FINANCIAL REPORT
1ST HALF-YEAR 2019

BOURBON
Building together a sea of trust

CONTENTS

– Financial report for the 1st half-year 2019 3

1. Business report for the 1st half-year 2019 3

Financial information for the 1st half-year and significant events 3

1st Half 2019 Financial Results 4

Outlook 6

Related-party transactions 12

Risk factors and uncertainties 12

2. Condensed consolidated financial statements for the first half of 2019 13

A. Statement of financial position 13

B. Statement of comprehensive income 14

C. Statement of consolidated cash flows 16

D. Statement of changes in equity 17

E. Notes 19

F. Financial Glossary 46

3. Statement by the person responsible for the half-yearly financial report 47

4. Statutory Auditors' Report on the 2019 half-yearly financial information 48

BOURBON
Building together a sea of trust

_ FINANCIAL REPORT FOR THE 1ST HALF-YEAR 2019

1. Business report for the 1st half-year 2019

Financial information for the 1st half-year and significant events

	H1 2019	H2 2018	Change H1 2019/H2 018	H1 2018	Change H1 2019/H1 2018
Operational indicators					
Number of vessels (FTE)*	**472.0**	495.2	-4.7%	505.0	-6.5%
Total fleet in operation (FTE)*	**308.8**	314.0	-1.7%	320.3	-3.6%
Number of stacked vessels (FTE)*	**163.3**	181.2	-9.9%	184.7	-11.6%
Utilization rate of the fleet in operation (%)	**83.4**	81.5	+1.9pt	83.0	+0.4pt
Average utilization rate (%)	**54.5**	51.7	+2.8pts	52.7	+1.8pt
Average daily rate ($/d)	**8,219**	7,902	+4.0%	7,888	+4.2%

** FTE : Full Time Equivalent.*

In € millions, unless otherwise noted	H1 2019	H2 2018*	Change H1 2019/H2 2018	H1 2018*	Change H1 2019 /H1 2018
Financial performance					
Adjusted revenues[a]	**361.5**	349.4	+ 3.5%	340.1	+ 6.3%
(change at constant rate)			+2.2%		+3.0%
Bourbon Marine & Logistics	***178.9***	*175.0*	+2.3%	*182.3*	-1.9%
Bourbon Mobility	***93.4***	*92.4*	+1.1%	*95.3*	-2.0%
Bourbon Subsea Services	***83.6***	*76.2*	+9.8%	*57.4*	+45.6%
Others	***5.6***	*5.9*	-5.6%	*5.0*	+10.4%
Operational and general costs	**(278.3)**	(277.3)	+0.4%	(269.5)	+3.3%
Adjusted[a] EBITDAR (ex. cap. gain)	**83.2**	72.1	+15.3%	70.6	+17.8%
en % du CA ajusté	*23.0%*	*20.6%*		*20.7%*	
Bareboat charters	**-**	(74.9)	ns	(73.4)	ns
Adjusted[a] EBITDA	**84.1**	(2.2)	ns	(2.2)	ns
Impairment	**(3.1)**	(31.0)	-90.0%	(44.7)	-93.1%
Adjusted[a] EBIT	**(52.7)**	(160.4)	-67.1%	(153.5)	-65.7%
EBIT	**(60.2)**	(162.2)	-62.9%	(158.0)	-61.9%
Net income (group share)	**(135.2)**	(260.7)	-48.1%	(197.1)	-31.4%

**As of January 1, 2019, the Group applies IFRS 16 "Leases" Standard following the modified retrospective transition method. No restatement of 2018 financial statements has been carried out.*

(a) Adjusted data: The adjusted financial information is presented by Activity and by Segment based on the internal reporting system and shows internal segment information used by the principal operating decision-maker to manage and measure the performance of BOURBON (IFRS 8). Internal reporting (and thus the adjusted financial information) records the performance of operational joint ventures on which the group has joint control using the full integration method. Furthermore, internal reporting (and again the adjusted financial information) does not take into account IAS 29 (Financial Reporting in Hyperinflationary Economies), applicable for the first time in 2017 (retroactively from January, 1) to an operational joint venture in Angola.

1st Half 2019 Financial Results

Income statement (adjusted data)

Adjusted revenue came out at €361.5 million, up 3.5% compared to the previous half year, impacted by a favorable exchange rate (+2.2% increase at constant exchange rates), an improvement in average chartering rates (mainly due to the contribution of Subsea's chartering activities) and an improvement in utilization rates. This last improvement comes, on the one hand, from the disposal and scrapping of non-strategic and unused vessels and on the other, from a slight increase in the number of chartering days.

Operating costs decreased by 2.3% compared to the previous half year, benefiting from the first effects of the Smart shipping program and from a catch-up in the exemption from employer social contributions for European-registered vessels. Excluding this last item, costs would have increased, impacted by the gradual return to service of vessels and Subsea's turnkey projects.

General costs increased by 11.1% mainly due to the costs related to the financial restructuring. However, the implementation of our Smart G&A plan has shown results, enabling us to achieve a recurring general costs/revenue ratio of 15%

As a result, EBITDAR amounted to €83.2 million, up 15.3% compared to the previous half year.

Adjusted EBIT for the first half year 2019 was €-52.7 million, an improvement of €108.0 million compared to the previous half year, mainly due to the impact of the application of IFRS 16 on January 1, 2019 and the reduced impairment expense.

Net income, group share stood at -€135.2 million, compared to -€260.7 million for the previous half year.

Balance Sheet Statement

Consolidated Capital Employed *In € millions*	**06/30/2019**	**12/31/2018***
Net non-current Assets	2,360.1	1,704.1
Non-current Assets held for sale	1.2	12.0
Working Capital	138.2	(79.0)
Total Capital Employed	**2,499.4**	**1,637.1**
Shareholders' equity	52.8	201.0
Non-current liabilities (provisions and deferred taxes)	149.5	158.5
Net debt	2,297.1	1,277.6
Total Capital Employed	**2,499.4**	**1,637.1**

** No restatement of 2018 financial statements has been carried out following the application of IFRS 16 "Leases"*

The application of IFRS 16 Standard ("Leases") on January 1, 2019 had a significant impact on the structure of the balance sheet. Since that date, leases, and specifically bareboat charters, are recognized on the balance sheet (with the exception of contracts under 12 months or concerning low value goods) whereas up to now, only vessels under finance leases were subject to recognition.

At January 1, 2019, the date of the first-time application of IFRS 16, the group recorded a lease liability of €1,083.1 million, representing the discounted amount of lease commitments, offset by non-current right-of-use assets of €866.4 million and a significant decrease in trade payables of €205.6 million which, in particular, recorded unpaid bareboat charters.

Thus, as at June 30, 2019, the net impact of finance leases already recorded in the balance sheet was an increase of €701.3 million in non-current net assets, a decrease in the working capital requirement of €205.6 million and an increase in net debt of €997.9 million.

Shareholders' equity amounted to €52.8 million, down €148.2 million under the impact of the loss recorded during the first half year 2019.

In accordance with IFRS, €1,665 million in borrowings and lease liabilities were classified as current liabilities as at June 30, 2019. These are borrowings and leases for which the payments have been suspended since the start of 2018, some of which have been the subject of calls in guarantee or accelerations since July 2019, as well as other borrowings with "cross default" type clauses that could lead to early redemption.

Cash flow

Consolidated cash was down by €22.5 million over the half year, marked by the following elements:

- positive cash flows generated by operations were €52.7 million, down slightly by €2.3 million compared to the second half year 2018, despite the increase in activity, under the effect of an unfavorable working capital variation;
- the sales of 6 vessels (including 3 non-smart and 3 non-strategic vessels) generated €15.1 million over the half year, reflecting the group's continued efforts to rationalize its fleet. The amount of investments, at €-31.3 million, was up by €6 million compared to the previous half year, under the effect of an increase in priority planned dry-dock and vessel reactivations. Cash flows used in investing activities amounted to €-18.4 million;
- lastly, still reflecting the suspension of debt and lease servicing, cash flows consumed by financing activities amounted to €-58.0 million, of which half is related to the payment of dividends to minority interests.

The group has continued discussions with its creditors, both in France and abroad, during this semester, in order to balance the service of its debt with an expected but gradual recovery in the market and therefore group performance.

However, on August 7, 2019, the Group has announced having obtained from the Court the opening of reorganization proceedings for the holding Bourbon Corporation and sub holding Bourbon Maritime. Bourbon Corporation had requested and obtained the opening of reorganization proceedings further to the guarantees redeemed by Chinese company ICBC Leasing for an initial amount exceeding $800 million, supplemented by an additional claim received on 10 September 2019, bringing the total amount to more than $1.2 billion.

While BOURBON Maritime was subject to a conciliation procedure, the company requested and obtained the opening of reorganization proceedings further to the acceleration by some French creditors of the repayment of their debt, representing an amount of €720 million, as well as contractual interest.

This situation raises a material uncertainty with regards to the going concern. The Group has, however, prepared its consolidated financial statements at June 30, 2019 maintaining the going concern assumption given:

- The confidence it has in its ability to meet the necessary conditions for the continuation of its activities
- The confidence it has in the favorable outcome of the reorganization proceedings
- The active search for new financial partners which led to the receipt of a firm financing offer subject to conditions
- The cash generated by the activity that allows the group to meet its current operating needs during the next 12 months (beside debt financing).

Outlook

Growth in global demand for oil remains low with strong volatility in oil prices, which have, however, remained at an average level of around $50-60/barrel.

In this context of very moderate recovery, oil customers regularly validate new exploration projects and continue to arbitrate in favor of Offshore. Offshore investments even grew in 2019, for the first time since 2014, following productivity gains in drilling and production.

However, oil customers remain cautious and continue to favor projects with short returns on investment. Furthermore, they pay attention to and take a keen interest in new models and working methods, as they aim to provide new productivity gains.

In this environment, BOURBON continues to focus on:

- the control of its operating and general costs
- discipline in its Capex choices, notably in terms of fleet reactivation and in the choice of contracts;
- deployment of the strategic plan, and notably the development of new services and business models as well as the Smart shipping program;
- and the restructuring of its debt.

- BOURBON MARINE & LOGISTICS

	H1 2019	H2 2018	Change H1 2019/H2 2018	H1 2018	Change H1 2019/H1 2018
Operational indicators					
Number of vessels (FTE)*	**205.6**	212.5	-3.2%	216.5	-5.0%
Total fleet in operation (FTE)*	**124.0**	123.4	+0.5%	130.0	-4.6%
Number of stacked vessels (FTE)*	**81.6**	89.1	-8.4%	86.5	-5.7%
Utilization rate of the fleet in operation (%)	**91.2**	87.4	+3.8pts	86.4	+4.8pts
Average utilization rate (%)	**55.0**	50.8	+4.2pts	51.9	+3.1pts
Deepwater offshore vessels	***66.9***	*60.7*	*+6.2pts*	*63.6*	*+3.3pts*
Shallow water offshore vessels	***46.5***	*43.8*	*+2.7pts*	*44.1*	*+2.4pts*
Average daily rate ($/d)	**10,157**	10,122	+0.3%	10,468	-3.0%
Deepwater offshore vessels	***12,105***	*12,652*	*-4.3%*	*12,993*	*-6.8%*
Shallow water offshore vessels	***8,179***	*7,693*	*+6.3%*	*8,022*	*+2.0%*

** FTE: Full Time Equivalent.*

In € millions, unless otherwise noted	H1 2019	H2 2018	Change H1 2019/H2 2018	H1 2018	Change H1 2019/H1 2018
Financial performance					
Adjusted Revenues	**178.9**	175.0	+2.3 %	182.3	-1.9 %
Deepwater offshore vessels	***107.3***	*105.3*	*+1.9 %*	*112.4*	*-4.5 %*
Shallow water offshore vessels	***71.6***	*69.6*	*+2.9 %*	*70.0*	*+2.3 %*
Operational & General Costs	**(138.7)**	(140.9)	-1.6 %	(143.1)	-3.1 %
Adjusted EBITDAR (ex. cap. gains)	**40.2**	34.0	+18.2 %	39.3	+2.3 %
EBITDAR / Revenues	*22.5%*	*19.4%*		*21.6%*	
Bareboat Charters	**-**	(52.6)	ns	(51.9)	ns
Adjusted EBITDA	**39.8**	(18.5)	ns	(12.1)	ns
Impairment	**(1.0)**	(24.2)	-95.7 %	(44.7)	-97.7 %
Adjusted EBIT	**(47.8)**	(111.5)	-57.2 %	(112.7)	-57.6 %

The results of the first half year 2019 reflect the gradual recovery of the activity, particularly in Deepwater offshore with an average growth in utilization rates of 6.2pts. Rates for Shallow water offshore continued to grow slightly, whilst the marked decrease in Deepwater offshore was mainly due to the Arctic fleet exit and contracts renewal at current market prices. Revenue saw a slight increase compared to the second half year 2018, driven by the West Africa (Nigeria and Gabon) and Latin America (Mexico and Brazil) regions.

8 vessels have been reactivated during the semester.

Operating and general costs benefited from the first positive impacts of the deployment of the Smart shipping program and the catch-up in the exemption from employer costs for owners of European-registered vessels.

The vessel disposal plan continued, with 5 vessels sold during this half year, in line with the fleet rationalization strategy.

- BOURBON MOBILITY

	H1 2019	H2 2018	Change H1 2019/H2 2018	H1 2018	Change H1 2019/H1 2018
Operational indicators					
Number of vessels (FTE)*	**246.9**	262.7	-6.0%	267.9	-7.8%
Total fleet in operation (FTE)*	**169.8**	175.9	-3.5%	175.5	-3.2%
Number of stacked vessels (FTE)*	**77.1**	86.8	-11.2%	92.4	-16.7%
Utilization rate of the fleet in operation (%)	**78.3**	77.9	+0.4pt	82.6	-4.3pts
Average utilization rate (%)	**53.9**	52.2	+1.7pt	54.0	-0.1pt
Average daily rate ($/d)	**4,308**	4,250	+1.4%	4,391	-1.9%

** FTE : Full Time Equivalent.*

In € millions, unless otherwise noted	H1 2019	H2 2018	Change H1 2019/H2 2018	H1 2018	Change H1 2019/H1 2018
Financial performance					
Adjusted Revenues	**93.4**	92.4	+1.1%	95.3	-2.0%
Operational & General Costs	**(74.1)**	(77.7)	-4.6%	(77.7)	-4.6%
Adjusted EBITDAR (ex. capital gains)	**19.4**	14.7	+32.1%	17.6	+9.9%
EBITDAR / Revenues	*20.7%*	*15.9%*		*18.5%*	
Bareboat Charters	**-**	-	-	-	-
Adjusted EBITDA	**19.4**	15.3	+26.7%	17.9	+8.2%
Impairment	**(0.9)**	(5.2)	-82.0%	-	-
Adjusted EBIT	**4.6**	(22.0)	ns	(11.8)	ns

This half year was marked by slight growth in adjusted revenue of 1.1% compared to the previous half year, with a fleet utilization rate up 1.7pt to 53.9%, notably driven by Nigeria, which is the country with the strongest growth in West Africa, and despite the contraction of the fleet in operation. Bourbon Mobility accelerated the rationalization of its fleet (around ten vessels scrapped) and its repositioning in growth regions. In parallel, the modernization project for fleet cabins was launched, with the aim of commissioning the first "Business class" cabin mid-2020.

Operating costs were impacted by the continued maintenance and repair efforts for Surfers, but benefited during this half year, as for the other two businesses, from the positive effect of the catch-up of the exemption from employer costs. 8 vessels were reactivated at a regular pace during this half year in accordance with our forecasts.

- BOURBON SUBSEA SERVICES

	H1 2019	H2 2018	Change H1 2019/H2 2018	H1 2018	Change H1 2019/H1 2018
Operational indicators					
Number of vessels (FTE)*	**19.5**	20.0	-2.3%	20.6	-5.3%
Total fleet in operation (FTE)*	**15.0**	14.7	+2.0%	14.9	+0.7%
Number of stacked vessels (FTE)*	**4.5**	5.3	-13.5%	5.7	-21.1%
Utilization rate of the fleet in operation (%)	**75.9**	73.9	+2.0pts	58.9	+17.0pts
Average utilization rate (%)	**58.4**	54.6	+3.8pts	42.6	+15.8pts
Average daily rate ($/d)	**34,615**	31,786	+8.9%	32,526	+6.4%

** FTE : Full Time Equivalent.*

In € millions, unless otherwise noted	H1 2019	H2 2018	Change H1 2019/H2 2018	H1 2018	Change H1 2019/H1 2018
Financial performance					
Adjusted Revenues	**83.6**	76.2	+9.8%	57.4	+45.6%
Operational & General Costs	**(62.6)**	(55.2)	+13.4%	(44.9)	+39.4%
Adjusted EBITDAR (ex. capital gains)	**21.0**	20.9	+0.3%	12.5	+68.0%
EBITDAR / Revenues	*25.1%*	*27.5%*		*21.8%*	
Bareboat Charters	**-**	(22.2)	ns	(21.5)	ns
Adjusted EBITDA	**22.4**	(1.5)	ns	(9.1)	ns
Impairment	**(1.1)**	(1.6)	-29.0%	-	-
Adjusted EBIT	**(10.9)**	(24.4)	-55.1%	(30.0)	-63.5%

Adjusted revenue is growing of about 10% compared to previous half year, benefitting of a 3.8pts improvement of the average utilization rate and a growing average day rates of 8.9%, confirming the slight recovery of the Subsea market. Turnkey projects activity has progressed in Middle East and West Africa with projects of pipelines dismantling in Qatar and Gabon, demonstrating the capacity of engineering Bourbon Subsea Services' teams to secure the decommissioning budget of clients. The ROV business (Remote Operated Vehicules) has however been affected by a weaker activity this semester.

Operating and general costs are increasing by 13.4%, impacted by turnkey projects which relies on a large part of external subcontracting

The installation of three 8.3 MW floated wind turbines off Portugal has started at the end of the semester and is pursuing over the second semester, maintaining BOURBON's positioning as the floating wind turbines installation leader.

Note also that a non-strategic vessel has been sold during the second quarter 2019.

- **OTHERS**

In € millions, unless otherwise noted	**H1 2019**	H2 2018	*Change H1 2019/H2 2018*	H1 2018	*Change H1 2019/H1 2018*
Financial performance					
Adjusted Revenues	**5.6**	5.9	*-5.6%*	5.0	*+10.4%*
Operational & General Costs	**(3.0)**	(3.4)	*-11.8%*	(3.9)	*-23.1%*
Adjusted EBITDAR (ex. capital gains)	**2.6**	2.5	*+3.7%*	1.1	*ns*
EBITDAR / Revenues	*46.4%*	*42.2%*		*22.4%*	
Adjusted EBITDA	**2.6**	2.5	*+3.7%*	1.1	*ns*
Adjusted EBIT	**1.7**	(2.6)	*ns*	1.0	*+74.3%*

Activities included are those that do not fit into either Marine & Logistics, Mobility or Subsea Services segments. The majority of the total represents earnings from miscellaneous ship management activities.

Reconciliation of adjusted financial information with the consolidated financial statements

Adjustment items are related the consolidation of joint ventures according to the equity method. At June 30, 2019 and for the comparative period presented, adjustment items are as follows:

In € millions	H1 2019 Adjusted	IFRS Adjustments*	H1 2019 Consolidated
Revenues	361.5	(33.0)	328.5
Direct Costs & General and Administrative costs	(278.3)	18.6	(259.7)
EBITDAR (excluding capital gains)	**83.2**	**(14.3)**	**68.8**
Bareboat charter costs	-	-	-
EBITDA (excluding capital gains)	**83.2**	**(14.3)**	**68.8**
Capital gain	0.9	-	0.9
EBITDA	**84.1**	**(14.3)**	**69.7**
Depreciation, Amortization & Provisions	(133.4)	2.4	(131.0)
Impairment	(3.1)	-	(3.1)
Share of results from companies under the equity method	-	4.4	4.4
Profit on transferred interests	(0.3)	-	(0.3)
EBIT	**(52.7)**	**(7.5)**	**(60.2)**

** Effect of consolidation of jointly controlled companies using the equity method (IFRS 11).*

In € millions - No restatement of 2018 financial statements has been carried out following the application of IFRS 16 "Leases "	H2 2018 Adjusted	IFRS Adjustments*	H2 2018 Consolidated
Revenues	349.4	(27.1)	322.3
Direct Costs & General and Administrative costs	(277.3)	23.2	(254.1)
EBITDAR (excluding capital gains)	**72.1**	**(3.9)**	**68.2**
Bareboat charter costs	(74.9)	-	(74.9)
EBITDA (excluding capital gains)	**(2.8)**	**(3.9)**	**(6.7)**
Capital gain	0.6	-	0.6
EBITDA	**(2.2)**	**(3.9)**	**(6.1)**
Depreciation, Amortization & Provisions	(127.2)	2.6	(124.6)
Impairment	(31.0)	-	(31.0)
Share of results from companies under the equity method**	-	(0.5)	(0.5)
EBIT	**(160.4)**	**(1.8)**	**(162.2)**

** Effect of consolidation of jointly controlled companies using the equity method (IFRS 11).*
*** Included the application of IAS 29*

In € millions - No restatement of 2018 financial statements has been carried out following the application of IFRS 16 "Leases"	H1 2018 Adjusted	IFRS Adjustments*	H1 2018 Consolidated
Revenues	340.1	(28.6)	311.5
Direct Costs & General and Administrative costs	(269.5)	20.3	(249.2)
EBITDAR (excluding capital gains)	**70.6**	**(8.3)**	**62.3**
Bareboat charter costs	(73.4)	-	(73.4)
EBITDA (excluding capital gains)	**(2.8)**	**(8.3)**	**(11.1)**
Capital gain	0.7	-	0.7
EBITDA	**(2.2)**	**(8.3)**	**(10.4)**
Depreciation, Amortization & Provisions	(106.6)	2.7	(104.0)
Impairment	(44.7)	-	(44.7)
Share of results from companies under the equity method**	-	1.0	1.0
Profit on transferred interests	0.1	-	0.1
EBIT	**(153.4)**	**(4.5)**	**(158.0)**

** Effect of consolidation of jointly controlled companies using the equity method (IFRS11).*
*** Included the application of IAS 29*

Consolidated Sources and Uses of Cash

In € millions

	H1 2019		H2 2018*		H1 2018*	
Cash generated by operations	**82.7**		**54.1**		**71.1**	
Vessels in service (A)		67.5		50.8		60.9
Vessels sale		15.1		3.3		10.2
Cash out for:	**(38.1)**		**(10.5)**		**(19.0)**	
Interest		(6.1)		(4.4)		(13.4)
Taxes (B)		(4.1)		(5.6)		(2.6)
Dividends		(27.8)		(0.5)		(3.0)
Net Cash from activity	**44.6**		**43.6**		**52.1**	
Net debt change	(0.3)		(30.9)		(53.0)	
Perpetual bond	-		-		-	
Use of cash for	**(42.0)**		**(15.4)**		**0.7**	
Investments		(31.3)		(25.3)		(21.8)
Working capital (C)		(10.7)		9.8		22.5
Other sources and uses of cash	(2.3)		2.8		0.2	
Free cash flow	**36.5**		**33.0**		**69.2**	
Net cash flow from operating activities (A+B+C)		52.7		55.0		80.8
Acquisition of property, plant and equipment and intangible assets		(31.3)		(25.3)		(21.8)
Sale of property, plant and equipment and intangible assets		15.1		3.3		10.2

** No restatement of 2018 financial statements has been carried out following the application of IFRS 16 "Leases"*

Related-party transactions

Related-party transactions as of June 30, 2019 are described in note 5 of the notes to the condensed consolidated financial statements.

Risk factors and uncertainties

The main risks and uncertainties to which the Company is exposed for the remaining six months of the year are those described in BOURBON's 2018 Registration Document filed with the French Financial Markets Authority (AMF) on April 26, 2018.

2. Condensed consolidated financial statements for the first half of 2019

On January 1, 2019, the Group applied IFRS 16 "Leases" according to the so-called "modified retrospective" method, recognizing the cumulative effects of the first-time application on January 1, 2019. Accordingly, the 2018 data reported for comparative purposes have not been restated. The effects of such first-time application are described in note 1.d.

A. Statement of financial position

(in € millions)	June 30, 2019	December 31, 2018 (*)
Goodwill	19.2	19.2
Intangible assets	11.8	11.8
Property, plant and equipment	1,473.2	1,638.2
Right-of-use assets	815.8	-
Investments in affiliates under the equity method	26.4	23.7
Non-current financial assets	16.3	17.3
Deferred taxes	10.3	11.5
Total non-current assets	**2,373.0**	**1,721.7**
Inventories and work in progress	47.6	51.4
Trade and other receivables	368.3	335.9
Current financial assets	4.4	3.7
Other current assets	23.1	17.4
Cash and cash equivalents	200.1	217.1
Total current assets	**643.4**	**625.5**
Non-current assets held for sale	1.2	12.0
Total assets	**3,017.6**	**2,359.2**
Capital	49.2	49.2
Share premiums	100.8	100.8
Consolidated reserves, group share (including profit for the year)	(152.2)	(24.5)
Total shareholders' equity, group share	**(2.2)**	**125.5**
Non-controlling interests	**55.0**	**75.5**
Total shareholders' equity	**52.8**	**201.0**
Borrowings and financial liabilities	35.5	44.8
Lease liabilities (> one year)	4.3	-
Employee benefit obligations	15.4	15.2
Other provisions	90.9	62.3
Deferred taxes	24.1	22.8
Other non-current liabilities	6.0	8.7
Total non-current liabilities	**176.4**	**153.7**
Borrowings and financial liabilities (< one year)	1,293.4	1,406.0
Bank overdrafts and short-term lines	49.3	43.9
Lease liabilities (< one year)	1,114.5	-
Provisions (< one year)	29.3	69.7
Trade and other payables	295.9	478.7
Tax liabilities	3.2	2.4
Other current liabilities	2.8	3.7
Total current liabilities	**2,788.4**	**2,004.5**
Liabilities directly associated with non-current assets classified as held for sale	-	-
Total liabilities	**2,964.8**	**2,158.2**
Total liabilities and shareholders' equity	**3,017.6**	**2,359.2**

(*) *The financial statements at December 31, 2018 were not restated for the effects of the application of IFRS16"Leases"*

B. Statement of comprehensive income

(in € millions)	1st half-year 2019	1st half-year 2018 (*)
Revenue	**328.5**	**311.5**
Direct costs excluding bareboat leases	(200.0)	(194.7)
General and administrative costs	(59.7)	(54.5)
Bareboat leases	-	(73.4)
Capital gains	0.9	0.7
EBITDA	**69.7**	**(10.4)**
Increases and reversals of amortization, depreciation and provisions	(131.0)	(104.0)
Impairment	(3.1)	(44.7)
Capital gains on equity interests sold	(0.3)	0.1
Operating income (EBIT)	**(64.6)**	**(159.1)**
Share of results from affiliates under the equity method	4.4	1.0
Operating income (EBIT) after share of results from companies under equity method	**(60.2)**	**(158.0)**
Cost of net debt	(60.8)	(30.1)
Other financial expenses and income	(1.4)	0.2
Income from current operations before income tax	**(122.4)**	**(187.9)**
Income tax	(6.2)	(5.8)
Net income before discontinued operations' net income	**(128.6)**	**(193.7)**
Net income from discontinued operations/operations held for sale	-	-
Net income	**(128.6)**	**(193.7)**
Group share	(135.2)	(197.1)
Non-controlling interests	6.7	3.4

(*) The 2018 financial statements were not restated for the effects of the application of IFRS 16 "Leases"

Basic net earnings per share	(1.75)	(2.55)
Diluted net earnings per share	(1.75)	(2.55)
Net earnings per share – excluding income from discontinued operations/operations held for sale	(1.75)	(2.55)
Net diluted earnings per share – excluding income from discontinued operations/operations held for sale	(1.75)	(2.55)
Net earnings per share – income from discontinued operations/operations held for sale	-	-
Net diluted earnings per share – income from discontinued operations/operations held for sale	-	-

(in € millions)	1st half-year 2019	1st half-year 2018
Net income for the period	**(128.6)**	**(193.7)**
Other comprehensive income	**3.4**	**9.7**
of which share of other comprehensive income from affiliates under the equity method	(0.5)	(0.6)
Other components of comprehensive income that can be reclassified in the income statement in subsequent periods		
Change in the fixed assets revaluation reserve	-	-
Tax effect	-	-
Profits and losses from the currency translation of the financial statements of foreign subsidiaries	3.4	9.5
Profits and losses from the revaluation of available-for-sale financial assets	-	-
Tax effect	-	-
Effective portion of gains and losses on cash flow hedge instruments	-	0.2
Tax effect	-	-
Other components of comprehensive income that cannot be reclassified in the income statement in subsequent periods		
Actuarial differences	-	-
Tax effect	-	-
Total comprehensive income	**(125.2)**	**(184.0)**
of which group share	(133.1)	(188.6)
of which portion made up of non-controlling interests	7.9	4.6

C. Statement of consolidated cash flows

(in € millions)	1st half-year 2019	1st half-year 2018 (*)
Consolidated net income	**(128.6)**	**(193.7)**
Share of results from affiliates under the equity method	(4.4)	(1.0)
Tax (expense)/income	6.2	5.8
Net amortization, depreciation and provisions	132.8	145.9
Gains and losses from changes in fair value	(1.5)	(2.7)
Calculated income and expenses related to stock-options and similar benefits	(0.0)	-
Gains and losses on disposals	(0.7)	(0.7)
Income tax paid	(4.1)	(2.6)
Dividends received from affiliates under the equity method	0.5	(0.0)
Other (**)	2.5	77.4
Cash flows	**2.6**	**28.4**
Effect of changes in working capital	(10.7)	22.5
Dividends received	(0.0)	(0.1)
Cost of net debt	60.8	30.1
Cash flows from operating activities (A)	**52.7**	**80.8**
Acquisition of consolidated companies, net of cash acquired	0.1	(0.1)
Sale of consolidated companies, including cash transferred	-	-
Effect of other changes in the consolidation scope	(0.3)	(0.2)
Payments for property, plant and equipment and intangible assets	(31.3)	(21.8)
Proceeds from disposals of property, plant and equipment and intangible assets	15.1	10.2
Payments for acquisitions of long-term financial assets	-	(0.0)
Proceeds from disposal of long-term financial assets	-	-
Dividends received	-	-
Change in loans and advances granted	(2.0)	0.5
Cash flows from investment activities (B)	**(18.4)**	**(11.4)**
Capital increase	-	-
Capital repayment	-	-
Net sales (acquisition) of treasury shares	(0.0)	(0.0)
Proceeds from borrowings	0.3	52.2
Repayments of borrowings	(20.0)	(69.4)
Repayment of lease liabilities	(4.3)	-
Issue of Perpetual Deeply Subordinated Notes	-	-
Dividends paid to parent company shareholders	-	-
Dividends paid to non-controlling interests	(27.8)	(3.0)
Net financial interest paid	(6.1)	(13.4)
Cash flows from financing activities (C)	**(58.0)**	**(33.6)**
Impact from the change in exchange rates (D)	1.2	1.9
Effect of changes in accounting principles and other reclassifications	-	-
Change in net cash (A) + (B) + (C) + (D)	**(22.5)**	**37.7**
Cash at beginning of period	173.2	167.2
Cash at end of period (***)	150.8	204.9
CHANGE IN CASH	**(22.5)**	**37.7**

(*) The 2018 financial statements were not restated for the effects of the application of IFRS 16 “Leases”

(**) In 2018, the “Other” line corresponds mainly to the non-cash impact of the leases.

(***) of which:

- Marketable and other securities	2.7	-
- Cash and cash equivalents	197.4	228.6
- Bank overdrafts	(49.3)	(23.7)

D. Statement of changes in equity

(in € millions)	Capital and related reserves				Unrealized or deferred profit/loss					Other reserves and income	Total shareholders' equity, group share	Shareholders 'equity made up of non-controlling interests	Total consolidated shareholders' equity
	Capital	Share premiums and reserves related to share capital	Reclassification of treasury shares	Perpetual Deeply Subordinated Notes	Related to currency translation differences	Related to net investment in foreign operations	Related to actuarial differences	Change in the fair value of available-for-sale assets	Change in fair value of hedge derivatives				
Shareholders' equity as of December 31, 2018	**49.2**	**100.8**	**(1.0)**	**122.4**	**(51.3)**	**(4.8)**	**(3.4)**	**-**	**(0.0)**	**(86.4)**	**125.5**	**75.5**	**201.0**
IFRS 16 impact	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**	**-**
Shareholders' equity as of January 1, 2019	**49.2**	**100.8**	**(1.0)**	**122.4**	**(51.3)**	**(4.8)**	**(3.4)**	**-**	**(0.0)**	**(86.4)**	**125.5**	**75.5**	**201.0**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(135.2)	**(135.2)**	**6.7**	**(128.6)**
Other components of comprehensive income (net of tax):	**-**	**-**	**-**	**-**	**2.1**	**-**	**-**	**-**	**-**	**-**	**2.1**	**1.3**	**3.4**
Cash flow hedge	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Employee benefit obligations	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Profits and losses from the currency translation of the financial statements of foreign subsidiaries	-	-	-	-	*2.1*	-	-	-	-	-	***2.1***	*1.3*	***3.4***
Comprehensive income for the period	**-**	**-**	**-**	**-**	**2.1**	**-**	**-**	**-**	**-**	**(135.2)**	**(133.1)**	**7.9**	**(125.2)**
Capital increase	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Dividends paid in cash	-	-	-	-	-	-	-	-	-	-	**-**	(27.5)	**(27.5)**
Dividends paid in shares	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Capital repayment	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Issue of Perpetual Deeply Subordinated Notes	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Recognition of share-based payments	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Reclassification of treasury shares	(0.0)	-	0.9	-	-	-	-	-	-	(0.9)	**(0.0)**	-	**(0.0)**
Other changes	-	-	-	4.1	-	-	-	-	-	1.3	**5.4**	(0.9)	**4.5**
Total transactions with shareholders	**(0.0)**	**-**	**0.9**	**4.1**	**-**	**-**	**-**	**-**	**-**	**0.4**	**5.3**	**(28.4)**	**(23.0)**
Shareholders' equity as of June 30, 2019	**49.2**	**100.8**	**(0.2)**	**126.5**	**(49.1)**	**(4.8)**	**(3.4)**	**-**	**(0.0)**	**(221.2)**	**(2.2)**	**55.0**	**52.8**

The "Other changes" line mainly includes the impact of transactions with some non-controlling interests.

In € millions	Capital and related reserves				Unrealized or deferred profit/loss					Other reserves and income	Total shareholders' equity, group share	Shareholders 'equity made up of non-controlling interests	Total consolidated shareholders' equity
	Capital	Share premiums and reserves related to share capital	Reclassification of treasury shares	Perpetual Deeply Subordinated Notes	Related to currency translation differences	Related to net investment in foreign operations	Related to actuarial differences	Change in the fair value of available-for-sale assets	Change in fair value of hedge derivatives				
Shareholders' equity as of December 31, 2017	**49.2**	**100.8**	**(1.2)**	**118.5**	**(58.3)**	**(4.8)**	**(3.5)**	**-**	**(0.2)**	**370.8**	**571.3**	**72.3**	**643.6**
IFRS 9 Impact	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(2.9)	**(2.9)**	**-**	**(2.9)**
Shareholders' equity as of January 1, 2018 (restated)	**49.2**	**100.8**	**(1.2)**	**118.5**	**(58.3)**	**(4.8)**	**(3.5)**	**-**	**(0.2)**	**367.9**	**568.4**	**72.3**	**640.7**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(197.1)	**(197.1)**	**3.4**	**(193.7)**
Other components of comprehensive income (net of tax):	**-**	**-**	**-**	**-**	**8.3**	**-**	**-**	**-**	**0.2**	**-**	**8.6**	**1.1**	**9.7**
Cash flow hedge	-	-	-	-	-	-	-	-	*0.2*	-	***0.2***	-	***0.2***
Employee benefit obligations	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Profits and losses from the currency translation of the financial statements of foreign subsidiaries	-	-	-	-	*8.3*	-	-	-	-	-	***8.3***	*1.1*	***9.5***
Comprehensive income for the period	**-**	**-**	**-**	**-**	**8.3**	**-**	**-**	**-**	**0.2**	**(197.1)**	**(188.6)**	**4.6**	**(184.0)**
Capital increase	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Dividends paid in cash	-	-	-	-	-	-	-	-	-	-	**-**	(3.0)	**(3.0)**
Dividends paid in shares	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Capital repayment	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Issue of Perpetual Deeply Subordinated Notes	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Recognition of share-based payments	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Reclassification of treasury shares	-	-	-	-	-	-	-	-	-	(0.0)	**(0.0)**	-	**(0.0)**
Other changes	-	-	-	-	-	-	-	-	-	3.5	**3.5**	(4.1)	**(0.6)**
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.5**	**3.5**	**(7.1)**	**(3.6)**
Shareholders' equity as of June 30, 2018	**49.2**	**100.8**	**(1.2)**	**118.5**	**(49.9)**	**(4.8)**	**(3.5)**	**-**	**(0.0)**	**174.3**	**383.3**	**69.8**	**453.1**

The "Other changes" line mainly includes the impact of transactions with some non-controlling interests.

E. Notes

The explanatory notes below are annexed to the presentation of the condensed consolidated financial statements and form an integral part of them.

BOURBON is an incorporated company registered in France, whose shares are listed for trading on Compartment B of Euronext Paris.

The consolidated financial statements as of June 30, 2019 were approved by BOURBON's Board of Directors on September 25, 2019.

1 - Accounting principles and valuation methods

a. General principles

BOURBON's consolidated financial statements are established in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union. The condensed interim financial statements, closed on June 30, 2019, are presented and have been prepared based on the provisions of IAS 34 “Interim Financial Information”. Concerning the interim financial statements, they do not include all the information required under IFRS for the preparation of consolidated financial statements. These notes may therefore be supplemented by reading the Registration Document published for the year ended December 31, 2018, given that there is no seasonal effect.

b. Going concern

In accordance with IAS 1.25, when preparing financial statements, management must assess the entity’s capacity to continue as a going concern. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern, the entity shall disclose those uncertainties. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The degree of consideration depends on the facts in each case.

BOURBON provides support services to the oil industry. In response to the significant decrease in the barrel price since the end of 2014 (Brent fell from US$99 in 2014 to less than US$40 at the end of 2015 and hit a low at under US$27 in the first quarter of 2016), oil companies dramatically cut their exploration and production expenses (-25% on a global scale in 2015 and -24% in 2016 - source: IFP Énergies nouvelles). This cyclical downturn in the market thereby affected the companies that provide services to oil companies. In the face of this economic slowdown in oil activity and the very sharp price decreases imposed by its customers, BOURBON was able to remain resilient thanks to its targeted positioning and strong operational measures (in particular, its cost control policy).

To manage this cyclical low point, the Group had accordingly conducted discussions in late 2016 with its financial partners in order to restructure its financing for the coming years.

The agreements entered into in 2017 with the Group’s principal financial partners, described in detail in the notes to the 2016 and 2017 financial statements, thus restructured the repayments of its club deal loans, bilateral loans, finance leases, and short-term loans, while also providing for a progressive increase in the loan margins over the extended payment schedule, as well as the granting of additional sureties. In consideration of the restructuring, the group had agreed to a number of restrictions, in particular regarding its indebtedness, cash flow, asset disposals, investments and the dividend policy.

However, the expected recovery in the third quarter of 2017 did not occur, thus making obsolete the Group’s forecasts on which these agreements had been based, and the unfavorable market environment weighed heavily on the Group’s revenue and, consequently, on its net income. The cash flows generated by operations remain positive, although their circulation was not fully unrestricted due to the Group’s legal structure and limitations relating to some of its geographic locations (see note 4.h). However, they are insufficient to service its debt.

In this context, the Group initiated new discussions with its lenders, both in France and abroad, in order to balance the servicing of its debts with the expected yet gradual recovery in the market and the corresponding upturn in the Group’s performance. The group has asked its lenders to formally suspend, the exercise of their rights under the credit agreements, in particular their repayment.

- On July 10, 2018 a general waiver was finalized with lessors and debt holders representing the majority of its debt, thus allowing the Group to withhold the payments of its loans and the servicing of its debt. Aimed at protecting the Group, this waiver allowed it to stay focused on its operational priorities and on the implementation of its **#BOURBON**IN**MOTION** strategic plan.

- On November 2, 2018, having received no confirmation of the renewal of the general waiver, the Group announced that the presiding judge of the Marseille Commercial Court allowed the initiation of conciliation proceedings for the 22 subsidiaries of BOURBON Corporation. These procedures were opened to allow the Group to actively pursue, in an amicable framework, its search for all solutions for its development as well as its discussions with its debt holders and lessors.

- On January 3, 2019, BOURBON announced that it had renewed the general waiver with its lessors and debt holders representing the majority of the Group's debt, thus allowing it to suspend the payments of its leases and debt.

- On June 30, 2019, the general waiver regularly renewed by lessors and debt holders expired and was not renewed. Consequently, in the absence of the renewal of the general waiver, the presiding judge of the Marseille Commercial Court authorized the Group to commence conciliation proceedings for the 22 subsidiaries of BOURBON Corporation.

- On August 7, 2019, the Group announced that the court had granted its request to initiate proceedings to place the holding company BOURBON Corporation and its sub-holding company BOURBON Maritime into receivership. BOURBON Corporation had applied to be placed in receivership because of calls on the guarantee by the Chinese company ICBC Financial Leasing of an initial amount of over US$800 million, plus an additional claim received on September 10, 2019 that raised the total amount to over US$1.2 billion.

Although BOURBON Maritime was involved in conciliation proceedings, the company applied to be placed in receivership due to the acceleration by several French lenders of the repayment of their claims for €720 million plus contractual interest.

The objective of BOURBON Corporation and BOURBON Maritime is to protect the Group's operating activities in order to capitalize fully on the incipient recovery in a rapidly changing market.

This situation raises a material uncertainty concerning the continuity of operations. However, the Group has prepared its consolidated financial statements for the period ending June 30, 2019, maintaining the going concern assumption in light of:

- its confidence in its ability to meet the conditions necessary to continue operations;

- its confidence in a favorable outcome to the receivership proceedings;

- the active search for new financial partners, which has resulted in the receipt of a binding offer for financing subject to conditions;

- the cash flow generated by the activity allowing the Group to meet its current operating needs over the next 12 months (excluding financing of debt).

Should these proceedings not result in a receivership plan, the application of the accounting rules and principles used in a normal going concern context, including for the valuation of assets and liabilities, may be inappropriate.

c. Consolidation principles

BOURBON's condensed consolidated financial statements as of June 30, 2019 include the financial statements of companies exclusively controlled by the Group, directly or indirectly, by full consolidation. The companies that are jointly controlled, or over which the Group has notable influence, are consolidated by the equity method.

d. Changes to the accounting standards applicable in 2019

BOURBON's condensed consolidated financial statements as of June 30, 2019 were established according to the accounting principles and evaluation and presentation methods applied for establishing the consolidated financial statements of the Group as of December 31, 2018.

The new IFRS standards, interpretations and amendments, as adopted by the European Union for the fiscal years opened from January 1, 2019 were applied, and included:

- **IFRS 16 "Leases"**

This standard, published on January 13, 2016, fundamentally changes the accounting method of leases contracts for the lessees by introducing the notion of control in the use of the underlying leased asset. It introduces for the lessee a single accounting model of leases on the balance sheet, without distinguishing between operating leases, previously recognized in expenses and off-balance sheet commitments, and finance leases. The lessee will thereby recognize a "right-of-use" asset, which corresponds to the right to use the underlying asset and, a lease liability in respect of its obligation to pay the lease.

The application of IFRS 16, mandatory as of January 1, 2019, had a significant impact on the consolidated financial statements:

- on the balance sheet, with respect to the value of "right-of-use" assets as well as the lease liability;
- and on the income statement with respect to an improvement in EBITDA through a decrease in rents and, on the other hand, an increase in depreciation and financial expenses.

The Group has applied IFRS 16 as of January 1, 2019, using the modified retrospective method, which consists of recognizing as of the date of first-time application:

- on one hand, the lease liability at the value of the remaining minimum payments, discounted at the date of transition;
- and on the other hand, the right-of-use asset for an amount equal to the lease liability, adjusted for the amount of any prepaid or accrued lease payments at that date, as well as for the estimated amount of dismantling or restoring costs, especially those linked to the class maintenance obligations within the vessel contracts.

In accordance with this method, no comparative restatement of prior financial statements was carried out. Furthermore, the Group applied the practical expedients related to short-term leases, including leases whose residual term is less than or equal to 12 months following the date of first-time application, and those of low-value assets. The Group has similarly classified leases previously accounted as finance leases in accordance with IAS 17.

In the frame of its activities, the Group enters into contracts as a lessee for the following main underlying assets:

- vessels;
- offices, logistics bases and other buildings;
- vehicle fleet;
- IT equipment.

As such, the group analyzed these contracts in order to:

- ⇨ assess if they are, or contain, a lease according to IFRS 16: a contract is, or contains, a lease if it provides the Group with the right to control the use of an identified asset for a determined period in return for payment;
- ⇨ determine the main assumptions used to evaluate the right of use asset and the lease liability, particularly the lease term and the discount rate used to measure the lease liability:
    - the lease term corresponds to the non-cancellable period during which the lessee has the right to use the underlying asset, to which is added any renewal options or termination options that the Group is reasonably certain to exercise (for renewal options) or not exercise (for termination options). The probability of exercising (or not) an option with reasonable certainty was determined by the type of contract, or on a case-by-case basis based on contractual, financial and regulatory conditions, and the nature of the underlying asset,
    - the discount rate used for measuring the lease liability is the incremental borrowing rate of the lessee. The Group's incremental borrowing rate is used for leases on vessels, with BOURBON Corporation being the guarantor for all of these contracts. Specific incremental borrowing rates are determined for the other leases - when the implicit rates of each of these leases were not able to be determined - taking into account, for each lessee, the currency, country, and maturity risks associated with each lease.

The table below shows the effects of the application of IFRS 16 on the opening balance sheet:

				Vessels:				
(in € millions)	12/31/2018	IFRS 16 impact	01/01/2019	Finance leases	Rents	Return obligation liabilities	Leases - Real estate	Other leases
Property, plant and equipment	1,638.2	(119.4)	1,518.8	(119.4)				
Right-of-use assets	-	866.4	866.4	119.4	748.5	(9.8)	6.6	1.6
Other current assets	17.4	0.0	17.5					0.0
Total assets		**746.9**		**-**	**748.5**	**(9.8)**	**6.6**	**1.7**
Borrowings and financial liabilities	44.8	(81.5)	(36.7)	(81.5)				
Lease liabilities (> one year)	-	836.3	836.3	81.5	749.8		4.6	0.4
Other provisions	62.3	31.1	93.4			31.1	0.1	
Borrowings and financial liabilities (< one year)	1,406.0	(39.3)	1,366.7	(39.3)				
Lease liabilities (< one year)	-	246.8	246.8	39.3	204.3		1.9	1.3
Provisions (< one year)	69.7	(40.9)	28.8			(40.9)		
Trade and other payables	478.7	(205.6)	273.1		(205.6)			
Total liabilities and shareholders' equity		**746.9**		**-**	**748.5**	**(9.8)**	**6.6**	**1.7**

As of January 1, 2019, the main leases concerned by the application of this standard relate to 57 vessels.
In the framework of its discussions with its main financial partners, including its lessors, in France and abroad, BOURBON suspended, during the negotiation period, the payment of these rents. These rental payments amounted to about US$100 million (approximately €88 million), recognized in trade payables as of December 31, 2018, and was reclassified under lease liabilities at January 1, 2019.
Moreover, in 2017, the Group reached an agreement to reorganize lease payments on the vessels covered by the sale and bareboat chartering contracts concluded with ICBC Financing Leasing in 2013 and 2014. This agreement provided for a reduction in rental payments for the years 2016 to 2018, in consideration with a two-year extension of the initial period of bareboat leases as well as the more favorable commercial terms for ICBC Financial Leasing. In accordance with IAS 17, bareboat charter expenses remained to be recognized on a straight-line basis from the date of renegotiation and for the remaining term of the contract. As of December 31, 2018, the cumulative non-cash impact of the bareboat charter expenses - recognized in shareholders' equity, Group share - following these negotiations and the required straight-line accounting amounted to €(117) million. This amount was therefore reclassified at January 1, 2019, the date of application of IFRS 16, as a deduction from right-of-use assets.
Under the vessel leases, the Group leases two items: a "right to use" a vessel and a "right of navigation". This "right of navigation" comes from regular maintenance and refurbishment to maintain the vessel's class. During the term of the agreement, the "right of navigation" is therefore an asset controlled by the company and included in the right-of-use. However, a component approach is applied in the amortization of the right-of-use for vessel leases, with the "right of navigation" component being amortized over the period until the next maintenance. As a result, new maintenance expenses incurred during the term of the lease are recognized as right-of-use and consequently amortized until the next maintenance.

There is an obligation from the outset of the vessel lease to return this "right of navigation". The vessels must be returned at the end of the lease with their class maintained so that they are operational. The "return obligation liability" associated with this obligation was measured at January 1, 2019 at the present value of the estimated future costs for approximately €51 million. At December 31, 2018, the Group also recognized provisions for major maintenances totaling €61 million. These corresponded to the estimated amounts of upcoming maintenance of leased vessels. In accordance with IFRS 16 and its interaction with IAS 37, the accounting treatment of the obligations has been revised. The existing provision has thus been reclassified as a "return obligation liability" and adjusted as an offsetting entry to the right-of-use asset for approximately €(10) million.

The consequences arising from the application of IFRS 16 to the financial statements depend to a significant extent on economic conditions, such as the borrowing interest rate of the Group and its subsidiaries, and the breakdown of the lease portfolio as of January 1, 2019 and June 30, 2019, and as such, the discussions in progress with the main financial partners, including the lessors.
In light of the ongoing discussions and based on the proposals received by the Group for new financing and debt reduction, a discount rate of 8% has been selected. Although these offers have not been materialized (see note 2 – Significant events over the period), the discount rate used remains the best estimate of the Group's incremental borrowing rate.

The difference between the lease commitments presented in accordance with IAS 17 at December 31, 2018 and the lease liabilities measured in accordance with IFRS 16 at January 1, 2019 can be explained as follows:

(in € millions)	Vessel operating leases	Vessel finance leases (*)	Other leases	TOTAL
Commitments given for operating leases at December 31, 2018:	**1,184.5**	**120.8**	**11.1**	**1,316.4**
Discount effect	(318.7)	-	(1.6)	**(320.3)**
Trade payables for leases reclassified as lease liabilities	88.3	-	-	**88.3**
Others	-	-	(1.3)	**(1.3)**
Lease liabilities at January 1, 2019 in accordance with IFRS 16	**954.1**	**120.8**	**8.2**	**1,083.1**

(*) including €3.3 million in accrued interest

The other effects are mainly the result of the practical expedients related to short-term leases, including leases whose residual duration is less than or equal to 12 months following the date of first-time application, and those of low-value assets.

The Group opted for the simplified retrospective method, under which the comparative information presented is not restated.

It should be noted, however, that the Group monitored an EBITDAR ratio internally (EBITDA before bareboat charters) that was the main performance indicator for the activities and already communicated this to the market. The application of IFRS 16 to non-vessel leases (real estate and other) whose impact is not significant will have only a marginal impact on this ratio and the periods will thus be entirely comparable with each other on that basis.

e. Use of estimates and assumptions

Preparation of the financial statements in accordance with the conceptual framework of the IFRS involves the use of estimates, assumptions and assessments that affect the amounts presented in those financial statements. These estimates are based on past experience and on other factors considered to be reasonable given the circumstances.

With regard to the current worldwide economic context and the historically high degree of volatility and the corresponding lack of visibility, certain facts or circumstances could lead to changes in these estimates, assumptions or evaluations and therefore future results achieved may differ from the estimates adopted.

2 - Significant events over the period

During the first half of 2019, the Group continued to deploy its **#BOURBON**IN**MOTION** strategic action plan announced on February 12, 2018. This plan should help the group in terms of competitiveness and the new demands of its clients in a market environment that has been challenging to all players in the Oil & Gas industry. BOURBON's goal is to accelerate its transformation in order to be ready for the expected recovery.

The first plan based on three priorities was broadened to cover the financial aspect. It represents a total investment of €75 million over three years.

This plan is now based on 4 priorities:

- better serve clients through development of its business model to include more integrated services, and the reorganization of the Group's activities into three standalone companies: Bourbon Marine & Logistics, Bourbon Mobility, and Bourbon Subsea Services. These three companies are now implementing their own strategies. Their objectives: to deliver profitable growth through:

- integrated logistical services for Bourbon Marine & Logistics, which won its first contract in an exploration campaign, as well as several chartering contracts that include performance bonuses linked to fuel economy,

- the transformation of the "passenger" experience for Bourbon Mobility, which offers new client services aboard its Surfers, such as access to entertainment through an interactive platform,

- light turnkey projects and integrated solutions for Bourbon Subsea Services.

As part of this strategy, the Group initially decided to sell 7 vessels belonging to specialty segments but considered non-strategic for the Group and 41 older vessels that cannot be connected (termed the "non-smart fleet").

At December 31, 2018, after review of the relevant vessels, the Group still held 30 non-smart vessels. 8 vessels had been sold during the year at prices close to the estimated fair values and 3 AHTS vessels had also been reintegrated into the active fleet and to the Deep CGU due to new commercial prospects.

In addition, the Group had 11 vessels that it considered non-strategic at December 31, 2018. 2 non-strategic vessels had been sold and the Group had decided to sell 6 additional non-strategic vessels.

At June 30, 2019, 1 non-strategic vessel and 3 non-smart vessels were sold at prices close to estimated fair values. 2 other targeted vessels were also sold over the period.

1 non-strategic vessel and 2 non-smart vessels were also sold during summer 2019.

Regarding the financial restructuring of the Group, on January 3, 2019, BOURBON announced that it had renewed the general waiver with its lessors and debt holders representing the majority of the Group's debt, thus allowing it to suspend the payments of its leases and debt.

- Discussions with the Group's main financial partners and the active search for new financing were continued. In this context, several offers subject to due diligence and other conditions were received by the Group during the first quarter of 2019, proposing in particular new financing and a debt reduction that, in some cases, included conversion of part of the debt into equity.

On March 13, 2019, the Board of Directors carried out a preliminary review of these propositions. BOURBON specified that no decision or commitment has been made and that no exclusivity had been granted to any of the financial partners with which it was in discussion. At that stage, the terms and conditions of these offers, including their financial parameters, were being evaluated by the Group and its advisors.

- On June 19, 2019, the Board of Directors of BOURBON examined the two financial restructuring proposals still valid at that date with regard to the interests of the Group and its employees, partners and shareholders. In particular, the Board referred to the review conducted by an ad hoc committee of four Directors (including two independent directors) who, since July 2018, had been tasked with measuring the impact and highlights of each restructuring project and reporting on this to the Board of Directors:

- the offer from the main creditors and lessors of BOURBON vessels (75% of the Group's debt) valid until June 27, 2019, proposed a new money amount in the form of debt of €120 million, a reduction of the existing debt by over €1.4 billion through a capital conversion resulting in the holding of 93% of the Group's capital by its creditors;
- the offer made by the main shareholder, Jacques de Chateauvieux, and his financial partners proposed a new money contribution in the form of debt of €80 million and a loan of €164 million to pay off creditors who wanted that option. The proposed business model meets the new market expectations while relying on BOURBON's historic network of partners and provides for the repayment of claims on the basis of the free cash flow generated by each vessel. This offer does not necessitate any dilution of the shareholder base following the restructuring.

The Board of Directors had not yet been able to decide in favor of one of these proposals, as the proposals still had a number of conditions attached to them, in particular related to the agreement of all parties. Its primary objective remains the guarantee of a sustainable debt level, the obtaining of new money to support the development of the Group, as well as a long-term shareholder base trusted by BOURBON's partners and teams. As a result, the Board instructed BOURBON Corporation's general management to further pursue negotiations to obtain final and binding conditions for these two offers and, in the meantime, extend their validity.

- At the Shareholders' Meeting of June 28, 2019, BOURBON offered its creditors two options for the settlement of its financial commitments based on the principle of sharing the creation of value:

a) share the market risk and therefore receive a limited fixed portion together with a variable component based on the net cash generated per vessel put up as collateral for loans or leased objects, in order to benefit from the pace and intensity of the recovery of the offshore services market over time;

b) take a business risk and, in this case, agree with BOURBON on a reduced amount of debt to be repaid, bearing interest and repayable over 8 years, and receive BOURBON Corporation shares as compensation for the portion not repaid. These outstanding debts and abandoned lease obligations would, under this proposal, give access to a maximum of 30% of the capital of BOURBON Corporation. As a result, BOURBON offered ICBC Leasing a cash settlement equivalent to the one it had requested for the offer by the Banks and referred to in their own press release dated June 5, 2019.

- On July 25, 2019, BOURBON Corporation announced that it had applied to the Marseille Commercial Court to be placed in receivership. In various communications dated July 18, 2019, the Chinese group ICBC Leasing announced its intention to call on the BOURBON Corporation guarantee for lease payments due until 2026, under the guarantee covering the commitments of the Group’s contracting companies with payment arrears.

BOURBON Corporation filed an application for bankruptcy protection, considering that, despite the guarantee being called on, it had not defaulted on payments. With its judgment of July 24, 2019, the Marseille Commercial Court rejected the application, finding that the calls on the guarantee by ICBC Leasing indicated that BOURBON Corporation had defaulted on payments as of July 24, 2019.

BOURBON Corporation acknowledged the court’s decision and consequently applied to be placed in receivership, the calls on the guarantee by the Chinese company ICBC Leasing representing an initial amount of over US$800 million, plus an additional claim received on September 10, 2019 that raised the total amount to over US$1.2 billion.

Moreover, although BOURBON Maritime was involved in conciliation proceedings, the company applied to be placed in receivership due to the acceleration by several French lenders of the repayment of their claims for €720 million plus contractual interest.

The receivership procedure concerns only the holding companies BOURBON Corporation and BOURBON Maritime and not the operating companies, which can continue to operate as normal and service customers. The objective of BOURBON Corporation and BOURBON Maritime is to protect the Group’s operating activities in order to capitalize fully on the incipient recovery in a rapidly changing market. BOURBON is thus pushing ahead with the radical transformation of its business model, implementing the strategic action plan **#BOURBON**IN**MOTION**.

- At the request of BOURBON Corporation and BOURBON Maritime, the Court therefore decided to place the holding company BOURBON Corporation and its sub-holding company BOURBON Maritime in receivership on August 7.

As part of this receivership, BOURBON announced that the Group will be focused on achieving a positive outcome to negotiations with its financial partners. The aim following financial restructuring is for it to be able to operate in a more stable environment that is fair for all stakeholders and in the interests of the company and its employees.

In addition, on April 17, 2019, during the restructuring discussions, the general meeting of holders of Undated Deeply Subordinated Fixed to Floating Rate Bonds issued by BOURBON Corporation ("TSSDI"), in view of the decision of TSSDI holders dated April 20, 2018 ratifying the deferral until April 24, 2019 of the interest payment due on the TSSDI on April 24, 2018, agreed to roll over the April 2018 Maturity Date to July 24, 2019 so that the payment of the interest due of around €3.867 million for the April 2018 Maturity would take place on July 24, 2019. A postponement of this interest payment to October 24, 2019 was approved by that same meeting on July 17, 2019, meaning that the payment of the interest due for the April 2018 Maturity will occur on October 24, 2019.

3- Changes in scope in the first half of 2019

a- Purchase of non-controlling interests

The Group did not purchase any non-controlling interests in the first half of 2019.

b- Disposal of non-controlling interests

The Group did not dispose of any non-controlling interests in the first half of 2019.

c- Newly consolidated companies

During the first half of 2019, two fully consolidated entities entered the Group's scope of consolidation without any impact on the Group's financial statements.

d- Disposals of consolidated companies

In the first half of 2019, the Group completed the disposal of a non-strategic company. The non-material effect was recognized through profit or loss.

In € millions	TOTAL
Share transfer price	1.3
Percentage of group sold	1.6
Income from sale	**(0.3)**

4 - Notes on the income statement and balance sheet

a. Cost of net financial debt – Other financial income and other financial expenses

In € millions	1st half-year 2019	1st half-year 2018
Cost of net debt	**(60.8)**	**(30.1)**
Cost of gross debt	(26.7)	(32.4)
Cost of debt on lease liability	(36.0)	-
Income from cash and cash equivalents	1.9	2.3
Other financial expenses and income	**(1.4)**	**0.2**
Net foreign exchange income/(loss)	0.2	4.4
- of which unrealized foreign exchange gains/(losses)	*1.7*	*7.1*
Other financial expenses	(9.6)	(16.0)
- of which fair value of derivative instruments	(6.7)	(11.5)
- of which impact of discounting the return liability	(2.0)	-
Other financial income	8.5	13.2
- of which fair value of derivative instruments	8.2	13.1
Net allocations to financial assets and provisions	(0.4)	(1.4)

A slight foreign exchange loss was recorded in the firsthalf of 2019, primarily due to movements in the US dollar against the euro during the period, as in the firsthalf of 2018.

As of December 31,2017 interest rate swaps were attached to borrowings whose future flows were no longer expected, resulting in the elimination of the item hedged and the disqualification of these hedging instruments. The change in fair value of these interest rate swaps is therefore recognized through profit or loss.

A financial expense of €(2.0) million linked to the discounting of lease return liabilities was also recognized inthe first half of 2019 in accordance with IFRS 16.

b. Goodwill

At June 30, 2019, conditions in the offshore oil and gas sector remained challenging due to the slow market recovery, constituting an indication of impairment according to IAS 36, paragraph 12(d).

The Group conducted an impairment test on each cash-generating unit (CGU). The recoverable value of each CGU used for testing corresponds to the going concern value, defined as total discounted future cash flows.

Going concern values are determined using economic assumptions and forecasts of activity and results deemed by the Group's management to be the most probable.

Since it is difficult to predict the long-term outlook given the current situation (and the proceedings under way, in particular), and since the operating performance recorded in the firsthalf of 2019 was on budget, the assumptions and forecasts applied at December 31, 2018 were maintained at June 30, 2019:

- five-year business plan covering the 2019-2023 period for each of the CGUs, prepared on the basis of adjusted financial data;

- use of normative cash flows beyond 2023; the weight of the discounted standardized cash flows represents approximately 75% of total going concern value;

- perpetual growth rate of 2.5% (taking into account in particular the regions of the world in which the Group does business and which have fairly high inflation rates);

- discount rate of 10.3%;

- exchange rate (business plan and normative cash flows): €1 = US$1.15.

In addition, the economic assets to be covered take into account the first application of IFRS 16 on January 1, 2019 (IFRS 16.33) and include the net carrying amount of right-of-use assets of €816.1 million at June 30, 2019 (adjusted data). The lease liability has not been deducted from the asset base or from the going concern value of the CGUs. Lease payments have been excluded from the cash flow calculation and normative investments take into account the renewal of rights of use.

The result of the value in use assessment is set forth below

(in € millions)	*Goodwill*	*Economic assets as of 06/30/2019 including goodwill (*) (**)*	*Estimated going concern value*	*Excess of estimated value in use over the value (*) of assets including goodwill (**)*
Marine & Logistics - DEEP	-	768.2	783.3	15.1
Marine & Logistics - SHALLOW	-	824.0	823.3	(0.7)
Mobility	-	244.4	692.7	448.3
Subsea Services	19.2	617.0	812.6	195.6

(*) Adjusted data: operating joint ventures over which the Group exercises joint control are fully consolidated

(**)Economic assets = goodwill, intangible assets and property, plant and equipment, right-of-use assets and working capital

Taken together, none of these value in use assessments led to an impairment loss being recognized at June 30, 2019. The non-material impairment loss of €(0.7) million observed on the *Marine & Logistics – Shallow* CGU has not been recognized. Similarly, based on the sensitivity analyses presented below and the Group's situation, no impairment losses were reversed on the *Marine & Logistics – Deep* CGU.

The results of the sensitivity analyses performed on individual changes to the assumptions used are presented below and represent the impacts as compared with the estimated going concern values presented in the previous table:

	Impact on the CGUs' value in use					
(in € millions)	*0.5 pt decrease in the discount rate*	*0.5 pt increase in the discount rate*	*0.5 pt decrease in the growth rate*	*0.5 pt increase in the growth rate*	*10% decrease in cash flows*	*10% increase in cash flows*
Marine & Logistics - DEEP	53.2	(46.8)	(34.8)	39.6	(78.3)	78.3
Marine & Logistics - SHALLOW	61.5	(54.1)	(45.7)	51.9	(82.3)	82.3
Mobility	45.3	(39.9)	(33.4)	37.9	(69.3)	69.3
Subsea Services	55.4	(48.8)	(40.8)	46.4	(81.3)	81.3

Taking into account the individual changes to the assumptions used, the estimated excess amount of value in use over the value of the assets of each CGU would be:

	Excess amount of value in use of economic assets					
(in € millions)	*0.5 pt decrease in the discount rate*	*0.5 pt increase in the discount rate*	*0.5 pt decrease in the growth rate*	*Increase of 0.5 pt in the growth rate*	*10% decrease in cash flows*	*10% increase in cash flows*
Marine & Logistics - DEEP	68.3	(31.7)	(19.7)	54.7	(63.2)	93.4
Marine & Logistics - SHALLOW	60.7	(54.8)	(46.4)	51.2	(83.1)	81.6
Mobility	493.6	408.5	415.0	486.3	379.1	517.6
Subsea Services	251.0	146.8	154.7	242.0	114.3	276.8

Under each scenario, the individual rates according to which an impairment would have to be recorded are the following:

	Marine & Logistics - DEEP	Marine & Logistics - SHALLOW	Mobility	Subsea Services
Discount rate of:	10.5%	n/a	26.0%	12.8%
Growth rate of:	2.3%	n/a	no impairment even of a growth in the event rate of zero	
Decrease in cash flows of:	2.0%	n/a	64.7%	24.1%

n/a: not applicable

Moreover, the 2019-2023 business plan and normative cash flows were established on the basis of an EUR/USD exchange rate of 1.15. The table below shows the impact of an exchange rate fluctuation of +/-5 cents on these estimated values in use:

	Impact on the CGUs' value in use	
(in € millions)	*EUR/USD rate: -5 cts, i.e. €1 = US$1.10*	*EUR/USD rate: +5 cts, i.e. €1 = US$1.20*
Marine & Logistics - DEEP	86.3	(75.7)
Marine & Logistics - SHALLOW	81.8	(75.0)
Mobility	77.5	(71.0)
Subsea Services	90.5	(82.9)

Taking into account these EUR/USD exchange rate fluctuations, the excess amount of the estimated value in use of the assets of each CGU would be as follows:

	Excess amount of value in use of economic assets	
(in € millions)	*EUR/USD rate: -5 cts, i.e. €1 = US$1.10*	*EUR/USD rate: +5 cts, i.e. €1 = US$1.20*
Marine & Logistics - DEEP	101.4	(60.6)
Marine & Logistics - SHALLOW	81.0	(75.7)
Mobility	525.8	377.3
Subsea Services	286.0	112.7

Lastly, the following tables present the sensitivity analyses obtained when combining several assumptions:

- EUR/USD exchange rate (2019-2023 business plan and normative cash flows) and discount rate:

	Impact on the CGUs' value in use			
(in € millions)	*0.5 pt decrease in the discount rate and exchange rate of €1 = US$1.10*	*0.5 pt decrease in the discount rate and exchange rate of €1 = US$1.20*	*0.5 pt increase in the discount rate and exchange rate of €1 = US$1.10*	*0.5 pt increase in the discount rate and exchange rate of €1 = US$1.20*
Marine & Logistics - DEEP	145.2	(27.7)	34.5	(118.1)
Marine & Logistics - SHALLOW	149.0	(18.7)	22.7	(124.4)
Mobility	128.0	(30.5)	33.0	(106.7)
Subsea Services	152.2	(33.4)	36.1	(126.5)

	Excess amount of value in use on economic assets			
(in € millions)	*0.5 pt decrease in the discount rate and exchange rate of €1 = US$1.10*	*0.5 pt decrease in the discount rate and exchange rate of €1 = US$1.20*	*0.5 pt increase in the discount rate and exchange rate of €1 = US$1.10*	*0.5 pt increase in the discount rate and exchange rate of €1 = US$1.20*
Marine & Logistics - DEEP	160.4	(12.5)	49.6	(102.9)
Marine & Logistics - SHALLOW	148.3	(19.5)	21.9	(125.1)
Mobility	576.4	417.8	481.4	341.6
Subsea Services	347.8	162.2	231.6	69.0

- Perpetual growth rate and discount rate:

	Impact on the CGUs' value in use			
(in € millions)	*0.5 pt decrease in the discount rate and 0.5 pt decrease in the growth rate*	*0.5 pt decrease in the discount rate and 0.5 pt increase in the growth rate*	*0.5 pt increase in the discount rate and 0.5 pt decrease in the growth rate*	*0.5 pt increase in the discount rate and 0.5 pt increase in the growth rate*
Marine & Logistics - DEEP	12.9	99.4	(77.1)	(12.7)
Marine & Logistics - SHALLOW	9.0	121.7	(94.1)	(8.9)
Mobility	7.0	89.3	(69.2)	(6.9)
Subsea Services	8.5	109.2	(84.6)	(8.3)

	Excess amount of value in use on economic assets			
(in € millions)	*0.5 pt decrease in the discount rate and 0.5 pt decrease in the growth rate*	*0.5 pt decrease in the discount rate and 0.5 pt increase in the growth rate*	*0.5 pt increase in the discount rate and 0.5 pt decrease in the growth rate*	*0.5 pt increase in the discount rate and 0.5 pt increase in the growth rate*
Marine & Logistics - DEEP	28.1	114.5	(62.0)	2.4
Marine & Logistics - SHALLOW	8.3	121.0	(94.9)	(9.6)
Mobility	455.3	537.6	379.2	441.5
Subsea Services	204.0	304.8	111.0	187.2

c. Property, plant and equipment

(in € millions)	Gross	Depreciation, Amortization & Provisions	Net
12/31/2018	**3,617.4**	**(1,979.2)**	**1,638.2**
Acquisitions	31.5	-	31.5
Provisions for amortization	-	(71.4)	(71.4)
Impairments	-	(3.1)	(3.1)
Disposals	(113.4)	92.5	(21.0)
Change in scope	(0.2)	0.1	(0.1)
Currency translation adjustment	20.4	(12.7)	7.6
Reclassification and other changes	0.4	(0.4)	0.0
Impact of IFRS 16 – Finance leases	(199.3)	79.8	(119.4)
IFRS 5 reclassification (*)	53.9	(43.1)	10.8
06/30/2019	**3,410.7**	**(1,937.5)**	**1,473.2**

(*) Reclassification of discontinued operations / operations held for sale.

As of December 31, 2017, impairment had been recognized for 41 vessels that cannot be connected (termed the "non-smart fleet"), as well as for 7 other vessels considered non-strategic. The impairments recognized for the year amounted to €(196.8) million. These vessels will thus be sold "as is where is" at the current market price as part of the **#BOURBON**IN**MOTION** strategic plan. As these vessels are no longer part of their respective CGUs at December 31, 2017, they were tested individually.

In accordance with IAS 36, the recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less disposal costs, and its useful value. Since the cash flows generated by the ongoing use of these vessels until their disposal were insignificant, the Group had opted for measurement on the basis of fair value less disposal costs (these costs being considered as insignificant by management), pursuant in particular to IAS 36.21.

The provisions of IFRS 13 were also applied to determine this fair value less disposal costs. The Group had based itself in particular on offers and estimates transmitted by independent shipbrokers considering that these stacked vessels were being sold simultaneously "as is where is", with transaction and reactivation costs payable by the purchasers.

At December 31, 2018, after review of the relevant vessels, the Group still held 30 non-smart vessels. Out of the fleet of 41 "non-smart" vessels initially identified, 8 were sold during the 2018 fiscal year at a price close to the estimated fair value, generating a gain of €0.5 million. 3 AHTS vessels were also reintegrated into the active fleet and to the Deep CGU due to a new commercial outlook. Out of the 30 "non-smart" vessels, the Group also decided in fiscal year 2018 to scrap 8 of them, leading to recording a fair value for these vessels of zero.

In addition, the Group had 11 vessels that it considered non-strategic at December 31, 2018. Out of the initial fleet of 7 vessels, 2 non-strategic vessels were sold at a price close to their estimated fair value, but did not generate any gain or loss for the period. Furthermore, the Group decided in the 2018 fiscal year to sell another 6 non-strategic vessels. These vessels were therefore pulled out of their CGUs and tested individually.

The fair values of these vessels were thus remeasured at December 31, 2018 according to the same principles as in 2017, leading to the recognition of additional impairment losses of €(26.2) million for fiscal year 2018.

The Group also identified 3 non-smart vessels and 2 other specialized vessels which met all the IFRS 5 criteria at the closing date. These were therefore reclassified to non-current assets held for sale in the financial statements as of December 31, 2018 for a total book value of €12 million.
As of June 30, 2019, the 3 non-smart vessels had been sold at a price close to their estimated fair value, generating a capital loss of €(0.5) million. The 2 specialized vessels were also sold at a price close to their estimated fair value, generating no capital gain for the period.
1 non-strategic vessel was also sold during the first half, generating a capital gain of €1.5 million.

At June 30, 2019, the fair values of these non-smart and non-strategic vessels were revised slightly, resulting in the recognition of an additional impairment loss of €(3.1) million. However, to continue to preserve its legitimate interests in the prospect of future transactions, the Group does not want to disclose the values of the impaired vessels.

The assets are still not entirely classified as non-current assets held for sale in accordance with IFRS 5 in the financial statements as of June 30, 2019.
To this end, the five following criteria must be met, no later than on the closing date:
i) the assets are available for immediate sale;
ii) the sale is highly probable (sale plan initiated and decided by the appropriate management level, including the launch of an active disposal program at a reasonable price, etc.);
iii) sale expected to take place within one year;
iv) low likelihood that the plan will be significantly changed or withdrawn;
v) book value of the assets mainly recovered through their sale, rather than continuous use.
However, as of December 31, 2018, the criterion of immediate availability of all vessels was not met, as some vessels had been pledged to secure financing; and/or the schedule for the sale of these vessels could exceed the maximum period of one year.

Nevertheless, the Group did identify 1 non-smart vessel and 1 other non-strategic vessel which met all the criteria at the closing date. These were therefore reclassified to non-current assets held for sale in the financial statements as of June 30, 2019 for a total book value of €1.2 million.

In addition, as described in the note on Goodwill, no impairment loss on vessels (isolated assets) was recognized at June 30, 2019:

d. Right-of-use assets

The change in right-of-use assets and their breakdown by type of underlying asset are detailed below:

(in € millions)	Gross	Depreciation, Amortization & Provisions	Net
12/31/2018	**-**	**-**	**-**
Impact of first-time application of IFRS 16	946.2	(79.8)	866.4
Provisions for amortization	-	(60.6)	(60.6)
New leases	0.2	-	0.2
Terminated leases	-	-	-
Other impacts on leases	-	-	-
Capitalization of navigation rights	5.5	1.2	6.7
Currency translation adjustment	3.1	0.0	3.2
06/30/2019	**955.0**	**(139.2)**	**815.8**

⇨ Gross Values

(in € millions)	Vessels, overhaul and capital expenditures on leased vessels	Real estate	Others	Total
12/31/2018	**-**	**-**	**-**	**-**
Impact of first-time application of IFRS 16	938.0	6.6	1.6	946.2
New leases	-	-	0.2	0.2
Terminated leases	-	-	-	-
Other impacts on leases	-	-	-	-
Capitalization of navigation rights	5.5	-	-	5.5
Currency translation adjustment	3.1	0.0	0.0	3.1
06/30/2019	**946.6**	**6.6**	**1.8**	**955.0**

⇨ Depreciation

(in € millions)	Vessels, overhaul and capital expenditures on leased vessels	Real estate	Others	Total
12/31/2018	**-**	**-**	**-**	**-**
Impact of first-time application of IFRS 16	(79.8)	-	-	(79.8)
Provisions for amortization	(59.1)	(1.1)	(0.4)	(60.6)
Terminated leases	-	-	-	-
Other impacts on leases	-	-	-	-
Capitalization of navigation rights	1.2	-	-	1.2
Currency translation adjustment	0.0	0.0	0.0	0.0
06/30/2019	**(137.7)**	**(1.1)**	**(0.4)**	**(139.2)**

e. Shareholders' equity

As of June 30, 2019, the capital stock was composed of 77,438,846 fully paid-up shares, representing a value of €49,189,434.

The treasury shares held by the group on the closing date were deducted from consolidated shareholders' equity. The treasury shares held by BOURBON on June 30, 2019 stood at 82,493 treasury shares.

f. Provisions

(in € millions)	Employee benefit obligations	Business risks	Tax audits	Other tax risks	Other provisions for risks and contingencies	Provisions for major maintenance	Return obligation liabilities	Total
01/01/2018	**16.9**	**3.1**	**15.5**	**8.4**	**4.8**	**61.5**	**-**	**110.2**
of which current portion	**1.8**	**-**	**-**	**-**	**-**	**23.9**	**-**	**25.8**
Provisions for the year	2.1	0.2	3.9	0.4	33.3	14.3	-	**54.2**
Used during the year	(1.1)	(0.1)	(0.0)	(0.4)	(0.2)	(7.9)	-	**(9.7)**
Unused amount reversed	(1.2)	(0.0)	(0.5)	(0.4)	(1.0)	(4.4)	-	**(7.5)**
Change in consolidation scope	-	-	-	-	-	-	-	**-**
Currency translation adjustment	0.0	(0.2)	-	(0.1)	(0.4)	0.4	-	**(0.4)**
Reclassification and other changes	0.4	-	-	-	-	-	-	**0.4**
12/31/2018	**17.1**	**3.0**	**18.9**	**7.9**	**36.4**	**63.7**	**-**	**147.1**
of which current portion	***2.0***	**-**	**-**	**-**	***25.0***	***42.7***	**-**	**69.7**
IFRS 16 impact	-	-	-	-	-	(61.1)	51.3	**(9.8)**
Provisions for the year	1.3	0.2	0.6	0.0	0.4	0.2	-	**2.6**
Used during the year	(0.1)	-	-	-	(1.1)	-	-	**(1.2)**
Unused amount reversed	(0.7)	-	(0.1)	(1.3)	(2.1)	(0.8)	-	**(5.1)**
Discounting	-	-	-	-	-	-	2.0	**2.0**
Change in consolidation scope	-	-	-	-	-	-	-	**-**
Currency translation adjustment	0.0	0.0	-	0.0	0.2	0.0	0.1	**0.5**
Reclassification and other changes	-	-	(0.5)	-	-	-	-	**(0.5)**
06/30/2019	**17.6**	**3.2**	**18.8**	**6.6**	**33.8**	**2.1**	**53.5**	**135.6**
of which current portion	***2.2***	**-**	**-**	**-**	***25.0***	***2.1***	**-**	**29.3**

At December 31, 2018, the Group recognized provisions for major maintenance totaling approximately €64 million. These correspond to the estimated cost of future maintenance of leased vessels, including €61 million on outstanding leases. Under IFRS 16, an obligation exists from the outset of the vessel lease to return the “right of navigation” of the vessels. The vessels must be returned at the end of the lease with their class maintained so that they are operational. The “return liability” associated with this obligation was measured at January 1, 2019 at the present value of the estimated future costs for approximately €51 million. In accordance with IFRS 16 and its interaction with IAS 37, the accounting treatment of the obligations has been revised. The existing provision has thus been reclassified as a “return liability” and adjusted as an offsetting entry to the right-of-use asset for approximately €(10) million. The impact of the discount on the firsthalf of 2019 of €(2) million was recognized in financial expenses.

g. Financial debt and lease liabilities

On March 8, 2017, BOURBON announced the restructuring of the majority of its financial indebtedness, amounting to €910.8 million, of which the major characteristics are the following:

The agreement entered into with the Group's principal financial partners, described in detail in the notes to the 2016 and 2017 financial statements, thus restructured the repayments of its club deal loans, its bilateral loans, its finance leases, and its short-term loans, while also providing for a progressive increase in the loan margins over the extended payment schedule, as well as the granting of additional sureties.

In consideration of the restructuring, the group had agreed to a number of restrictions, in particular regarding its indebtedness, cash flow, asset disposals, investments and the dividend policy.

On July 28, 2017, the conditions precedent for the implementation of the debt rescheduling agreement were met and BOURBON confirmed the restructuring of its debt.

However, the expected recovery in the third quarter of 2017 did not occur, thus making obsolete the Group's forecasts on which the March negotiation had been based, and the unfavorable market environment weighed heavily on the Group's revenue and, consequently, on its net income. The cash flows generated by operations, although their circulation was not fully unrestricted due to the Group's legal structure and limitations relating to some of its geographic locations, remain positive. However, they are insufficient to service its debt.

Furthermore, and for the same reasons, as of 31 December 2017, the Group was not able to comply with various covenants defined in its credit documentation, which could have allowed the relevant banks to demand immediate repayment of their loans.

In this context, the Group decided to undertake new discussions with its lenders, both in France and abroad, in order to balance the servicing of its debts with the expected gradual recovery in the market and the corresponding upturn in the Group's performance.

The Group had asked its lenders to formally suspend the exercise of their rights under the credit agreements, in particular their repayment.

This situation required the Company, as of December 31, 2017, in accordance with IFRS standards, to reflect the payability of its debt by reclassifying it as a short-term liability, even though its lenders had not requested repayment. The impact of this reclassification detailed in the 2017 Registration Document amounted to €1,120.5 million.

As announced on July 10, 2018, a general waiver was finalized with lessors and debt holders representing the majority of its debt, thus allowing the Group to withhold the payments of its loans and the servicing of its debt. Aimed at protecting the group, this waiver allows it to stay focused on its operational priorities and on the implementation of its **#BOURBON**IN**MOTION** strategic plan.

In consideration of the restructuring, the Group is subject to a number of restrictions, in particular regarding its indebtedness, cash, asset disposals, Group investments and the dividend policy.

On November 2, 2018, having received no confirmation of the renewal of the general waiver, the Group announced that the presiding judge of the Marseille Commercial Court allowed the initiation of conciliation proceedings for the 22 subsidiaries of BOURBON Corporation. These procedures were opened to allow the Group to actively pursue, in an amicable framework, its search for all solutions for its development as well as its discussions with its debt holders and lessors.

On January 3, 2019, BOURBON announced that it had renewed the general waiver with its lessors and debt holders representing the majority of the Group's debt, thus allowing it to suspend the payments of its leases and debt.

On June 30, 2019, the general waiver regularly renewed by lessors and debt holders expired and was not renewed. Consequently, in the absence of the renewal of the general waiver, the presiding judge of the Marseille Commercial Court authorized the Group to commence conciliation proceedings for the 22 subsidiaries of BOURBON Corporation.

As of June 30, 2019, the Group examined all of its existing loans at that date in view of the situation of each of these loans:

• loans under renegotiation covered by standstill agreements;

• other loans under renegotiation, whose repayments are suspended or in cross-default;

• review of the contractual clauses of other loans, in particular cross-default or similar clauses;

• lease liability.

Following this review, and in accordance with IAS 1.69 d, the non-current portion of the loans for which the Group did not have an unconditional right as of the financial statement closing date to defer payment for more than twelve months were classified in current liabilities.

The absence of an unconditional right at the closing date was historically recognized in loans under renegotiation covered by standstill agreements. Since the grace period was less than 12 months from the closing date, the non-current portion of these loans was reclassified to current liabilities in accordance with IAS 1.75. At June 30, 2019, since the general waiver had not been renewed, the Group no longer had any loans in this category.

In addition, €883.9 million was reclassified to the current portion of the other borrowings undergoing renegotiation, whose payments are suspended or in "cross-default" and whose early repayment could have been requested.

A review of the "cross-default" and similar contractual clauses in the other loan agreements showed that the theoretical application of such clauses could lead to acceleration of the amounts due as of June 30, 2019. None of these clauses had been triggered as of the closing date. The long-term portion of the loans subject to this theoretical acceleration totaled €13.0 million as of June 30, 2019.

Lease liabilities on vessels for which payment has been suspended since 2018 have also been reclassified to current liabilities.

In accordance with IFRS 7.18, the details of the reclassifications are presented below:

		before reclassification			after reclassification	
Nature of the loan	**Balance as of June 30, 2019**	*of which current portion*	*of which non-current portion*	**Impact of reclassification on current liabilities**	*of which current portion*	*of which non-current portion*
- Loans under renegotiation whose payments are suspended or in "cross-default":						
CLUB DEAL – €320M	32.0	26.4	5.6	5.6	32.0	-
CLUB DEAL – €340M	326.0	36.5	289.5	289.5	326.0	-
CLUB DEAL – €450M	166.1	34.6	131.6	131.6	166.1	-
Bilateral borrowings	684.6	227.3	457.3	457.3	684.6	-
- Borrowings containing cross-default or similar clauses:						
Bilateral borrowings	18.8	5.8	13.0	13.0	18.8	-
- Lease liability under renegotiation whose payments are suspended:						
Lease liability	1,073.9	306.0	768.0	768.0	1,073.9	-
TOTAL	**2,301.5**	**636.5**	**1,665.0**	**1,665.0**	**2,301.5**	**-**

⇨ Change in debt, by nature – excluding interest

		Cash		Non-cash						
(in € millions)	**12/31/2018**	**Issue**	**Repay-ment**	**Amort-ized cost**	**Impact of foreign currency fluctua-tions**	**Change in consolida-tion scope**	**IAS 17/IFRS 16 reclassifica-tion – Finance lease**	**Impact of first-time application of IFRS 16**	**Reclassifi-cations**	**06/30/2019**
Financial debt	1,288.6	0.3	(20.0)	0.1	2.2	-	-	-	0.2	1,271.3
Finance lease liabilities	117.5	-		-	-	--	(117.3)	-	(0.1)	-
Bank overdrafts	43.9	-	5.4	-	-	-		-	-	49.3
TOTAL Borrowings and bank overdrafts	**1,450.0**	**0.3**	**(14.6)**	**0.1**	**2.2**	**-**	**(117.3)**	**-**	**0.1**	**1,320.6**
Lease liability	-	-	(4.3)	-	6.2	-	117.3	962.3	(0.1)	1,081.4
TOTAL Lease liability	**-**	**-**	**(4.3)**	**-**	**6.2**	**-**	**117.3**	**962.3**	**(0.1)**	**1,081.4**

h. Net cash

The Group's cash includes an "available portion", a "reserved" portion and a "blocked" potion.

"Available" cash can be used at any time by the Group to meet its operating needs - as the servicing of the debt and the lease payments are currently suspended.

"Reserved" cash is located in certain geographical areas and is not entirely available due to local financing agreements, which restrict the movements of said cash to local requirements and limit the distribution of dividends toward the Group.

“Blocked” cash corresponds to the cash of certain consolidated special *purpose* companies. These companies, which hold Bourbon vessels operating solely for the Group, are fully consolidated, in accordance with IFRS 10, in the Group's consolidated financial statements. The cash of these companies is ultimately attributable to the group once the latter buys back the non-controlling interests in said companies.

(in € millions)	**06/30/2019**	**12/31/2018**
Marketable and other securities	2.7	-
Accrued interest	0.2	0.2
Cash and cash equivalents	197.2	216.9
Cash and cash equivalents	**200.1**	**217.1**
Bank overdrafts and short-term lines	(49.3)	(43.9)
NET CASH	**150.8**	**173.2**

(in € millions)	**06/30/2019**	**12/31/2018**
“Available” cash	155.7	166.0
“Reserved” cash	25.0	32.0
“Blocked” cash	19.4	19.1
Bank overdrafts and short-term lines	(49.3)	(43.9)
NET CASH	**150.8**	**173.2**

5 - Other information

i. Operating segments

The business segment financial information is presented by activity and by Segment based on the internal reporting system and shows internal segment information used by the principal operating decision maker to manage and measure the performance of BOURBON (IFRS 8).

The principles of the internal reporting do not reflect the application of the consolidation standards IFRS10, 11, 12, IAS 27 (amended) and IAS 28 (amended). Internal reporting (and thus adjusted financial information) records the performance of operational joint ventures in which the Group has joint control by the full consolidation method. Moreover, internal reporting does not reflect the application of IAS 29 (Financial Reporting in Hyperinflationary Economies), applicable for the first time in 2017 to an operating joint venture based in Angola.

Segment information as of June 30, 2019 and June 30, 2018 is as follows:

In € millions – 1st half-year of 2019	Total Marine & Logistics	of which Deep	of which Shallow	Total Mobility	Total Subsea Services	Others	ADJUSTED TOTAL: BY ACTIVITY/SEG-MENT	Adjustments	TOTAL CONSO-LIDATED
Revenue	178.9	107.3	71.6	93.4	83.6	5.6	361.5	(33.0)	328.5
Direct costs (excluding bareboat leases)	(107.6)	(59.4)	(48.2)	(57.8)	(48.1)	(2.4)	(215.8)	15.8	(200.0)
General and administrative costs	(31.1)	(18.7)	(12.5)	(16.3)	(14.5)	(0.6)	(62.5)	2.8	(59.7)
Capital gains	(0.4)	0.0	(0.4)	(0.0)	1.4	-	0.9	(0.0)	0.9
EBITDA	**39.8**	**29.2**	**10.6**	**19.4**	**22.4**	**2.6**	**84.1**	**(14.3)**	**69.7**
EBIT before equity interests sold and share of affiliates under the equity method	**(47.8)**	**n/a**	**n/a**	**4.6**	**(10.9)**	**1.7**	**(52.4)**	**(11.9)**	**(64.3)**
Goodwill	-	-	-	-	19.2	-	19.2	-	19.2
Vessels	981.9	n/a	n/a	173.2	266.6	(0.0)	1,421.6	(53.4)	1,368.2
Installments on vessels under construction	11.1	n/a	n/a	0.4	48.3	-	59.8	7.3	67.1
Right-of-use assets	531.9	n/a	n/a	25.2	254.1	4.9	816.1	(0.3)	815.8
Other non-current assets and liabilities	34.2	n/a	n/a	15.4	11.0	17.8	78.4	11.4	89.8
Working capital	67.0	n/a	n/a	35.0	31.4	0.1	133.6	4.6	138.2
Capital employed	**1,626.2**	**n/a**	**n/a**	**249.2**	**630.5**	**22.8**	**2,528.7**	**(30.5)**	**2,498.2**
Capital employed excluding installments on vessels under construction	**1,615.1**	**n/a**	**n/a**	**248.8**	**582.1**	**22.8**	**2,468.9**	**(37.7)**	**2,431.1**
Capital employed related to non-current assets held for sale and liabilities associated with non-current assets held for sale	1.2	n/a	n/a	-	-	-	1.2	-	1.2

In € millions – 1st half-year of 2018	Total Marine & Logistics	of which		Total Mobility	Total Subsea Services	Others	ADJUSTED TOTAL: BY ACTIVITY/SEG-MENT	Adjustments	TOTAL CONSO-LIDATED
		Deep	Shallow						
Revenue	182.3	112.4	70.0	95.3	57.4	5.0	340.1	(28.6)	311.5
Direct costs (excluding bareboat leases)	(111.5)	(64.5)	(46.9)	(61.2)	(35.0)	(3.1)	(210.8)	16.1	(194.7)
General and administrative costs	(31.6)	(19.4)	(12.1)	(16.5)	(9.9)	(0.8)	(58.8)	4.2	(54.5)
Bareboat leases	(51.9)	(25.2)	(26.8)	-	(21.5)	-	(73.4)	(0.0)	(73.4)
Capital gains	0.5	-	0.5	0.3	(0.1)	-	0.7	0.0	0.7
EBITDA	**(12.1)**	**3.2**	**(15.3)**	**17.9**	**(9.1)**	**1.1**	**(2.2)**	**(8.3)**	**(10.4)**
EBIT before equity interests sold and share of affiliates under the equity method	**(112.7)**	**n/a**	**n/a**	**(11.8)**	**(30.0)**	**1.0**	**(153.5)**	**(5.5)**	**(159.1)**
Goodwill	6.1	-	6.1	-	19.2	-	25.2	-	25.2
Vessels	1,248.2	n/a	n/a	237.0	320.6	0.0	1,805.8	(55.0)	1,750.8
Installments on vessels under construction	0.1	n/a	n/a	0.3	48.4	-	48.9	-	48.9
Other non-current assets and liabilities	35.6	n/a	n/a	16.8	12.6	20.3	85.4	9.9	95.3
Working capital	(9.2)	n/a	n/a	(4.8)	(0.1)	(0.6)	(14.7)	17.0	2.3
Capital employed	**1,280.9**	**n/a**	**n/a**	**249.3**	**400.7**	**19.7**	**1,950.7**	**(28.1)**	**1,922.6**
Capital employed excluding installments on vessels under construction	**1,280.8**	**n/a**	**n/a**	**249.0**	**352.3**	**19.7**	**1,901.8**	**(28.1)**	**1,873.7**
Capital employed related to non-current assets held for sale and liabilities associated with non-current assets held for sale	2.1	n/a	n/a	-	-	-	2.1	-	2.1

The breakdown of adjusted revenue by geographical area for the first half of 2019 is as follows:

Adjusted revenue – H1 2019 – in millions of euros	Total Marine & Logistics	*of which*		Total Mobility	Total Subsea Services	Others	ADJUSTED TOTAL
		Deep	*Shallow*				
Africa	77.6	45.5	32.1	80.7	38.9	0.2	**197.4**
Europe & Med./Middle East	48.3	28.3	20.0	2.4	24.8	3.6	**79.1**
Americas	40.3	28.1	12.2	5.9	-	0.1	**46.3**
Asia	12.8	5.4	7.4	4.4	19.8	1.7	**38.7**

j. Related-party transactions

Other than the elements presented below, in the first half of 2019, there was no significant change covering transactions with related parties as they are described in the Registration Document as of December 31, 2018.

Relationships with JACCAR HOLDINGS

A Cash Management agreement was signed between BOURBON (through one of its subsidiaries) and Jaccar Holdings SA (BOURBON's shareholder).

As of June 30, 2019, the amount of the advance including interest granted by BOURBON was €17.3 million.

Relations with the SINOPACIFIC Group

The Chairman of the Board of Directors of BOURBON is a partner in the naval construction company Sinopacific, through JACCAR Holdings SA, a subsidiary of Cana Tera S.C.A. Mr. Jacques d'Armand de Chateauvieux is also a Director of Sinopacific.

As of June 30, 2019, and December 31, 2018, there were current orders for 2 vessels, amounting to US$72.4 million, with prepayments generated of US$45.6 million, secured up to US$36.5 million by down payment return guarantees granted by Sinopacific.

6 - Net earnings per share

k. Basic net earnings per share

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

	06/30/2019	06/30/2018
Weighted average number of shares over the period	77,469,030	77,499,214
Weighted average number of treasury shares held over the period	(118,434)	(125,873)
Weighted average number of shares outstanding during the period	**77,350,596**	**77,373,341**

The weighted average number of shares in circulation during the first half-years 2019 and 2018 take into account the weighted average number of stock options exercised during each period.

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

	06/30/2019	06/30/2018
Weighted average number of shares used to calculate the basic earnings per share	77,350,596	77,373,341
Net income (in € millions)		
Consolidated, group share	(135.2)	(197.1)
Consolidated, group share - excluding income from discontinued operations/operations held for sale	(135.2)	(197.1)
Net income from discontinued operations/operations held for sale - Group share	-	-
Basic net earnings per share (in €)		
Consolidated, group share	(1.75)	(2.55)
Consolidated, group share – excluding income from discontinued operations/operations held for sale	(1.75)	(2.55)
Net income from discontinued operations/operations held for sale - Group share	-	-

l. Diluted net earnings per share

Pursuant to IAS 33, the number of shares used to calculate diluted earnings per share takes into account the dilutive effect of the exercise of stock options (stock subscription and stock purchase options), determined on the basis of the "share buyback" method. It also includes the shares whose issue is conditional. The weighted average number of shares used to calculate earnings per share is, therefore, increased by dilutive potential ordinary shares.

Diluted net earnings per share are established as follows:

	06/30/2019	06/30/2018
Weighted average number of shares outstanding during the period	77,350,596	77,373,341
Weighted average number of shares, the issue of which is conditional during the period	-	-
Weighted average number of dilutive stock options during the period	-	-
Weighted average number of potential shares	**77,350,596**	**77,373,341**

In accordance with IAS 33, determination of diluted earnings per share for the first half of 2018 did not take into account any stock option plan authorized by the meetings of the Board of Directors because these options had an anti-dilutive effect.

Likewise, determination of the diluted earnings per share for the first half of 2019 excludes all these stock option plans authorized by meetings of the Board of Directors, as these retained their anti-dilutive effect.

	06/30/2019	06/30/2018
Weighted average number of shares used to calculate diluted earnings per share	77,350,596	77,373,341
Net income (in € millions)		
Consolidated, group share	(135.2)	(197.1)
Consolidated, group share – excluding income from discontinued operations/operations held for sale	(135.2)	(197.1)
Net income from discontinued operations/operations held for sale - Group share	-	-
Diluted net earnings per share (in €)		
Consolidated, group share	(1.75)	(2.55)
Consolidated, group share – excluding income from discontinued operations/operations held for sale	(1.75)	(2.55)
Net income from discontinued operations/operations held for sale - Group share	-	-

8 - Events after the reporting period

On July 25, 2019, BOURBON Corporation announced that it had applied to the Marseille Commercial Court to be placed in receivership. In various communications dated July 18, 2019, the Chinese group ICBC Leasing announced its intention to call on the BOURBON Corporation guarantee for lease payments due until 2026, under the guarantee covering the commitments of the Group's contracting companies with payment arrears.

BOURBON Corporation filed an application for bankruptcy protection, considering that, despite the guarantee being called on, it had not defaulted on payments. With its judgment of July 24, 2019, the Marseille Commercial Court rejected the application, finding that the calls on the guarantee by ICBC Leasing indicated that BOURBON Corporation had defaulted on payments as of July 24, 2019.

BOURBON Corporation acknowledged the court's decision and consequently applied to be placed in receivership, the calls on the guarantee by the Chinese company ICBC Leasing amounting to more than $800 million.

Moreover, although BOURBON Maritime was involved in conciliation proceedings, the company applied to be placed in receivership due to the acceleration by several French lenders of the repayment of their claims for €720 million plus contractual interest.

The receivership procedure concerns only the holding companies BOURBON Corporation and BOURBON Maritime and not the operating companies, which can continue to operate as normal and service customers. The objective of BOURBON Corporation and BOURBON Maritime is to protect the Group's operating activities in order to capitalize fully on the incipient recovery in a rapidly changing market. BOURBON is thus pushing ahead with the radical transformation of its business model, implementing the strategic action plan **#BOURBON**IN**MOTION**.

At the request of BOURBON Corporation and BOURBON Maritime, the court therefore decided to place the holding company BOURBON Corporation and its sub-holding company BOURBON Maritime in receivership on August 7.

As part of this receivership, BOURBON announced that the Group will be focused on achieving a positive outcome to negotiations with its financial partners. The aim following financial restructuring is for it to be able to operate in a more stable environment that is fair for all stakeholders and in the interests of the company and its employees.

On July 17, 2019, the general meeting of holders of Undated Deeply Subordinated Fixed to Floating Rate Bonds issued by BOURBON Corporation ("TSSDI"), in view of the decision of TSSDI holders dated April 17, 2019 ratifying the deferral until July 24, 2019 of the interest payment due on the TSSDI on April 24, 2018 (the "April 2018 Maturity Date"), agreed to roll over the April 2018 Maturity Date until October 24, 2019, so that the payment of interest due on the April 2018 Maturity Date will take place on October 24, 2019.

F. Financial Glossary

Adjusted data: internal reporting (and thus adjusted financial information) records the performance of operational joint ventures in which the Group has joint control by the full consolidation method. The adjusted financial information is presented by activity and by Segment based on the internal reporting system and shows internal segment information used by the principal operating decision maker to manage and measure the performance of BOURBON (IFRS 8). Moreover, internal reporting does not reflect the application of IAS 29 (Financial Reporting in Hyperinflationary Economies), applicable for the first time in 2017 to an operating joint venture based in Angola.

EBITDAR: revenue less direct operating costs (except bareboat charters) and general and administrative costs.

EBITDA: EBITDAR less bareboat charter costs.

EBIT: EBITDA after depreciation, amortization and provisions and capital gains on equity interests sold, but excluding share of net income of companies under equity method.

Operating income (EBIT) after share of results from companies under equity method: EBIT after share of results from companies under equity method.

Capital invested (or employed):includes(i) shareholders' equity, (ii) provisions (including net deferred tax), (iii) net debt; it is also defined as the sum (i) of net non-current assets (including advances on fixed assets), (ii) working capital requirement, and (iii) net assets held for sale.

Average capital employed excl. installments:is understood as the average of the capital employed at the beginning of the period and end of the period, excluding installments on fixed assets.

Free cash flow: net cash flows from operating activities after including incoming payments and disbursements related to acquisitions and sales of property, plant and equipment and intangible assets.

3. Statement by the person responsible for the half-yearly financial report

Jacques d'Armand de Chateauvieux

Chairman and Chief Executive Officer of BOURBON Corporation

I hereby attest that, to the best of my knowledge, the financial statements are drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the company and all companies included in the scope of consolidation, and that the half-yearly activity report presents an accurate picture of the significant events that occurred during the first six months of the year and of their impact on the interim financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the year.

4. Statutory Auditors' Report on the 2019 half-yearly financial information

EurAAudit C.R.C
Cabinet Rousseau Consultants
Immeuble Le Cat Sud - Bat B
68, cours Albert Thomas
69008 Lyon

Deloitte & Associés
Les Docks - Atrium 10.4
10 place de la Joliette
13002 Marseille

BOURBON Corporation
Incorporated company (*Société anonyme*)
148, rue Sainte
13007 Marseille

Statutory Auditors' report
on the half-yearly financial information

Period January 1 to June 30, 2019

To the shareholders of Bourbon Corporation

In compliance with the assignment entrusted to us by your Shareholders' Meetings and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code ("*Code Monétaire et Financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of the company for the period from January 1, 2019 to June 30, 2019;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

- **Disclaimer of opinion**

Our responsibility is to express an opinion on the condensed half-yearly consolidated financial statements.

As indicated in note 1, your company and its wholly owned subsidiary, the simplified joint stock company BOURBON MARITIME, were placed in receivership on August 7, 2019. The Group is currently preparing a recovery plan to be submitted to the Commercial Court, but there is no firm evidence at present to predict the outcome of the proceedings under way. This situation raises significant doubt as to its ability to continue as a going concern. As mentioned in note 1, in the event that the proceedings under way do not result in continuity plans, the application of accounting standards and principles used in a business-as-usual context, including the measurement of assets and liabilities, and in particular the measurement of goodwill, property, plant and equipment and intangible assets, as set out in notes 1 and 4-b, may be inappropriate.

In the light of these facts, we are unable to formulate an opinion on the condensed consolidated half-yearly financial statements.

- **Specific verification**

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. As to their fair presentation and consistency with the condensed half-yearly consolidated financial statements, we refer to the points made in the “Disclaimer of opinion” section.

Lyon and Marseilles, September 25, 2019
The Statutory Auditors

EurAAudit C.R.C
Cabinet Rousseau Consultants

Deloitte & Associés

Jean-Marc Rousseau

Christophe Perrau

ABOUT BOURBON

Among the market leaders in marine services for offshore oil & gas, BOURBON offers the most demanding oil & gas companies a wide range of marine services, both surface and sub-surface, for offshore oil & gas fields and wind farms. These extensive services rely on a broad range of the latest-generation vessels and the expertise of almost 8,400 skilled employees. Through its 29 operating subsidiaries the group provides local services as close as possible to customers and their operations throughout the world, of the highest standards of service and safety.

BOURBON provides three operating activities (Marine & Logistics, Mobility and Subsea Services) and also protects the French coastline for the French Navy.

In 2018, BOURBON'S revenue came to €689.5 million and the company operated a fleet of 483 vessels.

Placed by ICB (Industry Classification Benchmark) in the "Oil Services" sector, BOURBON is listed on the Euronext Paris, Compartment B.

CONTACTS

BOURBON

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