covering 3000 $m^2$, was opened in rented premises in the center of Ho Chi Minh City.

A new shopping complex in Hanoi, the capital, is under construction.

To the best of our knowledge, Groupe Bourbon was the sole foreign retailer to have received permission to open mass-marketing outlets in Vietnam. In its turn, Métro opened its first cash-and-carry store in the country in early 2002.

*Mayotte*

In Mayotte, the shopping center opened in Mamoudzou on Grande Terre in 2001 allows locals to enjoy the benefits of modern retailing through a Jumbo Score hypermarket of 3,500 $m^2$ and a mall of 25 shops.

The forecast increase in purchasing power in Mayotte, the incorporation of the SNIE holdings into the network since April 2003 and the opening of a Score on Petite Terre in November 2003 should all generate a steady and significant growth in sales. A supermarket of 1,000 $m^2$ was opened on Petite Terre in late 2002 to reinforce coverage. In view of the scale and siting of these retailing outlets, it seems highly unlikely that competitors may gain a foothold on the island.

*Mauritius*

The purchase of the Phoenix shopping mall on Mauritius, in late 2001, allowed the group to complete its coverage of the islands of the Indian Ocean. Built around a hypermarket, this retailing complex includes medium-sized non-foodstores and a selection of some thirty boutiques.

In November 2002, Groupe Bourbon announced a merger with the Rogers group which operates the Spar ratailing outlets (10,700 $m^2$) on the island. The new company, proportionally owned according to respective contributions (69% Vindémia and 31% Rogers), now accounts for around one quarter of food-retailing sales on Mauritius. An additional shopping complex, including a 6,000 $m^2$ hypermarket, has been opened on Riche Terre, north of Port Louis.

In parallel with these developments, a central buying office and regional logistics hub will be built up from the free port of Mauritius, intended to supply the Vindémia stores throughout the zone (Madagascar, Mayotte and Réunion Island) with produce from Asia and from South Africa, Australia and New Zealand.

4.1.1.0.3. Markets and strategy

Groupe Bourbon's position as leading retailer in Réunion will be maintained by its latest shopping malls containing hypermarkets and through the efficiency of its logistics and commercial organization. The group's stores will thus be able to offer other services to the one million two hundred thousand customers who pass through its checkouts every month. Productivity gains should result, together with an extension of the range of activities offered to clients, more in line with the development of this profession in mainland France.

The *Bourbon Avantages* loyalty and credit card, launched in collaboration with Franfinance (the *Société Générale* group), in which Groupe Bourbon holds a controlling interest, has helped consolidate consumer patterns and contributed to the growth of the average shopping caddie.

In Madagascar, after the disturbances linked to political unrest in 2002, retailing growth has resumed with a satisfactory level of profitability. This will allow Groupe Bourbon to consolidate its position as market leader across the country and apply the successful methods developed in Réunion.

In Vietnam, Groupe Bourbon is demonstrating that, as with the success recorded in Madagascar, Mayotte and Mauritius, modern retailing offers the Vietnamese consumer the same services as those available elsewhere in the world. The first stores gave the group an opportunity to list and organize some 1000 local suppliers producing 95% of over 35,000 referenced commodities. The proximity and similar consumer patterns of the Casino-run stores in Taiwan and in Thailand allow expectations for many future points of synergy.

In Mauritius, consumer coverage was greatly extended by the association with the Rogers group, adding 11 Spar supermarkets to the group's existing two hypermarkets.

The central purchasing office in the free port of Mauritius should supply the network in the best possible conditions.

In Mayotte, Groupe Bourbon has tackled the technical and geographical coverage of the archipelago with mass retail outlets, with a fleet of sales vans for rural consumers and a network of cash-and-carry points.

It is these overseas establishments, whose combined surface area of 49,600 $m^2$ has recently outstripped the 48,760 $m^2$ of the Réunion Island stores, that will generate most of the growth in turnover for the retailing branch in the future.

4.1.1.0.4. Key figures for the retailing branch

| *(in millions of euros)* | *2003* | *2002* | *2001 pro forma* | *2001 as published* |
|---|---|---|---|---|
| Turnover | 568.6 | 523.2 | 463.9 | 695.8 |
| EBITDA | 49.6 | 48.1 | 36.3 | 54.4 |
| EBIT | 28.3 | 29.6 | 22.4 | 33.7 |
| Tied-up capital | 224.4 | 202.7 | 196.2 | 281.2 |
| *Net fixed assets* | *199.9* | *194.2* | *195.9* | *281* |
| *Working capital requirements* | *24.5* | *12.1* | *0.3* | *0.2* |
| EBITDA/Turnover | 8.7% | 9,2% | 7.8% | 7.8% |
| EBITDA/Tied-up capital | 22.1% | 23.3% | 18.5% | 19.3% |
| EBIT/Tied-up capital | 12.6% | 14.3% | 11.4% | 12.0% |
| Net investments | 37.0 | 25.0 | 55.0 | 86.0 |

*Significant developments in 2003*

The 8.7% increase in turnover stemmed from satisfactory growth across the board, both overseas (+30% and indeed +44% at constant exchange rates) and in Réunion Island (+5%).

Earnings dipped slightly with respect to 2002, held down by the costs of the transfer to the Casino central purchasing office, the store name-changes, the merger with Spar, the opening of the Riche Terre store and by extended investments in Mauritius and Mayotte.
2004 will confirm the international development, where overseas stores now account for more than 50% of the group's overall commercial floor-space.
In comparative analysis of the EBITDA and EBIT, it should be borne in mind that 2002 was a very favorable year. In percentage terms with regard to turnover, results remain satisfactory.
The rise in investments corresponds to the efforts channeled this year into Mauritius and Mayotte.

*Summing-up*

The retailing business yields above-average profitability figures for the profession in France (source Cic, Fortis, Wargny, Kbc, Aurel Leven, Cheuvreux) despite the deadweight effect of starting up new stores overseas.
The growth in turnover should continue at around 8% per annum at constant exchange rates until 2006/2007 and will be principally generated by the rise in international business.

### 4.1.1.0.5. Business context for this branch

In Réunion, the retailing branch procures 65% of its supplies from local sources and the remaining 35% from Europe, 30% of which through Casino's central purchasing office, EMC.

On an international level, local products (except in Mayotte, where 95% of requirements are met by imports) represent a much higher proportion of supplies. Experience has shown the need to diversify import supply sources according to the proximity of industrialized countries and to prevailing customs duties.
To meet this need, Vindémia will develop a central buying office and regional logistics hub from the free port of Mauritius, dimensioned to supply all the stores throughout the Indian Ocean zone with produce from Asia, South Africa, Australia and New Zealand.

## 4.1.1.1. MARITIME

### 4.1.1.1.1. Simplified organization chart of the maritime branch at December 31st 2003

BOURBON MARITIME

**Towage & salvage**
- *Les Abeilles* (100%)
- *Les Abeilles International* (100%)

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

**Bulk transport**
- *Sétaf-Saget* (100%)

A detailed breakdown of turnover per branch of activity and per geographical zone is included in the notes to the consolidated accounts (§ 4.14). In view of the diversity of professions represented and geographical zones covered, no one client or supplier has any significant effect on turnover in this branch. In the offshore marine services business, Total remains the main client, representing around 30% of business, but its relative share declines year after year as other major contracts develop, notably those signed with Exxon and Petrobras, and as offshore work expands.

### 4.1.1.1.2. Maritime branch activities

Groupe Bourbon's maritime branch is subdivided along three principal axes :
- marine services for offshore oilfields ;
- towage, assistance and salvage ;
- solid bulk transport.

From the designing of ships to their operation, each of the activities in the maritime branch involves its own specific know-how, a blend of technological developments, human experience and a binding relationship with principal clients. Groupe Bourbon enables its major clients - industrial, state or semi-public - to outsource their logistics services requiring high-technology marine material, services which are not part of their core profession.
The entrance barrier into the business field plowed by Groupe Bourbon is high. The equipment is highly technical, calls for high investments, and its ownership is of strategic importance. In addition, its complexity calls for highly-skilled operators.

Groupe Bourbon's objective, over the coming years, is to carve itself a major share of the world market - currently in full expansion - for marine services in the deep-water oil business.

With a payroll of 2305 employees and more than 200 crewed vessels, most flying the French flag, the maritime branch proudly announces itself as France's foremost employer of merchant navy officers. Through its corporate spirit, it contributes to the renewal of the national flag, assisted by the lumpsum tonnage tax measures which came into application in 2003.

In 2003, the maritime branch invested 307 million euros, 19 vessels were received for an overall value of 143 million euros and another 33 vessels, representing a combined investment of 457 million euros, were on order.

*Offshore oilfields*

Surf is the leading French provider of support services for offshore drilling platforms and has now reached a significant size in international terms. Since 1976, working principally down the west cost of Africa and adapting to meet the evolving requirements of its clients, the company has built itself a reputation for professionalism based on the development of a range of purpose-built vessels.

Groupe Bourbon is focusing its energies on the specific market of deep-water oilfields, currently in full expansion, adopting a policy of contracting and partnerships in order to accelerate and secure introductions into new markets (e.g. Delba Maritima and Bourbon Offshore Norway (formerly Havila)).

Groupe Bourbon is equipped and able to satisfy requests for all types of offshore marine services :

- support for platform maintenance and undersea robot operations (MPSVs equipped with dynamic positioning)
- anchoring and unanchoring of drilling rigs (AHSTs)
- transport of equipment and platform supplies (PSVs)
- tanker security at open-sea loading buoys (tugs)
- urgent supplies, team transport and fire-fighting (FSIVs)
- inter-field personnel transport (high-speed shuttle launches)

In the offshore field, Groupe Bourbon currently operates (at December 31st 2003) :

- 85 high-speed «surfer» launches (with another 5 under construction)
- 21 supply vessels for standard offshore operations
- 27 supply vessels for deepwater offshore work (with another 24 under construction).

The past fifteen years have witnessed a real technological revolution in the offshore professions. Traditional vessels reach their limits at a depth of around 200 meters in the oilfields of the continental shelf and new working depths of down to 2000 meters and beyond have called for a whole range of new ships.

## Towage and salvage

*Harbor towage*

With 69 tugs and 4 ocean-going versions, Les Abeilles ranks as a world figure in harbor towage. Established in all the main ports of mainland France, Les Abeilles is also present in Africa. The Abeilles fleet offers towage and assistance services combining safety with efficiency. The corporation's new organization leaves no room for the smaller ports of only regional importance and thus, as of January 1st 2003, the towage business in the ports of Calais, Cherbourg, Dieppe, Sète and Nouméa (New Caledonia) was sold off. The transfer had an impact of around 6% on the towage turnover.

*Assistance and salvage*

The most powerful of the Abeilles International tugboats, including the *Abeille Flandre* and the *Abeille Languedoc*, have been working for more than twenty years under contract to the French Navy, standing watch over France's shorelines. Les Abeilles International also handles refloating operations, ocean towage and pollution-containment action in the event of oil spills.

In 2003, Groupe Bourbon was awarded two new contracts with the French Navy for French shoreline protection. Two powerful new tugboats are currently under construction.

*Bulk transport*

Specializing in dry bulk shipping, Groupe Bourbon's Dry Bulk branch has built up an undisputed expertise in all the aspects of its trade. Drawing on this know-how, it offers its clients, in all circumstances, the reassurance of skilled and experienced crews.

As a shipowner, Sétaf Saget fields a permanent fleet of modern bulk carriers and the recent purchase of three additional 55,000-tonne vessels bolsters the company's position on the market for handy-sized bulkers, equipped with clamshells and self-sufficient for loading and unloading of cargo.

Sétaf Saget also offers a complete range of maritime services :

- freight market analysis
- estimates and quotations
- chartering of bulk carriers of all sizes
- management of post-charter files
- supervision, by our Port Captains, of handling operations
- short, medium and long-term cover for operations
- advice and legal assistance

Sétaf Saget has set up a world-wide network of contacts with top-class charterers, and can thus provide a fast and carefully-adapted response to any request. Covering the international bulk transport market round the clock, the company and its staff are permanently available to offer the experience of seasoned professionals, ever-ready to find the most efficient and cost-effective solution for each client.

*Passenger transport and coastal cruises*

It may be noted that Groupe Bourbon has withdrawn from the passenger transport business, which was transferred to the employees. The two boats formerly used are now chartered out on a bareboat basis. The group has also scheduled to withdraw definitively from the cruise business. One cruise vessel was sold off in 2002 and the other is chartered to the Méridien group for their operations in the Seychelles.

### 4.1.1.1.3. Markets and strategies

Business in the maritime branch will continue to be developed along these three lines.

The group will now concentrate its investments in services for deepwater oilfields in order to build up a dominant position in this rapidly-expanding business. Bourbon is already present off West Africa and Brazil, two of the largest and most-promising markets. In July 2003, with the 100% buyout of the Norwegian company Havila Supply AS, now Bourbon Offshore Norway, the group consolidated its global growth strategy in the offshore field : the new fully-owned subsidiary has the technical and human skills required to handle the powerful vessels required for operations in the very demanding conditions of the North Sea. The underlying aim is to develop a corporate presence in the Gulf of Mexico.

The success of operations in Angola, in partnership with Sonangol, the national oil company, illustrates the wisdom of a strategy based on geographical diversification and collaboration with local corporations. The major contract (an $ 85 million investment budget) signed with Exxon in 2001, for exclusive supply of support services for the extraction drilling operations on block 15, is generating results in line with expectations.

This same policy was behind a partnership agreement concluded in Brazil with a 50% shareholding in the company Delba Maritima. This has led to a major contract with Petrobras for the provision of three anchor-handling supply tugs requiring investments of some $ 90 million. The fact that these vessels are being built in Brazil meant that the resulting contracts were signed for an 8-year period with long-term financing (18 years) at government-subsidized rates. The first vessel will go into operation in the first semester of 2004 and the other two will be delivered and operational by the end of the year.

Concurrently, the maritime branch of Groupe Bourbon will continue to consolidate its positions in the traditional fields of towage and bulk transport by extending the range of services offered and steadily updating its fleet.

This growth will be generated by :

- investments in new vessels ;
- careful technical choices ;
- capitalization on the quality and skills of our teams (office staff, officers and seamen) ;
- joint venture operations (in those countries where Groupe Bourbon has not yet established a foothold).

Capital investments run high in the maritime branch, but the associated financial risks are considerably reduced by medium-term, generally-renewably charter contracts, by the solidity of the business partners involved, by the volume of cash flow generated and by the value of the vessels and other assets whose useful lifespan is calculated in the region of 20 to 30 years.

### 4.1.1.1.4. Key figures in the maritime branch

| *(in millions of euros)* | *2003* | *2002* | *2001 pro forma* | *2001 as published* |
|---|---|---|---|---|
| Turnover | 403.6 | 353.3 | 323.8 | 328.7 |
| EBITDA | 113.9 | 92.1 | 85.5 | 83.1 |
| EBIT | 56.4 | 56.5 | 46.2 | 38.6 |
| Tied-up capital | 809.2 | 550.1 | 381.2 | 376.2 |
| *Net fixed assets* | *778.9* | *499.6* | *351.8* | *346.5* |
| *Working capital requirements* | *30.3* | *50.5* | *29.4* | *29.7* |
| EBITDA/Turnover | 28.2% | 26.1% | 26.4% | 25.3% |
| EBITDA/Tied-up capital | 14.1% | 16.7% | 22.4% | 22.1% |
| EBIT/Tied-up capital | 7.0% | 10.3% | 12.1% | 10.3% |
| Net investments | 307.2 | 206.5 | 78.4 | 74.8 |

*Significant developments in 2003*

Turnover developed by 14.2% (indeed, by 25% at constant exchange rates), an increase largely generated by the offshore service work.

The mark-up ratio reflects the overall development of the above activities, taken as a whole.

In terms of growth, earnings before interest, tax, depreciation and amortization (EBITDA) outstripped turnover.

Depreciation on new investments affected the earnings before interest and taxes (EBIT).

The financial statements for 2003 thus reflect, to a very large extent, the sharp development in the offshore business (+39.6% and +53% in constant exchange terms) with its major investment program in application : 16 vessels delivered in 2002, 19 in 2003 and another 33 on order.

The 100% buyout of Havila (now known as Bourbon Offshore Norway or B.O.N.) in July 2003 has had a temporarily adverse effect on operating ratios, which should be adjusted to the level of those of the group within a timeframe of 18 months.

### 4.1.1.1.5. Business context for this branch

- The maritime business is not affected by any special seasonal fluctuations.
- The marine services branch works for oil companies in the offshore world where relations are governed by contract prices and business depends on contracts in hand.
- The towage branch draws its clients from the fraternity of ship-owners, with set contract prices controlled by port authorities. The level of business hinges essentially on the prevailing level of economic trade.
- Groupe Bourbon's bulk transport business is transacted with major industrial clients who prefer to outsource their maritime logistics. In this field, the tonnage transported is a better gage of business than the level of turnover, affected by fluctuations in freight rates.

The maritime branch has neither problems of unsettled accounts in any of these branches nor any special dependence on any of its suppliers.

# 4.1.1.2. OTHER BUSINESS

This comprises principally the Vietnamese sugar business, industrial fishing, management of real-estate assets and indivisible holding expenses.

## 4.1.1.2.1. Sugar in Vietnam

Groupe Bourbon originally diversified its geographical presence in the sugar trade by building a new refinery in Vietnam, but when the «Réunion-Europe» sugar activity was sold off in February 2001, it was not possible to transfer this branch of the business, which operates in a wholly different market environment, in the same operation. With an annual capacity of 100,000 metric tons of sugar, the Bourbon Tay-Ninh is the country's largest refinery. Production started up in February 1998 and the production is earmarked principally for the local market. The mill is perfectly operational from a technical standpoint but, for want of raw material (sugar cane), the full production capacity has still not been attained. It currently operates at around 75% of capacity but profitability is nonetheless gradually increasing. The group also invested, in 1997, in a sugar refinery located on the tablelands of central Vietnam. This much smaller plant, with its 20,000 ton capacity, is generating profits with a positive cash position.
Groupe Bourbon has decided to sell off these two refineries at some point when market conditions are more favorable.

## 4.1.1.2.2. Industrial fishing

Based in Réunion, Sapmer has been fishing for spiny lobsters and large pelagic fish in the cold waters off the Kerguelen Islands, St Paul Island and Amsterdam Island for many years. The need for far-sighted management of these rich marine resources has led to the adoption of a fishing quota system supervised by the administration of the French Southern and Antarctic Territories.
To harvest its quotas, Sapmer operates a mixed (trawler and crayfishing) vessel and three new-generation longliners. The catch (around 3,000 metric tons) is mostly sold on the Japanese market.

## 4.1.1.2.3. Real estate assets

Groupe Bourbon has extensive land holdings on Réunion Island (7 890 acres), which are regularly sold off directly or converted into industrial estates or housing schemes. The overall development of the island and the housing needs of a young population will allow these holdings to be upvalued regularly and to generate capital gains. Groupe Bourbon handles the servicing and sale of its plots together with property development action where appropriate.

These land holdings represent 0.8% of the book value of the consolidated property, plant and equipment.

4.1.1.2.4. Markets and policy

The development of the Tay-Ninh refinery to full capacity is a priority and the major efforts already made to support and build up local agricultural production are slowly but gradually bearing fruit. The market, notably the food-processing industries requiring quality industrial sugar, is buoyant and growing in step with the zone. These factors allow high expectations for the future of the business and its value when finally sold.

In the fishing business, the quota policy guarantees and enhances the resources from the fishing banks around the Kerguelen Islands, St Paul, Amsterdam and the Crozet Islands. Over and above the positive and negative exchange fluctuations with the dollar and the yen, with their unsettling effects on turnover and bottom-line earnings, the stability of this business is guaranteed by the highly-demanding Japanese consumer's recognition of the quality of these upmarket products.

4.1.1.2.5. Key figures : other business

| *(in millions of euros)* | *2003* | *2002* | *2001 pro forma* | *2001 as published* |
|---|---|---|---|---|
| Turnover | 50.0 | 64.0 | 64.8 | 64.5 |
| EBITDA | 13.6 | 13.3 | 13.9 | 13.9 |
| EBIT | 2.4 | 1.2 | 2.4 | 2.4 |
| Tied-up capital | 165.0 | 184.4 | 195.8 | 206.8 |
| *Net fixed assets* | *131.8* | *152.0* | *173.5* | *184.7* |
| *Working capital requirements* | *33.2* | *32.4* | *22.3* | *22.1* |
| EBITDA/Turnover | 26.7% | 20.8% | 21.4% | ns |
| EBITDA/Tied-up capital | 8.2% | 7.2% | 7.1% | 6.7% |
| EBIT/Tied-up capital | 1.5% | 0.7% | 1.2% | 1.2% |
| Net investments | 12 | 5.3 | -14.9 | -14.9 |

4.1.1.2.6. Business context for this «other business»

Vietnamese sugar is produced for the local market and principally for industrial requirements, the country being hitherto a sugar importer.

Except for the spiny lobsters, the fishing business is unaffected by seasonal fluctuations. The bulk of the catch is destined for the Japanese market, with the commercial risk of possible pillage of the fishing zone by unauthorized longliners. Sales of these pirate catches can have a sharp incidence on prices, but the now-regular patrols of the French Navy have lessened this risk considerably.

## 4.2. Trademarks, trade names, licenses and patents

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

Following the Casino group's decision to take a shareholding in the retailing business, trade-name changes were made in the closing months of 2003. Vindémia now uses its own names, *Score* and *Jumbo Score*, across the board according to the size of the stores in Réunion Island, Madagascar, Mauritius and Mayotte. In Vietnam, on the other hand, it has chosen to use the *Big C* trade name employed by the Casino group in that zone (Thailand).

The other names - that of the *Surf* group and *Les Abeilles* for the maritime branch, and *Sapmer* for the fishing business, belong to the firms in question.

## 4.3. Unusual incidents and litigation

To the knowledge of the corporation, no unusual or exceptional incidents have arisen and no litigation has been started which may have, or has had in the recent past, any significant incidence on the business, earnings, financial position and holdings of Groupe Bourbon and its subsidiaries.

### 4.3.1. Risk factors

#### 4.3.1.0. Market risks

- As regards retailing in Réunion Island, Groupe Bourbon occupies the position of firmly-established market leader and benefits from a positive public image.
- On an international level, the group policy is installation in countries with high development potential. With regard to capital invested, turnovers are still low but increasing steadily. The risk hinges on the rate of development of local purchasing power. In Vietnam, purchasing power is growing slowly outside the city centers and the market is still new and uncertain in many respects. In Madagascar, the risk of political upheaval arose in 2002, disturbing normal development, but finally had little significant effect on business because, in the local tradition, it remained non-violent. Risks for Mayotte and Mauritius seem slight.
- In the marine services branch, entry barriers are formidable for those seeking a foothold in towage or the offshore business - positions are long-standing and huge investments are required for vessels, equipment and trained, experienced staff. Past references, international standards and/or certifications are also required. Contracts over periods of one to eight years, with spread expiry dates, allow readjustment time.

#### 4.3.1.1. Industrial and environmental risks

The group is under no injunction from environmental authorities. Although improvements may always be called for, the group prides itself on scrupulous compliance with current regulations and legislation on this subject. The maritime branch has adopted environmental standards and thus all the vessels operated by Sétaf Saget and the tugs fielded by Les Abeilles carry the International Safety Management rating, the international reference for safe operation of vessels, staff protection and pollution prevention.

The gas discharge (sulfur) from the vessel propulsion systems is less than 0.2%. The vessels are also equipped, as required by MARPOL regulations, with waste-water treatment systems. Surf and the main towage corporations are all certified ISO 9002 and the crews benefit from training in compliance with the STCW international norms.

There are no identified industrial risks associated with retailing (see section on insurance).

#### 4.3.1.2. Legal risks and insurance

*A priori*, in the retailing branch, there do not seem to be any major legal risks implied by transaction of business (see section on insurance).

The maritime services, in all their forms, share a common contractual position : an obligation to use best endeavors [i.e. rather than the obligation to produce a specific result] and a principle of waiver of recourse between the parties.

As regards harbor towage, the tugboat puts its tractive force at the disposal of the vessel under tow and, failing any gross misconduct or negligence in the performance of this obligation, is clear of any liability.

In the offshore business, contracts signed with oil companies always include a clause of mutual waiver of recourse which limits our responsibility.

On a more general scale, the diversity of our clients and the geographical zones involved eliminates the risks associated with single-client business and lessens the political risks.

*Insurance :*

Retailing : the branch is protected by all the cover generally considered necessary in the business. This cover is taken out with insurance companies of international standing.

Maritime : Groupe Bourbon has taken out full insurance cover for all the fleet managed. This program includes protection against :

- risks to hull and machinery and war risk, on the basis of a time policy taken out on the French marine insurance market, valid until December 31st 2005. The leading underwriter of this policy is AMA.
- shipowner's or operator's liability, with Protection and Indemnity Clubs belonging to the «International Group of P. and I. Clubs», «Shipowners Skuld» and the «U.K. Club».
- professional civil liability, two lines with AXA and Groupama for an overall annual cover of 27 million euros.

Bourbon Offshore Norway (formerly Havila) has remained insured on the Norwegian market where it benefits from high-quality cover at competitive rates.

For statutory reasons, Delba Maritima is insured with Brazilian insurance companies, covered by approximately the same guarantees, on comparable terms, as the fleet insured on the French market.

Groupe Bourbon has a company agent guarantee, with AIG Europe, for 19 million euros.

### 4.3.1.3. Tax risks

Groupe Bourbon has received several approvals from the tax authorities regarding the joint-ownership financing of its fleet. Subsequent modifications of this system of financing have had no incidence on the program already under way. Furthermore, the tax audits undertaken on the group in 2002 were covered by tax contingency provisions (see notes to consolidated accounts, section 3.8).

### 4.3.1.4. Interest rate and exchange fluctuation exposure

*Rates :*

At year's end 2003, the Groupe Bourbon debt structure comprised around two-thirds at a variable rate of interest and the remaining third at a fixed rate or protected by interest rate caps and floors. In developing countries, it is generally impossible to set up local currency coverage. This is notably the case with the Vietnamese dong. The group has not taken out any COFACE-type cover. [COFACE = *Compagnie française d'assurance pour le commerce extérieur,* a French export insurance company, analogous with the ECGD]

*Exchange fluctuations :*

The group's medium-to-long-term policy is to reduce the risks associated with exchange fluctuations.

As concerns the cash flows from operating activities in the maritime field, the main issue at stake, Groupe Bourbon invoices a large percentage (60%) of its services in dollars but benefits from natural exchange coverage by paying around 50% of expenses in that same currency.

The remaining exposure is partially covered by hedging, through forward sales of dollars.

As regards long-term transactions, with the exception of Norway, where investments are financed in functional currency (the Norwegian krone), group policy is to finance vessels in the currency of the contracts.

In 2003, during the period where the dollar had weakened considerably with respect to the euro, this policy enabled the group to register 20 million euros in unrealized exchange gains.

In early 2004, it was decided to realize these gains by converting, for those companies whose functional currency is the euro, their dollar debts into euros at the closing rate for 2003 (€/$=1.263).

Since then, most of the new loans set up in these companies have been in euros. When the euro/dollar exchange rate reverses its trend, these loans will in turn be converted into dollars.

Thus Groupe Bourbon acquires assets in the dollar zone, using the proceeds of asset transfers in euros, during a period when -at least on the medium term - the euro weighs more heavily than the dollar.

Exchange fluctuations had a negative incidence of 42 million euros on the net financial position for the business year 2003.

4.3.1.5. Social and labor risks

*Retailing branch :*

By January 1st 2000, all the French-law subsidiaries of Vindémia with a payroll of over 20 employees had signed an agreement reducing the working week to 35 hours. The terms of these agreements were subsequently adopted by those subsidiaries with a payroll of 20 employees or fewer, the agreements being signed by each individual company in turn to allow for specific characteristics.

*Maritime branch :*

As of the year 2001, for the companies within the scope of the Armateurs de France employers' organization and for those belonging to the APERMA (mainland French towage) organization, the 'Aubry' French legislation on reduced working time was applied, because of the all-inclusive nature of working agreements and the annualization of on-board working time, in the form of additional days of leave for each month at sea.

## 4.4. Workforce

The Groupe Bourbon workforce may be subdivided per branch as follows (at December 31st 2003) :

| | *2003 TOTAL* | *France* | *Madagascar* | *Vietnam* | *elsewhere* | *2002* | *2001* |
|---|---|---|---|---|---|---|---|
| Retailing | 5 153 | 2 976 | 556 | 641 | 980 | 4 557 | 4 691 |
| Maritime | 2 305 | 1 696 | - | - | 609 | 1 924 | 1 968 |
| Other business | 1 132 | 289 | 6 | 837 | - | 1 163 | 1 098 |
| TOTAL | 8 590 | 4 961 | 562 | 1 478 | 1 589 | 7 644 | 7 757 |

See notes to consolidated accounts for further details.

## 4.5. Investments

Gross investments in the year 2003, for the various branches of Groupe Bourbon, amounted to € 356,400,000 as compared with € 243,000,000 in 2002. They may be broken down as follows :

| *In millions of euros* | *2003* | *2002* | *2001 pro forma* | *2001 as published* |
|---|---|---|---|---|
| Retailing | 37.0 | 25.0 | 55.3 | 86.0 |
| Maritime | 307.2 | 206.5 | 78.4 | 78.4 |
| Other business | 12.2 | 11.5 | 32.9 | 32.9 |
| TOTAL | 356.4 | 243.0 | 166.6 | 197.3 |

For further analysis, see §4.1.0.2.

## 4.6. Supplementary information

The Group owns its operating plant in most cases. In view of the diversity of trades represented and range of geographical zones and worksites covered, it is impossible to draw up an exhaustive, significant inventory of the surface areas, the types of premises owned or the rents, whether annual or per square meter.

GROUPE BOURBON

# ANNUAL FINANCIAL STATEMENTS

# CONSOLIDATED FINANCIAL STATEMENTS

for the year ending December 31st 2003

# I - Balance sheet as at December 31st 2003 (in 000s of euros)

| ASSETS (NET) | 2003 | 2002 | 2001 PRO FORMA | 2001 |
|---|---|---|---|---|
| Fixed assets | | | | |
| Consolidated goodwill | 35 016 | 37 511 | 39 703 | 47 891 |
| Intangible assets | 24 922 | 26 896 | 28 229 | 41 817 |
| Property, plant and equipment | 971 525 | 694 568 | 607 438 | 673 945 |
| Long-term investments (1) | 91 532 | 48 822 | 40 671 | 48 619 |
| Interest ownership under equity method | - | 43 067 | 5 159 | 109 |
| | 1 122 995 | 850 864 | 721 200 | 812 382 |
| Current assets | | | | |
| Stocks and work-in-process | 98 704 | 87 212 | 83 608 | 113 496 |
| Trade accounts and notes receivable (2) | 97 618 | 98 589 | 82 567 | 85 471 |
| Other receivables & accrued assets (2) | 130 284 | 159 489 | 115 063 | 122 859 |
| Investment securities | 23 973 | 28 730 | 54 182 | 69 592 |
| Cash | 154 609 | 174 136 | 67 514 | 79 418 |
| | 505 188 | 548 156 | 402 934 | 470 835 |
| TOTAL ASSETS | 1 628 183 | 1 399 020 | 1 124 134 | 1 283 217 |

| | | | | |
|---|---|---|---|---|
| *(1) including those at less than 12 months (gross) :* | *7 716* | *3 957* | *4 784* | *4 992* |
| *(2)including those at more than 12 months (gross) :* | *19 627* | *29 284* | *32 254* | *36 373* |

| LIABILITIES | 2003 | 2002 | 2001 PRO FORMA | 2001 |
|---|---|---|---|---|
| Equity | 26 801 | 26 801 | 23 281 | 23 281 |
| Premiums | 48 747 | 48 747 | 36 681 | 34 495 |
| Reserves | 290 471 | 252 138 | 229 522 | 207 844 |
| Unrealized exchange losses or gains | -57 961 | -20 258 | 10 418 | 3 276 |
| Income for the period | 57 319 | 54 895 | 41 591 | 50 402 |
| Shareholders' equity | 365 377 | 362 323 | 341 493 | 319 298 |
| Non-controlling interest | 44 219 | 44 948 | 21 941 | 110 291 |
| Other equity | 0 | 5 | 22 | 22 |
| Contingencies and loss provision | 53 789 | 47 103 | 43 082 | 43 972 |
| Provisions from purchase price discrepancy | 12 410 | 5 045 | 40 | 40 |
| Loans and long-tern debts | 903 946 | 674 098 | 484 073 | 527 670 |
| Notes and other trade payables | 128 977 | 144 418 | 125 340 | 160 814 |
| Other payables & accrued liability | 119 465 | 121 080 | 108 143 | 121 111 |
| Payables (1) | 1 152 388 | 939 596 | 717 556 | 809 595 |
| TOTAL LIABILITIES | 1 628 183 | 1 399 020 | 1 124 134 | 1 283 217 |

| | | | | |
|---|---|---|---|---|
| *(1)including those at less tha 12 months :* | *530 941* | *535 058* | *359 717* | *420 368* |
| *including those at more than 12 months :* | *621 447* | *404 543* | *357 861* | *386 230* |

## II - Income statement 2003 (in 000s of euros)

| | 2003 | 2002 | 2001 PRO FORMA | 2001 |
|---|---|---|---|---|
| Sales | 1 023 133 | 940 500 | 852 487 | 1 088 905 |
| Other operating revenues | 52 349 | 55 966 | 67 358 | 62 033 |
| Purchases used in the business | -683 239 | -634 963 | -589 833 | -773 372 |
| Staff costs | -175 788 | -157 477 | -153 522 | -177 691 |
| Other operating expenses | -3 149 | -9 658 | -5 446 | -6 866 |
| Tax | -21 935 | -23 058 | -18 381 | -23 423 |
| Depreciation and amortization expense | -102 199 | -83 541 | -80 743 | -94 039 |
| Operating result | 89 172 | 87 769 | 71 920 | 75 549 |
| Share of results from joint ventures | -2 025 | -326 | -858 | -858 |
| Investment income | 86 285 | 38 102 | 23 970 | 24 017 |
| Interest expense | -96 081 | -47 238 | -39 471 | -42 035 |
| Unrealized exchange losses and gains | - | – | – | – |
| Financial result | -9 796 | -9 136 | -15 501 | -18 018 |
| Results from operations of consolidated corporations | 77 351 | 78 307 | 55 561 | 56 672 |
| Unusual revenue and expenses | 644 | 8 770 | 7 394 | 20 057 |
| Income tax | -8 161 | -22 363 | -18 822 | -22 655 |
| Net income from consolidated corporations | 69 834 | 64 714 | 44 133 | 54 074 |
| Share in results of companies consolidated under equity method after amortization and recoveries of purchase price discrepancies | 148 | -228 | -84 | -84 |
| Net income for consolidated whole before amortization of purchase price discrepancy for consolidated companies | 69 982 | 64 486 | 44 049 | 53 989 |
| Depreciation and amortization expense and cancellation of provisions for purchase price discrepancy for consolidated companies | -3 756 | -3 535 | -2 754 | -4 077 |
| Net income from consolidated whole | 66 226 | 60 951 | 41 295 | 49 912 |
| Share belonging to minority interest | -8 907 | -6 056 | 296 | 490 |
| GROUP SHARE OF NET INCOME | 57 319 | 54 895 | 41 591 | 50 402 |
| Group share of income per share | 8.15 | 8.04 | 6.09 | 7.38 |

# III - Statement of changes in financial position (in 000s of euros)

## 1. TABLE

| | | 2003 | 2002 | 2001 |
|---|---|---|---|---|
| Total net income from consolidated corporations | | 66 226 | 60 951 | 49 870 |
| Elimination of amortization and depreciation | | 102 467 | 66 232 | 74 522 |
| Elimination of changes in deferred tax | | -6 377 | 6 090 | 3 926 |
| Elimination of capital gains or losses from transfers | | -2 602 | -5 141 | -7 699 |
| Elimination of share of income for companies consolidated under equity method | | - | 228 | 126 |
| Other revenue and expenses with no effect on cash position | | - | - | - |
| Cash flow from operating activities | | 159 714 | 128 360 | 120 745 |
| Dividends from corporations consolidated under equity method | | - | - | - |
| Incidence of changes in working capital requirements for operations | | 25 221 | -28 429 | 4 786 |
| Net flow from/to operations | (A) | 184 935 | 99 931 | 125 531 |
| Acquisition of fixed assets | | -312 835 | -255 808 | -203 388 |
| Transfer of fixed assets | | 13 703 | 16 977 | 53 211 |
| Incidence of changes in reporting entity | | -62 702 | 9 951 | 1 900 |
| Net flow from/to investments | (B) | -361 834 | -228 880 | -148 277 |
| Dividends paid by parent company | | -7 595 | -6 108 | -5 212 |
| Dividends paid to non-controlling interest | | -237 | -212 | -635 |
| Increases (reductions) of capital | | 1 553 | 17 772 | 91 496 |
| Investment grants | | | - | - |
| Loan issue | | 449 238 | 126 846 | 147 394 |
| Loan repayment | | -272 785 | -77 476 | -63 207 |
| Net flow from/to financing | (C) | 170 174 | 60 822 | 169 836 |
| Incidence of changes in exchange rates | (D) | -1 069 | 901 | -1 054 |
| Incidence of changes in accounting methods | (E) | - | - | - |
| Cash flow | (A)+(B)+(C)+(D)+(E) | -7 794 | -67 226 | 146 036 |
| Opening cash position | | 12 527 | 79 753 | -66 283 |
| Closing cash position | | 4 733 | 12 527 | 79 753 |
| Cash flow | | -7 794 | -67 226 | 146 036 |

## 2. NOTES TO STATEMENT OF CHANGES IN FINANCIAL POSITION

In the course of the year, the group took an increased shareholding in the companies SCI Badamier, S2FOI, Distri-food, and Bourbon Offshore Norway (ex Havila) and bought up the companies Transit Mayotte and UTV.The net cash assigned to these purchases may be broken down as follows :

| | |
|---|---|
| - Cash paid out by group | (58 244 000)€ |
| - Cash from companies acquired | (5 441 000)€ |
| - Incidence on group cash position | (63 685 000)€ |

The incidence on the other balance sheet headings was as follows :

| | |
|---|---|
| - Fair value of assets and debts : | |
| • long-term assets | 163 278 000€ |
| • current assets | 15 530 000€ |
| • medium to long-term liabilities | (86 853 000)€ |
| • other liabilities | (17 001 000)€ |
| - Purchase discrepancy amortized over year | (11 186 000)€ |
| - Non-controlling interest | (83 000)€ |

The net cash from transfer of subsidiaries amounted to 983 000€.

# IV - Changes in group share of consolidated owners' equity

| | Capital | Premiums | Consolidated reserves | Income for the year | Unrealized exchange gains & losses | Total owners' equity |
|---|---|---|---|---|---|---|
| Position at the end of 2001 | 23 281 | 34 495 | 207 844 | 50 402 | 3 276 | 319 298 |
| • Changes in capital of parent company | 3 520 | 14 252 | | | | 17 772 |
| • Group share of consolidated income | | | | 54 895 | | 54 895 |
| • Distributions paid by parent company | | | -6 108 | | | -6 108 |
| • Net income appropriation for N-1 | | | 50 402 | -50 402 | | 0 |
| • Unrealized exchange losses or gains | | | | | -23 534 | -23 534 |
| Position at the end of 2002 | 26 801 | 48 747 | 252 138 | 54 895 | -20 258 | 362 323 |
| • Group share of consolidated income | | | | 57 319 | | 57 319 |
| • Distributions paid by parent company | | | -7 595 | | | -7 595 |
| • Net income appropriation for N-1 | | | 54 895 | -54 895 | | 0 |
| • Unrealized exchange losses or gains | | | | | -37 703 | -37 703 |
| • Fair-value difference upon change from equity method to full consolidation | | | -8 967 | | | -8 967 |
| Position at the end of 2003 | 26 801 | 48 747 | 290 471 | 57 319 | -57 961 | 365 377 |

# V - Notes to consolidated accounts

## 1. ACCOUNTING RULES AND PRINCIPLES

### 1.1 Applicable accounting regulations

The consolidated accounts as at December 31st 2003 have been drawn up according to the standards defined by the French law dated January 3rd 1985, by the departmental decree dated February 17th 1986 and by rule n° 99-02 of the *Comité de la Réglementation Comptable*.

### 1.2 Reporting entity (consolidated subsidiaries)

All the companies under the direct or indirect control of Groupe Bourbon, together with those under significant influence, have been consolidated. Excluded from consolidation are those companies below the materiality level, defined by the above-mentioned CRC rule 99-02 as follows :

- For a company fully consolidated:
  *Total balance sheet = 1% of consolidated balance sheet*
  *Shareholders' equity = 1% of consolidated shareholders' equity*
  *Turnover = 5‰ of consolidated turnover*
- For a company consolidated under the equity method:
  *Total balance sheet = 1% of consolidated balance sheet*
  *Shareholders' equity = 1% of consolidated shareholders' equity*

Companies below these thresholds are nevertheless consolidated when considered to represent a strategic investment.
Newly consolidated in 2003 were :

*Retailing branch*
- SCI Badamier (founded)
- Ortem (bought)
- Snie Distribution (bought)
- Somags (founded)
- Transit Snie (bought)
- UTV – Unité de transformation de la viande (bought)

*Maritime branch*
- Bourbon Capital (founded)
- Bourbon Maritime Holding USA (founded)
- Bourbon Maritime USA (founded)
- Bourbon Supply Invest (founded)
- Deepwater Marine Eurofinance (founded)
- Gie Surfeur 2003 (founded)
- Gie Barfleur (founded)
- Gie Kemba (founded)
- Gie Luzolo (founded)
- Gie Nemed (founded)
- Gie Surf Express (founded)
- Island Offshore VII KS (founded)
- Island Offshore VII AS (founded)
- Latin Quarter Servicos Marine (founded)
- Offshore Structured Asset Finance (founded)
- Sinvrac (founded)
- S.M.S – Somarsarl Marine Service (founded)
- Sonasurf Angola (founded)

The business year saw the take-over of SEGS by SODEXMAR and the liquidation of the companies Agence Réunionnaise d'Interim and Antares.
The towage subsidiaries for ports of only regional importance, i.e. Les Abeilles Calais and Dieppe, Auxport, Sorécal, SORA and CSRS, together with the subsidiaries A.S.M and Mer Austral, were sold off in the course of the business year for the total sum of € 1 390 000.

## 1.3 Consolidation methods

The corporations included within the consolidation frame were as follows :
• corporations under exclusive control, fully consolidated,
• those under significant influence, consolidated directly by the equity method,
• those under joint control, consolidated proportionally,
• those under exclusive control of companies under significant influence, consolidated directly by the equity method.

## 1.4 List of companies consolidated :

### a) those fully consolidated

| | | % control exercised directly or indirectly | | % interest held directly or indirectly | | |
|---|---|---|---|---|---|---|
| | N° SIREN | 2003 | 2002 | 2003 | 2002 | Head offiice |
| GROUPE BOURBON | 310879499 | Parent company | | Parent company | | Réunion |
| ANTILLES TRANS EXPRESS | 340057470 | 97.93 | 97.93 | 97.93 | 97.93 | Pointe à Pitre |
| ARMEMENT SAPMER DISTRIBUTION | 408532307 | 99.60 | 99.60 | 99.60 | 99.60 | Réunion |
| ARMEMENTS ET SERVICES MARITIMES | - | - | 80.00 | - | 80.00 | Maurice |
| AUXPORT SARL | 692003973 | - | 100.00 | - | 99.99 | Le Havre |
| AVRACS | 420626228 | 100.00 | 100.00 | 100.00 | 100.00 | Suresnes |
| BOURBON ASSISTANCE | 310879499 | 100.00 | 100.00 | 100.00 | 100.00 | Réunion |
| BOURBON BRAZIL PARTICIPACOES | 33300266682 | 100.00 | 100.00 | 100.00 | 100.00 | Brazil |
| BOURBON CAPITAL | - | 100.00 | | 100.00 | | Luxembourg |
| BOURBON MARITIMA | - | 100.00 | 100.00 | 100.00 | 100.00 | Madeira |
| BOURBON MARITIME | 55802540 | 100.00 | 100.00 | 100.00 | 100.00 | Marseilles |
| BOURBON MARITIME HOLDING USA | 16-1637477 | 100.00 | | 100.00 | | USA |
| BOURBON MARITIME USA | 35-2186699 | 100.00 | | 100.00 | | USA |
| BOURBON OFFSHORE NORWAY (Ex : HAVILA) | 979751621 | 100.00 | 33.53 | 100.00 | 33.53 | Norway |
| BOURBON SUPPLY INVEST | - | 100.00 | | 100.00 | | Marseilles |
| C.F.C.I. SARL | 322950486 | 100.00 | 100.00 | 99.99 | 99.99 | Suresnes |
| CARMING SHIPPING SA | 407883992 | 100.00 | 100.00 | 99.99 | 99.99 | Pointe à Pitre |
| CHAMBON FINANCE GESTION GIE | 404670911 | 100.00 | 100.00 | 99.99 | 99.99 | Marseilles |
| CHAMBON OFFSHORE INTERNATIONAL | 321006132 | 100.00 | 100.00 | 100.00 | 100.00 | Marseilles |
| COMPAGNIE FINANCIERE DE BOURBON | 343778023 | 51.00 | 51.00 | 51.00 | 51.00 | Réunion |
| COMPAGNIE MAROCAINE DE REMORQUAGE ET DE SAUVETAGE | 89985 | 100.00 | 100.00 | 99.99 | 99.99 | Casablanca |
| COMPAGNIE SETOISE DE REMORQUAGE & DE SAUVETAGE SNC | 692680028 | - | 100.00 | - | 100.00 | Sète |
| DEEPWATER MARINE EUROFINANCE | - | 100.00 | | 100.00 | | USA |
| DOCKWISE FRANCE SA | 394276661 | 99.84 | 99.80 | 99.84 | 99.80 | Suresnes |
| EIDSURF | 984806698 | 51.00 | 51.00 | 51.00 | 51.00 | Norway |
| ELBUQUE SHIPPING LDA | - | 100.00 | 100.00 | 51.00 | 51.00 | Madeira |
| FINANCIERE BOURBON | 328723721 | 100.00 | 100.00 | 100.00 | 100.00 | Marseilles |
| FIPARGEST | 349439133 | 100.00 | 100.00 | 100.00 | 100.00 | Réunion |
| FLASH LIGHT | - | 100.00 | 100.00 | 51.00 | 51.00 | Madeira |
| GIE 4501 | 439084799 | 100.00 | 100.00 | 100.00 | 100.00 | Marseilles |
| GIE BARFLEUR | - | 100.00 | | 100.00 | | Marseilles |
| GIE COGEREM | 43413575200013 | 100.00 | 100.00 | 99.98 | 99.92 | Marseilles |
| GIE GESTION SB | 381865419 | 100.00 | 100.00 | 99.99 | 99.99 | Réunion |
| GIE KEMBA | 448331826 | 100.00 | | 100.00 | | Marseilles |
| GIE LUZOLO | - | 100.00 | | 100.00 | | Marseilles |
| GIE NEMED | - | 100.00 | | 100.00 | | Marseilles |
| GIE SURF EXPRESS | 449951490 | 100.00 | | 100.00 | | Marseilles |
| GIE SURFEUR 2003 | 447484825 | 100.00 | | 100.00 | | Marseilles |
| GRENA NAVEGACAO LDA | 1933 | 100.00 | 100.00 | 100.00 | 99.99 | Madeira |
| HANDY SHIPPING SA | 3000003495 | 99.95 | 99.95 | 99.95 | 99.94 | Zurich |
| HANDY SIZE OWNER (HSO) | 421245408 | 99.80 | 99.80 | 99.79 | 99.79 | Suresnes |
| ISLAND OFFSHORE II AS | - | 77.95 | 51.00 | 75.50 | 51.00 | Norway |
| ISLAND OFFSHORE II KS | - | 75.50 | 51.00 | 75.50 | 51.00 | Norway |
| ISLAND OFFSHOREVII AS | - | 74.99 | | 74.99 | | Norway |
| ISLAND OFFSHOREVII KS | 985232660 | 77.51 | | 75.00 | | Norway |
| IVOIRIENNE DE REMORQUAGE ET DE SAUVETAGE | 199829 | 50.99 | 50.99 | 50.99 | 50.99 | Abidjan |
| JADE NAVEGACAO LDA | 1796 | 100.00 | 100.00 | 99.99 | 99.99 | Madeira |
| LA PETRUSSIENNE | - | 50.70 | 50.70 | 25.85 | 25.85 | San Pedro |
| LASTRO COMPANHIA INTERNACIONAL DE NAVEGACAO LDA | 0D955 | 100.00 | 100.00 | 99.99 | 99.99 | Madeira |

| | N° SIREN | % control exercised directly or indirectly 2003 | % control exercised directly or indirectly 2002 | % interest held directly or indirectly 2003 | % interest held directly or indirectly 2002 | Head office |
|---|---|---|---|---|---|---|
| LATIN QUARTER SERVICOS MARINE | 4887 | 100.00 | | 51.00 | | Madeira |
| LES ABEILLES BAYONNE SARL | 389545817 | 100.00 | 100.00 | 99.99 | 99.99 | Bayonne |
| LES ABEILLES BORDEAUX SA | 348203472 | 99.80 | 99.80 | 99.80 | 99.80 | Bordeaux |
| LES ABEILLES BOULOGNE SARL | 617020094 | 100.00 | 100.00 | 99.99 | 99.99 | Boulogne |
| LES ABEILLES BREST SARL | 347979171 | 100.00 | 100.00 | 99.99 | 99.99 | Brest |
| LES ABEILLES CALAIS SARL | 701750028 | - | 100.00 | - | 99.99 | Calais |
| LES ABEILLES CILAOS | 413559683 | 100.00 | 100.00 | 99.95 | 99.95 | Réunion |
| LES ABEILLES COTE D'IVOIRE | 124A | 99.58 | 99.58 | 99.58 | 99.58 | Abidjan |
| LES ABEILLES DIEPPE SARL | 340028570 | - | 100.00 | - | 99.99 | Dieppe |
| LES ABEILLES DUNKERQUE SA | 77050011 | 100.00 | 99.90 | 100.00 | 99.90 | Dunkirk |
| LES ABEILLES INTERNATIONAL SA | 313701187 | 100.00 | 100.00 | 100.00 | 100.00 | Le Havre |
| LES ABEILLES LA ROCHELLE SARL | 347987901 | 100.00 | 100.00 | 99.99 | 99.99 | La Rochelle |
| LES ABEILLES LE HAVRE SA | 368500708 | 99.84 | 99.84 | 99.84 | 99.84 | Le Havre |
| LES ABEILLES MAFATE | 413559642 | 100.00 | 100.00 | 99.95 | 99.95 | Réunion |
| LES ABEILLES SA | 712006493 | 99.99 | 99.99 | 99.99 | 99.99 | Marseilles |
| LES ABEILLES SAINT NAZAIRE SA | 348197880 | 100.00 | 99.84 | 100.00 | 99.84 | St Nazaire |
| LES ARMEMENTS REUNIONNAIS | 414550079 | 100.00 | 100.00 | 99.99 | 99.99 | Réunion |
| LES DOMAINES DE LA CONVENANCE | 342293263 | 99.99 | 99.99 | 99.99 | 99.99 | Réunion |
| MAHE CRUISE | 842961.1 | 79.99 | 79.99 | 79.99 | 79.99 | Seychelles |
| MASTSHIPPING | 4233 | 100.00 | 100.00 | 51.00 | 51.00 | Madeira |
| MER AUSTRAL | 12645 | - | 82.41 | - | 65.93 | Madagascar |
| MER AUSTRAL MAURITIUS | - | - | 95.00 | - | 95.00 | Mauritius |
| NAVEGACEANO SHIPPING LDA | - | 100.00 | 100.00 | 51.00 | 51.00 | Madeira |
| N'DUVA | 444059182 | 100.00 | 100.00 | 100.00 | 100.00 | Marseilles |
| OFFSHORE STRUCTURED ASSET | - | 100.00 | | 100.00 | | USA |
| ONIX PARTICIPACOES E INVESTIMENTOS LDA | 0D362 | 100.00 | 100.00 | 99.99 | 99.99 | Madeira |
| OPALE SHIPPING | 414564997 | 100.00 | 100.00 | 100.00 | 100.00 | Pointe à Pitre |
| OWNER DRY BULK (ODB) | 421248394 | 99.80 | 99.80 | 99.80 | 99.80 | Suresnes |
| PARIS SHIPPING & CHARTERING SARL | 333955078 | 99.99 | 99.99 | 99.99 | 99.99 | Suresnes |
| PLACEMENT PROVENCE LANGUEDOC | 731620399 | 100.00 | 100.00 | 100.00 | 100.00 | Marseilles |
| RECIF SAS | 320921679 | 99.11 | 99.11 | 98.79 | 98.79 | Réunion |
| RIVAGES CROISIERES | 402497903 | 100.00 | 99.97 | 100.00 | 99.97 | Pointe à Pitre |
| SAGRIM | 8380 | 74.97 | 74.97 | 74.97 | 74.97 | Madagascar |
| SAPMER | 350434494 | 99.99 | 99.99 | 99.99 | 99.99 | Réunion |
| SEAWARD SAS | 412104903 | 100.00 | 100.00 | 100.00 | 100.00 | Marseilles |
| SEHB LE RECIF | 325777068 | 100.00 | 99.50 | 99.27 | 98.69 | Réunion |
| SERMAR | 343200374 | 100.00 | 100.00 | 100.00 | 100.00 | Le Havre |
| SETAF SAGET EXPLOITATION | 440281087 | 100.00 | 100.00 | 100.00 | 100.00 | Suresnes |
| SETAF SAGET SA | 407514850 | 100.00 | 100.00 | 100.00 | 100.00 | Suresnes |
| SETAPAR SARL | 409611837 | 100.00 | 100.00 | 99.99 | 99.99 | Suresnes |
| SINVRAC | 451355358 | 100.00 | | 100.00 | | Suresnes |
| SOCIETE DE DEVELOPPEMENT IMMOBILIER | 345376263 | 99.98 | 99.98 | 99.98 | 99.98 | Réunion |
| SOCIETE DE REMORQUAGE ET DE SAUVETAGE DE LA REUNION SA | 310863360 | 95.36 | 95.36 | 95.36 | 95.36 | Réunion |
| SOCIETE DE REMORQUAGE PORT. ET D'ASSISTANCE EN MEDITERRANEE | 404350639 | 100.00 | 100.00 | 100.00 | 100.00 | Port de Bouc |
| SOCIETE MAHORAISE DE REMORQUAGE ET D'ASSISTANCE | 4411/92 | 100.00 | 100.00 | 100.00 | 100.00 | Mamoudzou |
| SOCIETE NOUVELLE ARPEC | 384092532 | 100.00 | 100.00 | 100.00 | 100.00 | Port de Bouc |
| SOCIETE OCEANIENNE DE REMORQUAGE ET D'ASSISTANCE | 30866001 | - | 99.00 | - | 99.00 | Noumea |
| SOMARSAL MARINE SERVICE (S.M.S) | 024085524 | 100.00 | | 100.00 | | Mayotte |
| SONASURF | - | 51.00 | 51.00 | 51.00 | 51.00 | Angola |
| SONASURF INTERNATIONAL | 5938 | 51.00 | 51.00 | 51.00 | 51.00 | Madeira |
| SOPADE | 434222089 | 100.00 | 100.00 | 100.00 | 100.00 | Réunion |
| SRET | 339894529 | 81.87 | 81.87 | 81.87 | 81.87 | Réunion |
| SUCRERIE DE BOURBON GIA LAI | - | 51.00 | 51.00 | 51.00 | 51.00 | Vietnam |
| SUCRERIE DE BOURBON TAY NINH | 03/bbh-hdqt | 100.00 | 100.00 | 100.00 | 100.00 | Vietnam |
| SUCRERIES DE BOURBON MADAGASCAR | 10230 | 100.00 | 100.00 | 100.00 | 100.00 | Madagascar |
| SURF SA | 72801749 | 100.00 | 100.00 | 100.00 | 100.00 | Marseilles |
| UNION DES REMORQUEURS DE DAKAR SA | 3898 B | 99.93 | 99.93 | 99.93 | 99.93 | Dakar |

## b) those consolidated under equity method

| | N° SIREN | % control exercised directly or indirectly 2003 | % control exercised directly or indirectly 2002 | % interest held directly or indirectly 2003 | % interest held directly or indirectly 2002 | Head office |
|---|---|---|---|---|---|---|
| COMATO | - | - | 25.00 | - | 16.48 | Madagascar |

## c) those proportionally consolidated

| | N° SIREN | % control exercised directly or indirectly | | % interest held directly or indirectly | | Head office |
|---|---|---|---|---|---|---|
| | | 2003 | 2002 | 2003 | 2002 | |
| AGENCE REUNIONNAISE D'INTERIM | 381472594 | - | 100.00 | - | 66.66 | Réunion |
| AGENCE RIALTO | 402598833 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| ANTARES | 432587152 | - | 100.00 | - | 66.66 | Réunion |
| AUSTRAL D'INVESTISSEMENT | - | 100.00 | 100.00 | 66.66 | 66.66 | Maurice |
| BOURBON DISTRIBUTION MAYOTTE | 02404912400019 | 69.99 | 69.99 | 46.65 | 46.65 | Mayotte |
| CIE MAURICIENNE D'HYPERMARCHE LTD | 11275 B 1401870 | 79.93 | 99.91 | 53.28 | 66.60 | Maurice |
| DELBA MARITIMA | - | 50.00 | 50.00 | 50.00 | 50.00 | Brazil |
| DISTRI-FOOD | 434555827 | 76.00 | 49.00 | 50.66 | 32.67 | Réunion |
| ESPACE BOURBON AN LAC | 2013/GP DC2 | 80.00 | 80.00 | 53.33 | 53.33 | Vietnam |
| ESPACE BOURBON DONG NAI | 1751/GP | 65.00 | 65.00 | 43.33 | 43.33 | Vietnam |
| FIM COLIMO | 343694527 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| HANDY BULK | 527551 | 50.00 | 50.00 | 50.00 | 50.00 | Zurich |
| HOME CITY | 440262962 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| MAGMA | 024065617 | 100.00 | 100.00 | 46.65 | 46.65 | Réunion |
| MAYOTTE DISTRIBUTION | 024046971 | 99.92 | 99.76 | 46.62 | 46.54 | Mayotte |
| ORTEM | - | 100.00 | | 53.28 | | Maurice |
| S2FOI | 434577094 | 76.00 | 49.00 | 50.66 | 32.67 | Réunion |
| SALAISONS DE BOURBON | 309646719 | 99.99 | 99.99 | 66.66 | 66.66 | Réunion |
| SAPMER DISTRIBUTION DE MARQUES | 331621052 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SAPRIM | 316392224 | 100.00 | 100.00 | 65.93 | 65.93 | Réunion |
| SCI ARMAGNAC | 434525374 | 99.00 | 99.00 | 65.99 | 65.99 | Réunion |
| SCI BADAMIER | 424684272 | 100.00 | | 66.66 | | Réunion |
| SCI DES CENTRES COMMERCIAUX | 399553676 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SCI DU CHAUDRON | 301050780 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SCI JACARANDA | 415067776 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SCI KERVEGUEN | 439852864 | 99.00 | 99.00 | 66.00 | 66.00 | Réunion |
| SCI LIGNE DU PARADIS | 434373387 | 99.00 | 99.00 | 65.99 | 65.99 | Réunion |
| SCI OMEGA | 378058812 | 100.00 | 100.00 | 66.70 | 66.70 | Mayotte |
| SCI TIMUR | 382921773 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SCI TOSCANE | 425124286 | 100.00 | 99.90 | 46.68 | 46.61 | Réunion |
| SCI VAVA INDUSTRIE | 379118813 | 100.00 | 100.00 | 65.99 | 65.99 | Réunion |
| SCORE DIGUE | 587806 | 100.00 | 100.00 | 66.60 | 65.24 | Madagascar |
| SCORE MADAGASCAR | 12695 | 78.63 | 78.63 | 52.41 | 52.41 | Madagascar |
| SEGS | 339184431 | - | 100.00 | - | 66.66 | Réunion |
| SELATAN INDAH | 428173652 | 100.00 | 100.00 | 66.66 | 66.66 | Mayotte |
| SEMS | 332332386 | 98.90 | 98.90 | 65.93 | 65.93 | Réunion |
| SICRE | 383468196 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SNIE DISTRIBUTION | - | 100.00 | | 46.66 | | Mayotte |
| SOCIETE DE REMORQUAGES CALEDONIENS | 83 B 3086 | - | 49.90 | - | 49.90 | Nouméa |
| SOCIETE DE RESTAURATION RAPIDE DE LA REUNION - S3R | 389392523 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SOCIETE DES HYPERMARCHES BENEDICTINS | 428663348 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SODEXMAR | 383766581 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SODIMAR | 391649183 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SOFIMEX | 394643407 | 100.00 | 100.00 | 66.65 | 66.65 | Rungis |
| SOGIM | 349073841 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SOGRAMO | 438063372 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SOMAGS | - | 69.00 | | 46.00 | | Mauritius |
| SONASURF ANGOLA | - | 50.00 | | 50.00 | | |
| SORECOM | 310837331 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SORETRAVI | 312301096 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SORMAC | 379262744 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| SSTIC - PRESTATION INFORMATIQUE | 432594125 | 100.00 | 100.00 | 66.66 | 66.66 | Réunion |
| TRANSIT SNIE | 94130473 | 99.50 | | 46.43 | | Mayotte |
| USINE DE TRAITEMENT DE VIANDE - UTV | 94128402 | 100.00 | | 46.66 | | Mayotte |
| VINDEMIA | 380859025 | 66.66 | 66.66 | 66.66 | 66.66 | Réunion |
| ZOOM MADAGASCAR | 601310 | 100.00 | 100.00 | 52.45 | 52.45 | Madagascar |

### 1.5 Closing date for accounts

All the consolidated companies closed their individual accounts on December 31st 2003.

### 1.6 Conversion of financial statements for non-French subsidiaries

The statements of non-French companies were converted into euros as follows :

- balance sheet headings, except for bottom line, on the basis of the prevailing exchange rate at December 31st,
- income statement headings as per the average rate for the year.

The resulting conversion differences have been categorized under equity, in the headings *«Unrealized exchange gains and losses»* and *«Non-controlling interest»*.

The rates applied are as follows :

| Currency | Nkr Norwegian krone | CFP (Pacific franc) | $ US US dollar | SR Seychelles rupee | VND Vietnam Dong | SwF Swiss franc | CFA CFA franc | R$ Brazilian real | FMG Madagascan franc | RE Mauritian rupee |
|---|---|---|---|---|---|---|---|---|---|---|
| Closing rate at 12.31.03 | 8.4141 | 119.265 | 1.2630 | 6.5318 | 19 727.70 | 1.5579 | 655.957 | 3.6491 | 7 207.76 | 32.4759 |
| Mean rate for year ending 12.12.03 | 8.0086 | 119.265 | 1.1321 | 6.1448 | 18 191.65 | 1.5210 | 655.957 | 3.5184 | 6 902.92 | 31.8988 |
| Closing rate at 12.31.02 | 7.2756 | 119.265 | 1.0487 | 5.8919 | 16 151.80 | 1.4524 | 655.957 | 3.7126 | 6 680.54 | 30.7284 |

## 1.7 Restatement of detail or individual accounts

The incidence of entries solely for application of tax laws has been neutralized. This applies, notably, for :

- special or regulated provisions
- excess tax depreciation (over normal depreciation).

Reserves have been created for deferred tax where appropriate, using the liability method in its widest sense.

Investment grants are entered as deferred revenue on the liability side of the balance sheet and recovered as income over the useful lifespan of the asset for which they are awarded. At December 31st 2003, the residual balance stood at € 1,607,000.

## 1.8 Eliminations

The following eliminations, required for consolidation, have been made :

- intergroup transactions and reciprocal accounts between consolidated companies,
- dividends paid between consolidated corporations,
- reserves created or recovered for securities and receivables from consolidated companies,
- in-house margins on stock,
- in-house capital gains on transfers of land.

## 1.9 Purchase price discrepancy

Purchase price discrepancy is the difference noted, when a corporation is first consolidated, between the stock purchase price and the portion this stock represents in the global valuation of identified assets and liabilities.

These differences are depreciated, using the straight-line method, according to a schedule whose duration reflects the aim of the acquisition. This schedule cannot exceed 20 years. The first-year amortization expense for these discrepancies, which corresponds to the acquisitions for the year, is calculated in proportion to time.

Where necessary, purchase discrepancies are corrected in the course of the business year following that of acquisition, notably in those cases where new significant elements appear, affecting the valuation of the assets and liabilities of the holdings acquired.

## 1.10 Intangible assets

Intangible assets represent, on the one hand, the software and patents, and, on the other, the value of the goodwill or «business».

Goodwill is identified per sector, and its fixed value calculated according to turnover and profitability. Amortization is employed here when the stocktaking value calculated according to these criteria falls below the gross value. At December 31st 2003, because of the extension of the group's activities, goodwill was kept at initial value on the balance sheet.

Other intangible assets include, notably, ground-occupancy rights specific to Vietnamese corporations.

The amortization time for intangible assets is as follows :

- Software : ______ 3 years
- Ground-occupancy rights on length of concessions : ______ 38 to 50 years

## 1.11 Property, plant and equipment

These are evaluated at cost price plus incidental expenses.
Economic depreciations applied in the individual accounts, using straight-line or declining-balance methods according to the nature and lifespan of the assets in question, have been retained in the group's consolidated accounts. For tax reasons, depreciations applied in the individual accounts on naval equipment are restated in the consolidated accounts according to an economic depreciation schedule.

Depreciation is generally scheduled over the following periods :

| | | | |
|---|---|---|---|
| Buildings | 10 to 40 years | Tools and equipment | 3 to 10 years |
| Vessels and marine equipment | 8 to 20 years | Fixtures and fittings | 2 to 10 years |
| Technical installations and heavy plant | 10 to 15 years | Other fixed assets | 3 to 10 years |

Revaluations of fixed assets are neutralized upon consolidation.

An exceptional depreciation schedule was noted for a vessel whose expected realizable value was € 2 215 000 below the net book value.

## 1.12 Non-consolidated shareholdings

These are entered at their original value (acquisition cost or contribution value).

At the close of the business year, the balance sheet value of this stock is determined according to the proportion of owners' equity held and to :

- unrealized gains, notably as regards real estate
- profitability prospects

Thus, if this balance sheet value is below the gross value, provisions are made for this stock, either in proportion to the interest held or, where the risk is certain, for the entire shareholding.

## 1.13 Inventories

Stocks are valued at weighted average price for raw materials, at cost price for commodities and at production cost for goods in process and finished goods.

If the probable marketable value, after deduction of proportional sales expenses, is lower than the valuation cost, a loss provision is made for the difference.

For finished goods, where production cost exceeds the sales price applicable at the date of inventory, the current market price is used instead of the cost of production.

### 1.14 Trade receivables

These receivables are recorded at face value.

Allowances for doubtful accounts have been created to offset the risks of bad debts. These reserves are created according to rules drawn from observance of past non-collection.

### 1.15 Foreign currency transactions

Receivables and debts in foreign currency are valued at the rate on the closing date of the balance sheet, in the item *«unrealized exchange gains and losses»*. These gains and losses are recorded in the consolidated net income or loss.

Unrealized losses on foreign exchange with cover as contingent liabilities in the corporate financial statements are cancelled.

Unrealized exchange gains and losses noted in the cash-related items are accounted for as *«foreign exchange gains and losses»* in the end result.

### 1.16 Investment securities and related receivables

This heading includes mutual fund securities..

### 1.17 Expenses to amortize over several periods

Each branch spreads these expenses in its own way. In the maritime business, costs for bringing vessels to worksites and installing them are considered pre-operating expenses and generally amortized over 3 years.

In the purchase of Les Abeilles, the acquisition costs considered in this category have been amortized over the same period as the goodwill received with this acquisition : a schedule of 10 years.

### 1.18 Owners' equity

The board meeting of September 10th 2001 authorized stock option rights for a capital increase through issuance of stock.

These warrants may be exercised between October 9th 2005 and October 8th 2007.

As stipulated by law, their price is proportionally adjusted in accordance with possible capital transactions after distribution of the warrants.

Thus, following allocation of one bonus share for eleven held in June 2002, the number of warrants increased to 163,637.

### 1.19 Contingencies and loss provision

Contingencies and loss provisions, which correspond to reserves built up in the individual accounts, have been kept in the consolidated accounts.

The reserves for pension-plan commitments are entered in the consolidated accounts as provisions for accrued expense.

### 1.20 Tax

The tax burden for the year includes :

- current income tax expense after deduction of tax credits actually used,
- deferred income taxes recorded, on the principle of conservatism, in the consolidated accounts with regard to the company's tax position.

These result from :

- temporary time lags between calculation of taxable income and corporate income,
- restatements and eliminations in the course of consolidation,
- loss carryovers likely to be deducted in the future.

This taxation is calculated and adjusted according to the deferred payment method, applied in its widest sense.

Certain companies in Groupe Bourbon's maritime branch benefited from a tax regulation (tonnage tax) applying a standard minimum annual tax based on the tonnage of applicable vessels. At December 31st 2003, the savings under this system amounted to € 18 334 000. Of these savings, € 11 716 000 resulted from the initial application of the system, however, and will not be repeated.

## 1.21 Leasing agreements

Leasing agreements are restated in the consolidated accounts.The valuation adopted is the fair market value of the article leased or, where this value is lower, the present value of the minimum lease payments.The eliminated annual rental payment is spread between financial charges and repayment of liabilities.The article is depreciated according to the methods described in note 1.11.

When the group is in the position of lessor, within the scope of tax-free rental transactions, income from rented fixed assets has been reclassified in current assets in the item *«other receivables»*. At December 31st 2003, net assets amounted to € 6,053,000 for the retailing branch and € 4,157,000 for the maritime division.

## 1.22 Pension-plan provision

Pension-plan commitments, accounted for as accrued expense provision, are calculated on a retrospective basis and concern all staff. At December 31st 2003, this commitment, inclusive of employment taxes, amounted to € 18,179,000

## 1.26 Employee benefits

*a) Employee profit-sharing*

Profit sharing varies according to the company's performance, measured notably by the development of the turnover and operating margins, and there are two methods of calculation.With the first, the development coefficient is applied to each employee's salary received over the past six months and the resulting bonus is paid each semester.

The second method, calculated annually, includes a progressive participation rate per wage bracket with an overall ceiling of 6%. The share of profits is thus calculated by applying the corresponding percentage to the annual payroll. Half of the result is distributed equally and the other half divided proportionally among the employees according to the gross salaries for the year in question. In this second case, an additional amount of 20%, limited to € 3450, is awarded if the profit-shares are paid into an employee savings plan.

*b) Mandatory employee profit-sharing*

The workers' participation required by law, tied-up for a period of five years, is paid into an independent fund with a 6% rate of interest.

## 2. DETAILED NOTES

### 2.1 Fixed and intangible assets

• Analysis of intangibles :

| In 000s of euros | 12/31/02 | Acquisitions | Transfers | Change in reporting entity | Exchange fluctuation | Reclass. & miscellaneous | 12/31/03 |
|---|---|---|---|---|---|---|---|
| Gross | 33 965 | 2 783 | 1 376 | -400 | -2 369 | 0 | 32 603 |
| Amortization/Reserves | 7 069 | 1 901 | 975 | 16 | -330 | 0 | 7 681 |
| Net | 26 896 | 882 | 401 | -416 | -2 039 | 0 | 24 922 |

• Breakdown of gross intangibles :

| In 000s of euros | 12/31/02 | Acquisitions | Transfers | Change in reporting entity | Exchange fluctuation | Reclass.and miscellaneous | 12/31/03 |
|---|---|---|---|---|---|---|---|
| Organization expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R&D expenses | 44 | 0 | 0 | 0 | -2 | 0 | 42 |
| Licensing, patents | 3 130 | 423 | 945 | 102 | -13 | 468 | 3 165 |
| Lease tax | 223 | 0 | 0 | 0 | 1 | 0 | 224 |
| Goodwill | 21 074 | 2 297 | 0 | -518 | -15 | -431 | 22 407 |
| Other intangibles | 9 494 | 42 | 431 | 16 | -2 340 | -37 | 6 744 |
| Prepaids | 0 | 21 | 0 | 0 | 0 | 0 | 21 |
| Total | 33 965 | 2 783 | 1 376 | -400 | -2 369 | 0 | 32 603 |

• Breakdown of intangible asset amortization and reserves :

| In 000s of euros | 12/31/02 | Acquisitions | Transfers | Change in reporting entity | Exchange fluctuation | Reclass. and miscellaneous | 12/31/03 |
|---|---|---|---|---|---|---|---|
| Organization expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R&D expenses | 38 | 9 | 0 | 0 | -2 | 0 | 45 |
| Licensing, patents | 2 887 | 757 | 937 | 4 | -14 | 33 | 2 730 |
| Goodwill | 2 615 | 669 | 0 | 0 | 0 | 0 | 3 284 |
| Other intangibles | 1 529 | 466 | 38 | 12 | -314 | -33 | 1 622 |
| Total | 7 069 | 1 901 | 975 | 16 | -330 | 0 | 7 681 |

• Analysis of fixed assets per category :

| In 000s of euros | 12/31/02 | Acquisitions | Transfers | Change in reporting entity | Exchange fluctuation | Reclass. and miscellaneous | 12/31/03 |
|---|---|---|---|---|---|---|---|
| Gross | 1 060 592 | 247 891 | 19 268 | 190 400 | -73 640 | 686 | 1 406 661 |
| Depreciation./Reserves | 366 024 | 86 488 | 7 531 | 708 | -10 553 | 0 | 435 136 |
| Net | 694 568 | 161 403 | 11 737 | 189 692 | -63 087 | 686 | 971 525 |

• Breakdown of gross fixed assets :

| In 000s of euros | 12/31/02 | Acquisitions | Transfers | Change in reporting entity | Exchange fluctuation | *Reclass. and Miscellaneous* | 12/31/04 |
|---|---|---|---|---|---|---|---|
| Land | 31 406 | 1 352 | 1 534 | 253 | -636 | 35 | 30 876 |
| Buildings | 122 645 | 4 860 | 4 583 | 3 400 | -6 294 | 9 381 | 129 409 |
| Plant & equipment | 684 163 | 149 998 | 9 671 | 173 189 | -61 819 | 51 325 | 987 185 |
| Other fixed assets | 54 867 | 6 970 | 3 477 | 513 | -842 | 949 | 58 980 |
| Fixed assets under construction | 61 570 | 82 496 | 3 | 13 057 | -4 049 | -60 675 | 92 396 |
| Prepaids | 1 461 | 884 | 0 | -12 | 0 | -329 | 2 004 |
| Total | 956 112 | 246 560 | 19 268 | 190 400 | -73 640 | 686 | 1 300 850 |

• Breakdown of gross fixed assets under leasing :

| In 000s of euros | 12/31/02 | Acquisitions | Transfers | Change in reporting entity | Exchange fluctuation | *Reclass. and Miscellaneous* | 12/31/03 |
|---|---|---|---|---|---|---|---|
| Land | 5 799 | 0 | 0 | 0 | 0 | 0 | 5 799 |
| Buildings | 32 759 | 0 | 0 | 0 | 0 | 0 | 32 759 |
| Plant & equipment | 63 305 | 1 331 | 0 | 0 | 0 | 1 543 | 66 179 |
| Fixed assets under construction | 1 543 | 0 | 0 | 0 | 0 | -1 543 | 0 |
| Other fixed assets | 1 074 | 0 | 0 | 0 | 0 | 0 | 1 074 |
| Total | 104 480 | 1 331 | 0 | 0 | 0 | 0 | 105 811 |

• Breakdown of depreciation and reserves for fixed assets :

| In 000s of euros | 12/31/02 | Acquisitions | Transfers | Change in reporting entity | Exchange fluctuation | *Reclass. and Miscellaneous* | 12/31/03 |
|---|---|---|---|---|---|---|---|
| Land | 902 | 16 | 9 | 0 | -7 | 0 | 905 |
| Buildings | 38 461 | 7 432 | 1 098 | 288 | -1 536 | 0 | 43 547 |
| Plant & equipment | 255 436 | 65 494 | 3 148 | 605 | -8 428 | 0 | 309 959 |
| Other fixed assets | 32 323 | 7 388 | 3 276 | 166 | -533 | 0 | 36 068 |
| Fixed assets under construction | 620 | 124 | 0 | 0 | -52 | 0 | 692 |
| Total | 327 742 | 80 454 | 7 531 | 1 059 | -10 553 | 0 | 391 171 |

• Breakdown of depreciation and reserves for fixed assets under leasing :

| In 000s of euros | 12/31/02 | Acquisitions | Transfers | Change in reporting entity | Exchange fluctuaution | *Reclass. and Miscellaneous* | 12/31/03 |
|---|---|---|---|---|---|---|---|
| Buildings | 14 090 | 1 849 | 0 | 0 | 0 | 0 | 15 939 |
| Plant & equipment | 23 284 | 4 009 | 0 | -351 | 0 | 0 | 26 942 |
| Other fixed assets | 908 | 176 | 0 | 0 | 0 | 0 | 1 084 |
| Total | 38 282 | 6 034 | 0 | -351 | 0 | 0 | 43 965 |

## 2.2 Long-term investments

| In 000s of euros | 12/31/02 | Increases | Reductions | Change in reporting entity | Exchange fluctuation | Reclass. | 12/31/03 |
|---|---|---|---|---|---|---|---|
| Gross | 50 608 | 102 726 | 8 844 | -42 519 | -5 898 | 0 | 96 073 |
| Amortization/Reserves | 1 786 | 3 099 | 201 | 0 | -143 | 0 | 4 541 |
| Net | 48 822 | 99 627 | 8 643 | -42 519 | -5 755 | 0 | 91 532 |

The gross long-term investments of € 96 073 000 (net € 91 532 000) may be broken down as follows :

| | |
|---|---|
| Non-consolidated interests | 42 835 |
| Receivables from financial interests | 243 |
| Loans (1) | 46 194 |
| Other long-term investments (mainly deposits) | 5 414 |
| Accrued interest | 1 378 |

*(1) including € 31 661 000 in bridge financing for vessels under construction in the USA.*

Changes in the heading «*non-consolidated interests*» were as follows :

| In 000s of euros | 12/31/02 | Acquisitions | Transfers | Change in reporting entity | Exchange fluctuation | *Reclass. and Miscellaneous* | 12/31/03 |
|---|---|---|---|---|---|---|---|
| Gross | 39 342 | 4 691 | 2 717 | 6 019 | -4 500 | - | 42 835 |
| Provisions | 707 | 3 098 | 73 | 0 | 1 | - | 3 730 |
| Net | 38 638 | 1 593 | 2 644 | 6 019 | -4 501 | - | 39 105 |

This total does not include the item «*Interest ownership under equity method*», broken down in note 2.5 below.

Non-consolidated interest ownership is principally as follows :

| | Capital at par | Equity other than capital | % holding | Gross interest | Net interest | Result | Balance sheet date |
|---|---|---|---|---|---|---|---|
| AQUA SERVICE REUNION | 39 | 96 | 50.96 | 379 | 68 | -10 | 12.31.03 |
| BOURBON AXA INV. FUND | 7 749 | -2 193 | 13.96 | 1 773 | 1 773 | -1 065 | 12.31.02 |
| BOURBON BEN LUC | 3 352 | -742 | 100.00 | 4 742 | 2 610 | -136 | 12.31.03 |
| CILAM | 1 558 | 36 147 | 11.74 | 4 137 | 4 137 | 4 452 | 31.12.02 |
| CHALLENGE HYPER MARKET | 3 233 | -58 | 35.64 | 519 | 519 | -13 | 06.30.03 |
| C.T.B.R.(*) | | | 14.42 | 3 491 | 3 491 | - | 12.31.02 |
| DTI OCEAN INDIEN | 1 524 | -21 | 100.00 | 1 524 | 1 524 | -5 | 12.31.03 |
| ESP. BOURBON THAN LONG | 11 833 | 0 | 65.00 | 7 692 | 7 692 | 0 | 12.31.02 |
| HAPPY WORLD FOODS | 11 310 | 18 723 | 20.00 | 4 720 | 4 720 | 1 699 | 06.30.03 |
| VILLAS DU LAGON | 3 060 | 354 | 48.58 | 1 487 | 1 487 | 104 | 12.31.03 |
| PHU DONG | 1 941 | -546 | 70.00 | 1 965 | 977 | -184 | 12.31.03 |

*(*) corresponds to the frozen valuation of the company under the equity method (see note 1.2)*

## 2.3 Breakdown of net fixed assets per branch :

*The net fixed assets (excluding goodwill and interest ownership under equity method) are divided as follows :*

| In 000s of euros | France | International | Total |
|---|---|---|---|
| Retailing | 110 162 | 63 929 | 174 091 |
| Maritime | 303 239 | 479 010 | 782 248 |
| Other business | 72 539 | 59 100 | 131 640 |
| Total | 485 940 | 602 039 | 1 087 979 |

## 2.4 Goodwill

*a) Goodwill*

| In 000s of euros | 12/31/02 | Increases over the year | Exceptional allocations | Entity changes & reclassification | 12/31/03 |
|---|---|---|---|---|---|
| Gross | 67 131 | 2 353 | - | -222 | 69 262 |
| Amortization | 29 620 | 4 848 | - | -222 | 34 246 |
| Net | 37 511 | -2 495 | - | 0 | 35 016 |

The increase in goodwill comes from an additional shareholding in the company S2FOI, from a price supplement paid to the company Sodimar and from the acquisition of the companies UTV, Transit and Ortem.

*b) Negative goodwill*

| In 000s of euros | 12/31/02 | Increases over the year | Allocations for the period | Entity changes & reclassification | 12/31/03 |
|---|---|---|---|---|---|
| Net | 5045 | 11 921 | -4 556 | - | 12 410 |

The increased negative goodwill results principally from the purchase of the corporation Bourbon Offshore Norway, and is based on independent expert assessment of the fair market value of the assets and liabilities acquired.

*c) Breakdown of net variations per branch*

| In 000s of euros | Retailing | Maritime | Other business | Total |
|---|---|---|---|---|
| Goodwill | 25 829 | 8 994 | 193 | 35 016 |
| Negative goodwill | - | 12 410 | - | 12 410 |

*d) Acquisitions for the period may be broken down as follows :*

| In 000s of euros | S2FOI | Transit | U.T.V. | B.O.N. | ORTEM |
|---|---|---|---|---|---|
| Price of stock | 393 | 101 | 915 | 57 600 | 1 129 |
| Target net equity (corporate) | (516) | 9 | 7 | 102 188 | 1 266 |
| Net equity restated | (516) | 9 | 7 | 104 748 | 2 739 |
| Shareholding bought restated | (93) | 6 | 5 | 69 521 | 1 576 |
| Purchase price discrepancy | 486 | 95 | 910 | (11 921) | (447) |
| Valuation discrepancy | - | - | - | (22 659) | 1 493 |

## 2.5 Interest ownership valued under equity method

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Gross | - | 43 067 |
| Provisions | - | - |
| Net | - | 43 067 |

| | 2003 | 2002 |
|---|---|---|
| Opening equity | 43 067 | 109 |
| Annual surplus or deficit | 0 | -228 |
| Unrealized gains/losses on foreign exchange | 0 | 813 |
| Change in reporting entity | -43 067 | 42 373 |
| Closing equity | 0 | 43 067 |

| In 000s of euros | Havila | Comato | Distri-Food |
|---|---|---|---|
| Opening equity | 42 958 | 88 | 21 |
| Annual surplus or deficit | - | - | - |
| Unrealized gains/losses on foreign exchange | - | - | - |
| Change in reporting entity | -42 958 | -88 | -21 |
| Closing equity | - | - | - |

## 2.6 Inventory

Breakdown of inventory at December 31st :

| | at 12/31/03 | at 12/31/02 |
|---|---|---|
| *Gross* | | |
| Stocks of raw materials and supplies | 7 122 | 6 722 |
| In-process inventory (goods and services) | 11 423 | 6 628 |
| Stocks of finished and semi-finished goods | 8 426 | 9 842 |
| Merchandises on hand | 72 978 | 65 509 |
| Total | 99 949 | 88 701 |
| *Provisions* | | |
| Stocks of raw materials and supplies | 190 | 108 |
| Stocks of finished and semi-finished goods | 226 | 233 |
| Merchandises on hand | 829 | 1 148 |
| Total | 1 245 | 1 489 |

## 2.7 Current assets and prepaid expenses [and expenses to be amortized over several periods]

Breakdown per due date of accrued assets (gross) :

| In 000s of euros | Gross total | Less than 12 months | 2 to 5 years | More than 5 years |
|---|---|---|---|---|
| RECEIVABLES FROM CURRENT ASSETS AND ACCRUALS | | | | |
| Trade notes and accounts receivable | 102 752 | 102 660 | 92 | 0 |
| Other receivables (1) | 99 827 | 89 388 | 5 708 | 4 731 |
| Deferred tax | 17 075 | 10 905 | -1 219 | 7 389 |
| Prepaid expenses | 11 247 | 11 247 | 0 | 0 |
| Expenses to be amortized over several periods | 4 022 | 1 096 | 2 302 | 624 |
| Totals | 234 923 | 215 296 | 6 883 | 12 744 |
| Allowance for uncollectibles | 7 021 | | | |
| *(1) : including rental payments received as lessor* | *10 210* | *534* | *4 942* | *4 734* |

## 2.8 Investment securities

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Treasury stock (1) | 28 | 3 561 |
| Other stock | | |
| Gross (2) | 23 945 | 25 169 |
| Provision | 0 | 0 |
| Net | 23 973 | 28 730 |

(1) - amounts to less than 1% of Groupe Bourbon capital stock, quoted at € 81.80 on December 31st 2003.
(2) - the market value of the investment securities amounted to € 23 904 000 at December 31st 2003.
- including € 63 000 in accrued interest.

## 2.9 Changes in consolidated equity (group share)

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Consolidated equity at beginning of period | 362 323 | 319 298 |
| Consolidated income for the period | 57 319 | 54 895 |
| Distributions paid by parent company | -7 595 | -6 108 |
| Capital increase | 0 | 17 772 |
| Foreign exchange fluctuations | -37 703 | -23 534 |
| Other changes (1) | -8 967 | 0 |
| CONSOLIDATED EQUITY AT DECEMBER 31st | 365 377 | 362 323 |

*(1) corresponds to fair value share of assets and liabilities held prior to acquisition of that Bourbon Offshore Norway shareholding which allowed the change from consolidation under the equity method to full consolidation.*

## 2.10 Changes in consolidated equity (minority interests)

| In 000s of euros | 31/12/03 | 31/12/02 |
|---|---|---|
| Consolidated equity at beginning of period | 44 948 | 110 291 |
| Consolidated income for the period | 8 907 | 6 056 |
| Capital increase for subsidiaries | 1 553 | 3 803 |
| Incidence of changes in reporting entity | -6 220 | -71 969 |
| Foreign exchange fluctuations | -4 732 | -2 995 |
| Other changes (1) | -237 | -238 |
| CONSOLIDATED EQUITY AT DECEMBER 31st | 44 219 | 44 948 |
| *(1) - Dividends outside group* | *-237* | *-238* |

## 2.11 Contingencies and loss provisions

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Contingency provision | 8 483 | 10 110 |
| Accrued expense (loss) provision | 45 306 | 36 993 |
| Total | 53 789 | 47 103 |

These provisions for contingencies and accrued expense are recorded as follows :

| *Liability* | Opening balance | Provisions for the period | Recovery from the period (provisions used) | Recoveries (provisions not used.) | Change in method | Change in reporting entity | Other factors | Closing balance |
|---|---|---|---|---|---|---|---|---|
| Tax audit | 4 717 | 625 | 802 | 0 | 0 | 54 | 921 | 5 515 |
| Lawsuits | 1 557 | 664 | 572 | 0 | 0 | -16 | -528 | 1 105 |
| Pension-plan provisions | 18 224 | 2 516 | 1 311 | 182 | 0 | -808 | -40 | 18 399 |
| Major repairs | 10 807 | 8 556 | 6 392 | 0 | 0 | 3 889 | -670 | 16 190 |
| Seller's guaranty | 2 356 | 0 | 0 | 0 | 0 | 0 | 0 | 2 356 |
| Corporate restructuring plan | 111 | 0 | 0 | 64 | 0 | 0 | 0 | 47 |
| Other contingent liabilities | 9 331 | 7 304 | 5 748 | 954 | 0 | 313 | -69 | 10 177 |
| Total provisions | 47 103 | 19 665 | 14 825 | 1 200 | 0 | 3 432 | -386 | 53 789 |
| Impact (net of expenses involved) | | | | | | | | |
| Operating results | | 13 962 | | 1 109 | | | -122 | |
| Financial result | | 1 722 | | 0 | | | -721 | |
| Extraordinary results | | 3 981 | | 91 | | | 457 | |

*Seller's guaranty*

A provision of € 2 356 000 was booked under this heading for the transfer of the Réunion/Europe sugar business and for the ownership interest taken by Casino in Vindémia. This provision concerned possible tax adjustments for the financial years 1999 and 2000 and the possible undervaluation of liabilities payable at less than 12 months.

## 2.12 Long-term debts

*a) Breakdown per due date*

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Debts at less than 12 months | 282 499 | 269 555 |
| Debts at more than 1 year but less than 5 | 335 107 | 289 907 |
| Debts at more than 5 years | 286 340 | 114 636 |
| Total | 903 946 | 674 098 |
| *Of which : bank borrowings, bank and Post Office credit balances* | *173 849* | *190 340* |
| *loans linked to reclassification of leasing* | *50 716* | *63 430* |
| *Debts payable within 1 year* | *22 831* | *13 952* |
| *Debts payable between 1 and 5 years* | *15 849* | *34 521* |
| *Debts payable beyond 5 years* | *12 036* | *14 957* |

Breakdown (excluding accrued interest) of loans from lending institutions and leasing establishments :

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Fixed rate | 134 082 | 91 414 |
| Variable (sliding) rate | 594 127 | 390 632 |
| Total | 728 209 | 482 046 |

Breakdown of indebtedness to lending institutions at December 31st 2003 :

- Euro zone :.................................................. 437 074
- in US $ :...................................................... 194 251
- in Norwegian kroner : .................................. 77 318
- in Vietnamese dong : ....................................... 4 780
- in Madagascan francs : .................................... 3 047
- in Mauritian rupees : .................................... 11 739

*b) Debts guaranteed by real security interest*

At December 31st 2003, debts towards lending institutions guaranteed by mortgages, pledged plant or investment securities or by other guarantees amounted to € 494 222 000. This total includes, notably, subsidiary stock pledged in the course of the period to secure a loan of € 245 000 000.

This loan of € 245 000 000 was granted on condition that the debt ratio be kept to a maximum of 1.45 for the financial years from 2003 through 2006, and to a maximum of 1 for those following until termination of the debt. This ratio was exceeded in the course of 2003 but Groupe Bourbon was granted a penalty-free dispensation from these provisions by its lenders.

| Pledges and mortgages | Starting date for pledge | Ending date for pledge | Value of asset pledges (a) | Total balance sheet category (b) | % = a/b |
|---|---|---|---|---|---|
| On intangible assets | | | | | |
| • *Fonds de commerce* [the « business » ] | 1996 | 2006 | 986 | 32 605 | 3.02 |
| On fixed assets | | | | | |
| • Land | 1997 | 2008 | 1 903 | 36 675 | 5.19 |
| • Buildings | 1997 | 2009 | 35 645 | 162 168 | 21.98 |
| • Plant and equipment | 1996 | 2021 | 401 809 | 1 051 827 | 38.20 |
| Total assets pledged | | | 440 343 | 1 283 275 | 34.31 |
| Total balance sheet (intangibles and fixed) | | | 440 343 | 1 439 270 | 30.59 |
| Long-term investments | | | | | |
| • Controlling interests (1) | 1994 | 2010 | 232 575 | | |

*(1)* Consolidated company stock

Vindémia ............... 2 499 917 shares, i.e. 66.66% of capital
Bourbon Maritime......162 036 shares, i.e. 68.88% of capital
BDM : ..............................19 596 shares, i.e. 70% of capital
Sopade : .................... 2 501 000 shares, i.e. 100% of capital
SEGS : .........................1 250 shares, i.e. 50% of capital
TIMUR : .................29 999 shares, i.e.100% of capital
CTBR : ............... 144 246 shares, i.e. 14.4% of capital

## 2.13 Deferred tax

At December 31st, the deferred tax debit and credit respectively entered on the balance sheet under the headings «*Other receivables & accrued assets*» and «*Other payables and accrued liability*» were as follows :

| | 31/12/03 | 31/12/02 |
|---|---|---|
| • Deferred tax debit | 17 075 | 13 186 |
| • Deferred tax credit | -26 872 | -28 433 |
| • Net deferred taxes | -9797 | -15 247 |

*Breakdown of deferred taxes per category :*

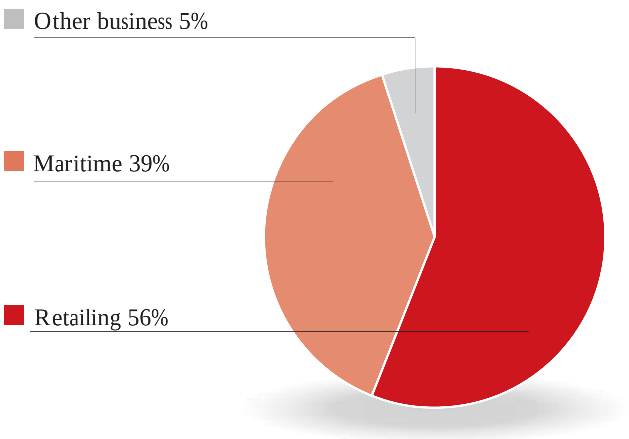
| In 000s of euros | 2003 | 2002 |
|---|---|---|
| *1. Deferred tax debit* | | |
| Reclassifications | 3 987 | 5 345 |
| Other temporary differences | 7 447 | 5 256 |
| Consolidation restatement | 2 467 | 2 585 |
| Others | 3 174 | - |
| Total | 17 075 | 13 186 |

| In 000s of euros | 2003 | 2002 |
|---|---|---|
| *2. Deferred tax credit* | | |
| Excess tax depreciation (over normal depreciation) | 14 794 | 15 497 |
| Reclassification of depreciation | 10 600 | 13 281 |
| Leasing | 1 326 | 651 |
| Other restatements and temporary differences | 152 | -996 |
| Total | 26 872 | 28 433 |

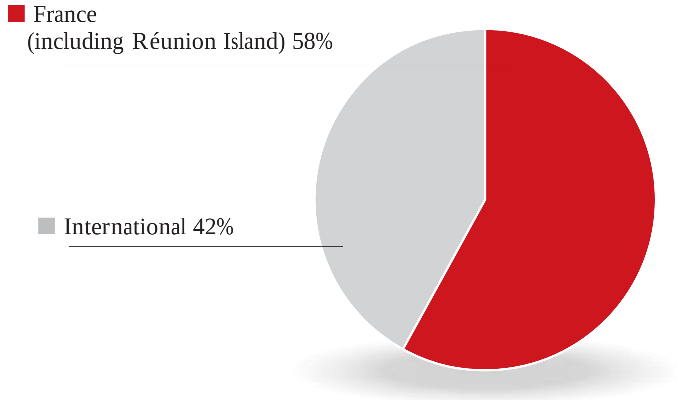
At December 31st, in application of the conservatism principle, no deferred tax debit was calculated on deficits and depreciation considered deferred, which in all amounted to € 45 466 000.

## 2.14 Turnover (sales)

| In 000s of euros | 12/31/03 | in% terms | 12/31/02 |
|---|---|---|---|
| Breakdown of sales per branch of activity | | | |
| Retailing | 568 644 | 56 | 523 172 |
| Maritime | 403 648 | 39 | 353 250 |
| Other business | 50 841 | 5 | 64 078 |
| Total | 1 023 133 | 100 | 940 500 |




| In 000s of euros | 12/31/03 | In% terms | 12/31/02 |
|---|---|---|---|
| Breakdown of sales per geographical zone | | | |
| France (including Réunion Island) | 597 236 | 58 | 573 516 |
| International | 425 897 | 42 | 366 984 |
| Total | 1 023 133 | 100 | 940 500 |



## 2.15 Breakdown of current income from operating activities

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| *Breakdown of current operating income per branch of activity* | | |
| Retailing | 24 219 | 25 846 |
| Maritime | 58 392 | 56 658 |
| Other business | -5 260 | -4 197 |
| Total | 77 351 | 78 307 |

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| *Breakdown of current operating income per geographical zone* | | |
| France (including Réunion Island) | 36 160 | 38 583 |
| International | 41 191 | 39 724 |
| Total | 77 351 | 78 307 |

## 2.16 Breakdown of financial result [i.e. as opposed to operating or extraordinary results]

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| *Investment, interest and dividend income* | | |
| Interest and other financial income | 9 377 | 6 469 |
| Cancellation of provisions and expense transfer | 539 | 3 175 |
| Foreign exchange gains | 76 369 | 28 458 |
| Total | 86 285 | 38 102 |

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| *Financial charges* | | |
| Interest expenditure and similar charges | 29 712 | 18 316 |
| Financial charges from leasing operations | 1 834 | 2 044 |
| Provisions and depreciation expense | 1 410 | 2 549 |
| Foreign exchange losses | 63 125 | 24 329 |
| Total | 96 081 | 47 238 |
| Financial result | -9 796 | -9 136 |

## 2.17 Extraordinary income and charges

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Extraordinary income | | |
| In operations | 6 578 | 2 322 |
| On capital transactions | 11 616 | 17 919 |
| Cancellation of provisions and expense transfer | 4 198 | 7 632 |
| Total | 22 392 | 27 873 |

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Extraordinary losses | | |
| In operations | 4 715 | 5 063 |
| On capital transactions | 8 588 | 3 759 |
| Estimated expense | 8 445 | 10 281 |
| Total | 21 748 | 19 103 |

The positive balance of € 664 000 comes essentially from transfers of tangible assets (€ 2 161 000), from gains on sale of securities (€ 864 000) and from the exceptional provision of € 2 215 000 for decrease in value below cost of acquisition of assets (ship) referred to in § 1.11.

## 2.18 Income tax

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Tax payable | 14 472 | 17 248 |
| Retailing taxes | 66 | 143 |
| Deferred tax | -6 377 | 4 972 |
| Total | 8 161 | 22 363 |

The payable tax of € 14 472 000 at December 31st 2003 allows for the tax savings from application of the following methods:

- Tax consolidation, for the sum of € 6 211 000,
- Tonnage tax (applicable in the maritime branch) for the sum of € 6 618 000.

The payable tax may be broken down as follows :

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Standard | 10 820 | 26 882 |
| Unusual (1) | 3 652 | -9 634 |
| Total | 14 472 | 17 248 |

(1) This heading includes tax-shield transactions (joint ownership of vessels, the French *Pons* law).

Breakdown of deferred tax per branch of activity :

| | *Tax burden* | *Tax gain* | *Net as at 12/31/03* | *Net as at 12/31/02* |
|---|---|---|---|---|
| Retailing | 176 | 2 568 | 2 392 | 289 |
| Maritime | 8 727 | 13 533 | 4 806 | -6 165 |
| Other business | 821 | 0 | -821 | 904 |
| Total | 9 724 | 16 101 | 6 377 | -4 972 |

At December 31st 2003, the theoretical income tax of € 27 634 000 was calculated by applying the current French tax rate to pre-tax earnings, revalued acquisition costs and the earnings from corporations consolidated under the equity method:

| | |
|---|---|
| • Consolidated income before income tax and revalued acquisition costs | 77 995 |
| • Corporate income tax applicable in France at 12/31/03 : | |
| > 33.33 | 25 996 |
| > 3.30 | 858 |
| > 3.00 | 780 |
| • Theoretical income tax | 27 634 |
| • Tax booked | 8 161 |
| *Difference* | *19 473* |

The difference between the booked figure and the theoretical amount may be analyzed as follows :

| | |
|---|---|
| • Deduction of 1/3 on taxable base authorized in French Overseas Depts. | 578 |
| • Tax shield measures (the so-called *Pons* legislation) | 546 |
| • Companies showing a loss, not consolidated for tax purposes | -8 345 |
| • Non-taxable foreign corporations | 5 674 |
| • Other differences | 2 231 |
| • Effects of standard deductions | 257 |
| • Income tax calculated on dividends outside group | 198 |
| • Tonnage tax | 18 334 |
| | *19 473* |

## 3. SUPPLEMENTARY FINANCIAL DATA

### 3.1 Unrecorded obligations relating to current business

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Receivables assigned before due date (Bordereau Dailly) | 0 | 4 093 |
| Pledges, mortgages and real security interest (see note 2.12) | 494 222 | 279 854 |
| Backing, cover and guarantees given | 24 460 | 20 241 |
| Total guarantees given | 518 682 | 304 188 |

| In 000s of euros | 12/31/03 | 12/31/02 |
|---|---|---|
| Backing, cover and guarantees received | 9 019 | 3 574 |
| Total guarantees received | 9 019 | 3 574 |

Type of guarantees given for financing of ships in joint ownership : pledges given by Groupe Bourbon on charter money and repurchase of hulls.

### 3.2 Contractual obligations and business commitments

| Contractual obligations | Total | Payments owed per period | | |
|---|---|---|---|---|
| | | - 1 year | 1 to 5 years | + 5 years |
| Long-term debts (loans) | 679 381 | 85 819 | 319 258 | 274 304 |
| Leasing finance obligations | 50 716 | 22 831 | 15 849 | 12 036 |
| Standard rental contracts | 8 406 | 1 309 | 3 191 | 3 906 |
| Total | 738 503 | 109 959 | 338 298 | 290 246 |

| Other business commitments | Total | Payments owed per period | | |
|---|---|---|---|---|
| | | - 1 year | 1 to 5 years | + 5 years |
| Other commitments : | | | | |
| - stock purchase commitments | 4 400 | 2 400 | 2 000 | |
| - stock options granted | (309 000) | | (189 000) | (120 000) |
| Total | (304 600) | 2 400 | (187 000) | (120 000) |

### 3.3 Effects of foreign exchange fluctuations on 2003 figures

Incidence of foreign currency exchange fluctuations on the period :
Impact on turnover......................... (€ 19 747 000)
Impact on net income........................... € 853 000

### 3.4 Value (clear of debt) of assets stated in exposed foreign currency

| | |
|---|---|
| Maritime | € 14 136 000 |
| Retailing | € 22 471 000 |
| Other business | € 60 009 000 |
| Thus, in all | € 96 616 000 |

## ■ 3.5 Net earnings per share (NEPS) over a three-year period

| | Date | Heading | Number of shares | Addition | Number of months | After restatement |
|---|---|---|---|---|---|---|
| 2002 | January 1st | | 6 108 509 | 6 108 509 | 6 | 36 651 054 |
| | July 12th | Capital increase in cash | 9 100 | 6 117 609 | 2 | 12 235 218 |
| | September 9th | Capital increase in cash | 297 710 | 6 415 319 | 4 | 25 661 276 |
| | December 31st | Weighted-average number of shares | | | | 6 212 296 |
| | | Issuance of bonus shares | | | | 616 681 |
| | | Weighted-average number of shares after restatement | | | | 6 828 977 |

In view of the issue of bonus shares during the business year 2002, the restatement coefficient for the weighted-average number of shares in 2001 was calculated as follows :

= (6 108 509 + 616 681) / 6 108 509 1.101

The weighted-average number of shares taken for calculation of the net earnings per share was thus :

2001 ........................................................................ 6 725 468
2002 ........................................................................ 6 828 977
2003 ........................................................................ 7 032 000

| | *12/31/03* | *12/31/02* | *12/31/01 pro forma* | *12/31/01* |
|---|---|---|---|---|
| | 7 032 000 | 6 828 977 | 6 725 468 | 6 725 468 |
| Net earnings (in 000s of euros) | | | | |
| Company | -472 | 2 355 | 56 974 | 56 974 |
| Consolidated group share | 57 319 | 54 895 | 41 591 | 50 402 |
| Consolidated minority-interest share | 8 907 | 6 056 | -296 | -490 |
| NEPS (in euros) | | | | |
| Company | -0.07 | 0.34 | 8.34 | 8.34 |
| Consolidated group share | 8.15 | 8.04 | 6.09 | 7.38 |
| Consolidated minority-interest share | 1.27 | 0.89 | -0.04 | -0.07 |

## ■ 3.6 Compensation of officers

The compensation allowed to group officers for their management, supervision and administration of the business amounted to € 1 198 000.

## ■ 3.7 Total personnel employed at December 31st *(fully consolidated companies)*

| Personnel | 12/31/03 | 12/31/02 |
|---|---|---|
| Executives | 471 | 445 |
| Employees | 5 446 | 4 848 |
| Workmen | 670 | 719 |
| Sea-going personnel | 2 003 | 1 632 |
| - Officers | *874* | *682* |
| - Seamen | *1 129* | *950* |
| Total | 8 590 | 7 644 |

### 3.8 Miscellaneous

An appeal has been lodged against tax ajustments of € 5 515 000 for certain companies. At December 31st 2003, provisions were booked for all adjustments notified.

### 3.9 Subsequent events

In December 2001, through an increase of capital, Casino took a 33.34% shareholding in Vindémia, Groupe Bourbon's retailing branch. Within the scope of this transaction, sell options were agreed on to allow the complete transfer to Casino in two stages: one between 2004 and 2006, and the other between 2007 and 2009.

In the course of a meeting on March 22nd 2004, the Groupe Bourbon board of directors examined the question of whether it would be judicious to exercise the first put option on Casino as of 2004.

The estimated value of this first option in 2004 is 189 million euros. This valuation obviously reflected the results for 2003, which were affected by a number of non-recurring expenses.

According to the 2004-2008 business plan for Vindémia, based on forecast results for 2004-2005, Groupe Bourbon estimates the value of this first option at 218 million euros if exercised in 2006.
Similarly, the value of the second option, again on the basis of forecast results for 2005-2006, would amount to 158 million euros if exercised in 2007.

Furthermore, Groupe Bourbon intends not only to reap the benefits of Vindémia's gradual integration into Casino's central purchasing office, but indeed to do so under the present management, which the group will continue to assume until the first of the options is exercised.

In view of the above considerations, the Groupe Bourbon board decided not to exercise the first option in 2004.

# V - AUDITORS' REPORT

*on the consolidated financial statements of the year ending December 31st 2003*

Ladies and gentlemen, shareholders,

In pursuance of the audit engagement entrusted to us by your stockholders' meeting, we have undertaken an audit of the consolidated accounts of the Groupe Bourbon for the accounting year ending December 31st 2003, drawn up in accordance with the rules and professional standards applied in France and as appended to the present report. The consolidated financial statements were closed by the board of directors and our rôle is to express an opinion on these statements, an assessment based on our audit.

## I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have performed this audit in compliance with professional standards applied in France; these standards require such diligence that you may be reasonably assured that the statements contain no serious irregularities. In an audit, the probative elements substantiating the data contained in the accounts are examined by sampling. The audit also examines the accounting principles applied, assesses the main valuations adopted for drawing up the accounts and considers the overall presentation. We consider that our verifications give reasonable grounds for the opinion expressed below.

We certify that the consolidated financial statements, drawn up as required by the rules and principles of accounting as applied in France, are both fair and fairly presented and that they give a true picture of the holdings, the financial position and the overall surplus or deficit from the whole made up of the corporations within the reporting entity.

## II - JUSTIFICATION OF OUR ASSESSMENT

In compliance with the requirements of article L.225-235, paragraph 1, of the French code of commercial law as concerns justification of our assessment, requirements instituted by French legislation dated August 1st 2003 on financial safeguards and applicable for the first time with this period, we may cite of the following examples :

- In the course of the financial year ending on December 31st 2003, Groupe Bourbon increased its interest in the company Bourbon Offshore Norway from a 33.53% shareholding to 100% ownership, thereby justifying the change in consolidation from the equity method to full consolidation. The purchase price discrepancy arising from this additional shareholding, appraised by independent experts according to the fair value of the assets and liabilities, was set at € 11 921 000. This discrepancy has been scheduled for recovery over three years. We assessed the calculation of this purchase loss and the possibility of its being recorded in the liabilities of the consolidated balance sheet.

- Similarly, the acquisition of stock in the Mauritian company Ortem, transacted in exchange for part of the stock in a company within Groupe Bourbon's consolidation framework, gave rise to a negative purchase price discrepancy of € 447 000. This discrepancy was offset against a positive purchase price discrepancy made upon purchase of the stock exchanged. We assessed the calculation of this negative discrepancy and examined the question of its being charged against the discrepancy previously recorded in the assets of the consolidated balance sheet.

- Certain companies within the group applied a preferential tax system for the first time in 2003, based on a standard minimum taxation applied to the tonnage of certain types of ships. We sought the opinion of specialist tax consultants on this matter and founded our appreciation of the correct application of this optional tax system on their conclusions.

These assessments were undertaken within the scope of our audit of the consolidated accounts, considered as a whole, and thus contributed to our unreserved opinion, expressed in the first part of our report.

## III - SPECIAL AUDITS

Furthermore, we also examined the information given concerning the group in the management report and have no comments or observations as regards the genuineness of this information or its correlation with the consolidated financial statements.

Saint Denis and Lyons, April 9th 2004

The auditors

| | |
|---|---|
| Exa Ernst & Young | EuraAudit C.R.C.<br>Cabinet Rousseau Consultants |
| Pierre Nativel | Jean-Marc Rousseau |

# VII RECENT DEVELOPMENTS AND FUTURE PROSPECTS

## 7.1. Recent developments

2003 was the third transitional year for Groupe Bourbon towards a concentrated focus on marine services for deep-water oilfields.

- 2001 saw the deconsolidation of the original «Réunion-Europe» sugar business,
- 2002 brought a 33.34% deconsolidation of the «Vindémia» retailing activity,
- and 2003 was the first step in the 2003-2007 business plan traced towards the final objectives.

- In January 2003, in order to secure the financing of its growth, Groupe Bourbon obtained a credit line of 245 million euros from a pool of banks, at a floating rate over 7 years with a margin of 0.80% (of which approximately one half was immediately covered at a fixed rate). A ceiling ratio of 1.45 for the 'net indebtedness/owners' equity' was set by the banks. This ceiling may be modified by a two-thirds majority decision of the pool as investments develop.

*Comparative consolidated turnover - First quarter 2004*

| *(in millions of euros)* | | *1st quarter 2004* | *1st quarter 2003* | *Variation* |
|---|---|---|---|---|
| Consolidated turnover | | 264.5 | 240 | 10.2% |
| | France | 144.8 | 139 | 4.2% |
| | International | 119.4 | 101 | 18.2% |
| Marine services | | 114.4 | 94 | 21.7% |
| inc. : | Offshore | 52.8 | 41 | 28.8% |
| | Towage & Assistance | 26.1 | 25 | 4.2% |
| | Bulk transport | 34.3 | 28 | 22.7% |
| Retailing | | 138.4 | 129 | 7.3% |
| | France | 113.8 | 110 | 3.5% |
| | International | 24.6 | 19 | 29.2% |
| Other business | | 11.7 | 17 | (31.1)% |

Groupe Bourbon's quarterly consolidated turnover increased by 10.2% to reach 264.5 million euros (an actual growth rate of 16.4% at constant exchange rates) and thus contributes to the successful accomplishment of the business plan for 2003-2007.

### Strong growth in turnover from international business

Development resulted principally from the strong growth in turnover from international business (+18.2%), both in Marine Services and in Retailing. At unchanging exchange rates, this growth would have amounted to 33.3%.

### Good results from offshore service activities and bulk transport in a buoyant market context

The Offshore Division proved its growth potential with a 28.8% increase in turnover (39.8% in constant terms). With the same consolidation frame, not counting the addition of Bourbon Offshore Norway (ex Havila Supply) in the second semester of 2003, the business growth would have been 8.3% (20% in constant terms). As forecast in the investment plan for 2003-2007, the delivery of each of the new vessels specially designed for deep-water work gave renewed impetus to business.

Bulk transport boosted its turnover by +22.7% (+47.8% in constant terms), riding an exceptional wave in the international freight market, generated by China, which is proving particularly favorable for Groupe Bourbon's self-owned fleet.

The Towage & Assistance business increased by 4.3%, a rate generally in line with the prevailing economic trends in France and Africa.

Positive retailing results despite a slack home market

In France (Réunion), the Retailing business grew by 3.5%, a satisfactory performance in a local Réunion market showing signs of a fall-off in consumer activity.

On an international scale, turnover jumped by 29.2% (44.9% in constant terms). This growth, which validates Vindémia's development policy in high-potential zones, resulted from store openings and acquisitions in the second semester of 2003 and from the high level of retail business in Vietnam.

This first quarterly turnover confirmed Groupe Bourbon's expectations for the year 2004 as a keystone in the business plan for 2003-2007.

## 7.2. Prospects

Groupe Bourbon is actively pursuing its development in its twin fields of business: retailing and marine services. The development plan for 2003-2007 is shown to shareholders, in an open spirit of transparency, as an indication of the results expected from the strategy currently engaged.

This plan is updated annually to allow for changing circumstances and explanations will be given in the event of any significant differences.

*Retailing :*

The objective here, working in association with Casino, is to consolidate the group's position in those countries where we are already in business.

The results for the year 2003 are consistent with all the target levels in the 2003-2007 plan.

A reduction in investments may be noted (€ 100 million as opposed to € 150 million), resulting from Vindémia's decision to focus its efforts into upgrading the profitability of the existing network rather than extending it into new countries.

Targets for 2003-2007 (5-year plan)

| | |
|---|---|
| Sales (on average per year) | 8.0% |
| - France (Réunion Island) | 5.0% |
| - International | 25.0% |
| Operating ratios in 2007 | |
| - EBITDA/Sales | 8.5% |
| - EBIT/Sales | 5.7% |
| Investments 2003-2007 | € 100 M |

*Marine services :*

The targets here are :

- to maintain the market position built up over recent years in towage and solid bulk transport,
- to rapidly establish Groupe Bourbon as a major world figure in the marine services business for deep-water oilfields, the sector which will receive most of the scheduled investments,
- to improve overall performances through this new balance of the three maritime activities.

Targets for 2003-2007 (5-year plan)

| | |
|---|---|
| Turnover (on average per year) | 15.0% |
| - Offshore oilfields | 25.0% |
| - Towage & assistance | 3.0% |
| - Bulk transport | 3.0% |
| Operating ratios in 2007 | |
| - EBITDA/Turnover | 37.0% |
| - EBIT/Turnover | 24.0% |
| Investments 2003-2007 | € 1 200 M |

*Scheduled financial announcements*

| | | |
|---|---|---|
| Half-yearly results : | | September 15th 2004 |
| Quarterly turnover : | | |
| | Q1 | May 10th 2004 |
| | Q2 | August 10th 2004 |
| | Q3 | November 9th 2004 |
| | Q4 | February 10th 2005 |
| Mixed AGM : | | June 8th 2004 (Réunion Island) |
| Payment of dividends : | | June 11th 2004 |
| For further information, please contact : | | Patrick Mangaud, Groupe Bourbon<br>33, rue du Louvre - 75002 Paris, France<br>Tel. : 01 40 13 86 09 - Fax : 01 40 28 40 31<br>(from outside France, dial international, 33 for France and omit the initial 0)<br>Email : patrick@mangaud.com<br>www.groupe-bourbon.com |

RÉFÉRENCE DOCUMENT

This abridged English-language version of the Groupe Bourbon annual report has been made for your convenience. It comprises the essential elements of the French original which was lodged with the *Autorité des Marchés Financiers* [the French AMF is the equivalent of the British SIB and the American SEC] on May 12th 2004 as required by section 98-01 of the regulations.

The French, legally-binding version, may be used to back financial transactions if completed by a statement of operations duly certified by the AMF.

GROUPE BOURBON

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