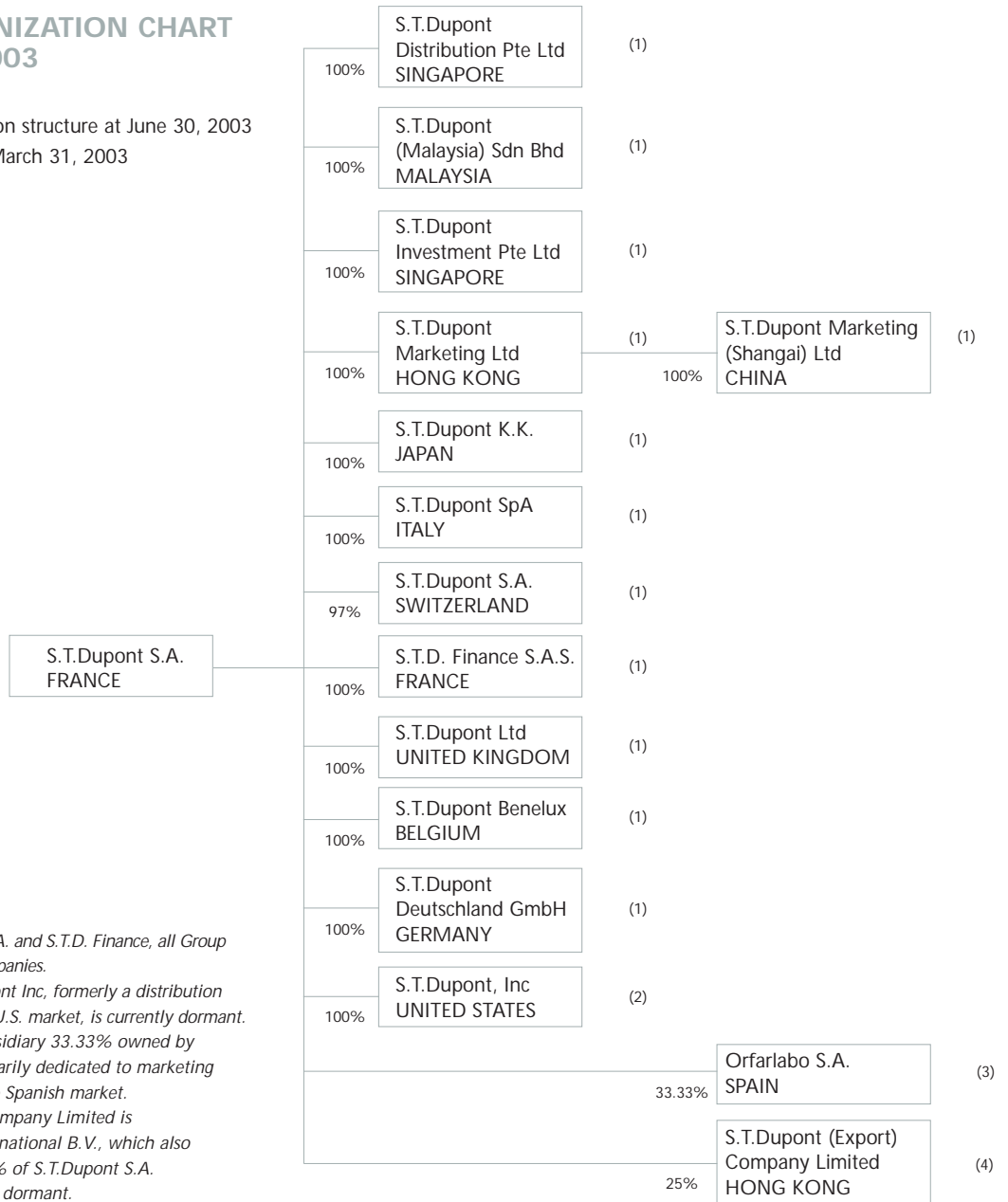


**GROUP ORGANIZATION CHART  
AT JUNE 30, 2003**

The Group's organization structure at June 30, 2003 was unchanged from March 31, 2003



(1) Except for S.T. Dupont S.A. and S.T.D. Finance, all Group entities are distribution companies.

(2) The subsidiary S.T. Dupont Inc, formerly a distribution company operating in the U.S. market, is currently dormant.

(3) Orfarlabo S.A. is a subsidiary 33.33% owned by S.T. Dupont SA and is primarily dedicated to marketing S.T. Dupont products in the Spanish market.

(4) S.T. Dupont (Export) Company Limited is 75%-owned by D&D International B.V., which also owns approximately 55.8% of S.T. Dupont S.A. This subsidiary is currently dormant.

### Overview of subsidiaries' operations

The Group has 13 subsidiaries and holds investments in two entities.

Its subsidiaries and investments, with the exception of S.T.D. Finance are all distribution businesses. In terms of sales and assets, the two largest subsidiaries are the Hong Kong subsidiary and the Japanese subsidiary.

The subsidiaries S.T.Dupont Marketing Ltd and S.T.Dupont Marketing (Shanghai) Ltd market S.T.Dupont products in the territories of Hong Kong, China and Macao. At the end of March 2003, these territories accounted for 20% of the Group's consolidated net sales of products.

In addition, the three subsidiaries S.T.Dupont Marketing Ltd, S.T.Dupont S.A. Suisse and S.T.Dupont K.K. hold licenses or sub-licenses for the manufacturing and marketing of certain product lines that are dedicated to specific territories.

### Related party transactions

In Note 31 to the consolidated financial statements, the Group indicates the amount of its transactions with related parties for the year ended March 31, 2003, as well as the amounts receivable and payable at the year end.

1. For three of its Asian subsidiaries – S.T.Dupont Distribution Pte Ltd, S.T.Dupont Marketing Ltd and S.T.Dupont (Malaysia) Sdn Bhd – the Group has signed Management Fee agreements with companies belonging to the Group of its main shareholder, in order to reduce overheads by pooling resources. These agreements generally cover administrative services related to management and distribution.

2. During the year ended March 31, 2003, S.T.Dupont Marketing Ltd signed with Dickson Concept Ltd a specific contract concerning the secondment of staff for certain functions, in order to optimize available resources and reduce costs.

3. A licensing agreement for the manufacturing and marketing in China of ready-to-wear apparel and leather goods is in place between the subsidiary S.T.Dupont Marketing Ltd and Bondwood Investment, from which the S.T.Dupont Group receives substantial royalties.

4. To draw upon the expertise and presence in China of its principal shareholder, S.T.Dupont Marketing (Shanghai) Ltd has signed a sales agreement to open a sales outlet at one of the Seibu department stores owned by the principal shareholder.

5. In Japan, the Group's subsidiary provides the same services as described in paragraph (1) above, to a related party.

6. Other commercial relations with related parties take place under normal arm's length conditions, in a manner fully comparable to business dealings with other parties.

## GENERAL INFORMATION CONCERNING THE COMPANY

### Name

S.T.Dupont.

### Head office

92, boulevard du Montparnasse – 75014 Paris, France.

### Companies register

The Company is registered with the Trade and Companies Register of Paris under number B 572 230 829.

### NAF code

366E.

### Legal form

The Company is a French "*société anonyme*" with a Management Board and Supervisory Board, governed by Articles L. 225-57 to L. 225-93 of the Commercial Code and by the decree of March 23, 1967.

### Date of incorporation and term

S.T.Dupont was set up on October 6, 1934, in the form of a "*société à responsabilité limitée*" (limited company), and was changed into a "*société anonyme*" corporation with a Board of Directors by the Extraordinary General Meeting of March 12, 1965, then into a "*société anonyme*" corporation with a Management Board and Supervisory Board by the Extraordinary General Meeting of April 28, 1978. The Company's legal life expires after 99 years, on October 6, 2033, unless it is dissolved prior to this date or an extension is obtained, in an Extraordinary General Meeting.

### Financial year

The Company's financial year begins on April 1, and ends on March 31 of each calendar year.

### Auditors

In accordance with applicable legislation, the Company has appointed two Statutory Auditors.

### Place where legal documents concerning the company can be consulted

The Company's bylaws, financial statements and minutes of General Meetings can be consulted at the head office.

### Corporate purpose (article 3 of the bylaws)

The Company's corporate purpose, in France and in other countries, is as follows:

- manufacturing and sale of all luxury items, such as leather goods, textiles, watchmaking, crystal products, jewelry or silver or gold products, ready-to-wear clothing or haute couture, travel articles, writing instruments, objects for smokers, particularly lighters etc.;
- assistance to companies with operations that include the manufacturing and sale of similar items, whether luxury goods or not, including "disposable" products;
- any technological assistance in relation to the use of the Company's patents by third parties;
- design and production of machines, machine components, tooling and equipment, in particular hydraulic and pneumatic equipment and accessories, including command, control and adjustment mechanisms;
- all manufacturing and sales operations relating to:
  - the creation, acquisition, rental or business leasing of any and all businesses, as well as the rental, setting up and running of all establishments, businesses, factories or workshops relating to the activities mentioned above;

- filing, acquisition, exploitation or sale of any and all processes, patents and brands concerning these activities;
- direct or indirect involvement of the Company in any and all financial, real estate, plant or equipment operations, as well as any and all sales or industrial ventures that may be related to the corporate purpose or to a similar or adjacent purpose;
- and generally any and all financial, marketing, industrial, property, plant or equipment operations, that can be related directly to one of the purposes mentioned above or to any similar or adjacent purpose, or that can promote the development of the Company's assets.

#### Appropriation of income (article 41 of the bylaws)

In accordance with the prevailing laws, special reserves amounts are taken from accumulated profits less, if applicable, accumulated losses. Each year, an amount of 5% of net income, less losses of prior years if applicable, will be appropriated to set up the legal reserve required by law. This appropriation ceases to be obligatory when the legal reserve is 10% of capital stock. Further appropriations must be made if the reserve falls below 10% of capital stock.

The distributable profit is comprised of the net income for the year less losses of prior years and any amount to be appropriated to reserves as a result of legal or statutory requirements and increased by retained earnings.

From this profit, the General Meeting will appropriate the amounts that it sees fit to allocate to contingency or extraordinary reserves, or to carry forward to the following year.

Any remaining balance will be distributed to all shareholders as dividends on their fully paid up and non-redeemed shares. However, except in the case of a reduction in capital, no amounts may be distributed to shareholders when capital stock plus reserves fall below, before or after such distribution, the minimum level defined as not available for distribution by applicable legislation or these bylaws.

The General Meeting may decide to distribute amounts drawn from available reserves in order to provide or top up a dividend, or as an exceptional distribution; in this case, the decision must state explicitly which reserve accounts have been drawn upon. As a first priority, dividends are drawn from the distributable profit.

Following the approval of the financial statements by the General Meeting, any losses are recorded as deficits in a special account, to be deducted from the profits of future years until they have been netted off.

#### Payment of dividends (article 42 of the bylaws)

The General Meeting which approves the financial statements for the year has the power to grant to each shareholder, in respect of all or part of a dividend or an interim dividend to be distributed, the choice of payment in cash or in shares. The methods of payment of dividends are determined by the General Meeting, or the Management Board in the absence of a decision by the shareholders. Dividends must be payable at the latest nine months after the end of the financial year, unless an extension is obtained by a court decision. The Company has the power to pay an interim dividend prior to the approval of the financial statements for the year, when a balance sheet drawn up either during or at the end of a financial year, and audited by a Statutory Auditor issuing an unqualified opinion, shows that the Company has achieved a profit since the close of the previous financial year, after taking into account retained earnings, as well as all required depreciation, amortization, allowances and reserves, and after deducting any prior-year losses and allocations to the legal reserve required by law or the bylaws. The amount of such interim dividend payments may not exceed the amount of the profit as defined above.

### GENERAL MEETINGS

#### Calling and holding of General Meetings (article 31 of the bylaws)

General Meetings are called either by the Management Board or by the Supervisory Board or, failing this, by any person legally authorized to do so. The method and timing by which shareholders are notified of upcoming General Meetings are governed by applicable legislation. In particular, the notice of Meeting must specify the agenda for the Meeting as well as its venue, which can be the Company's head office or any other location.

When the proceedings of a General Meeting have been declared not valid due to lack of the necessary quorum, the second Meeting and, if required, the extended second Meeting must be called in the same manner as the first. The notice of the second Meeting must mention the date of the first Meeting and include the same agenda.

#### Admission to General Meetings – Powers (article 33 of the bylaws)

1. All shareholders have the right to participate in General Meetings, either in person or by proxy, regardless of the number of shares held, subject only to proof of identity, provided that the shares are fully paid up and have been registered in the shareholder's name at least five days prior to the start of the Meeting.
2. Each shareholder may vote by mail using a postal voting form which can be obtained by following the instructions provided in the notice of Meeting.
3. Shareholders may give proxy to their spouse or to another shareholder, who will be required to present appropriate proof.
4. The right to attend General Meetings or to vote by mail is subject either to the shareholder having registered his or her shares or, for holders of bearer shares, to obtaining from the accredited financial intermediary that manages their share account a certificate stating that the shares will be retained in this account until the date of the Meeting. This certificate must be deposited at the place specified in the notice of Meeting, at least five days before the Meeting.
5. Holders of registered shares only need to provide proof of their identity to be admitted to General Meetings, whereas holders of bearer shares also need to provide the certificate mentioned above. If it deems it appropriate, the Management Board may also decide to provide shareholders with individual admission cards bearing their names.

6. Any shareholder not resident in France may elect to be represented by a registered intermediary, in accordance with the prevailing laws and regulations. Such registered intermediary may be empowered under a management mandate to submit the shareholder's vote or proxy for the purposes of General Meetings.

#### Voting rights (article 35 of the bylaws) Ordinary and Extraordinary General Meeting of October 8, 1996

1. The quorum is calculated at General Meetings on the basis of all shares that are issued and outstanding, less any shares stripped of voting rights in application of the law. To be taken into account for the purpose of establishing the quorum, votes by mail must be submitted on the required form, include proof that the shares have been deposited with an accredited intermediary and be received by the Company at least three days before the start of the Meeting.
2. Each shareholder has a number of votes corresponding to the number of shares held or represented by proxy, without restriction. Nevertheless the right to a double vote, in addition to that on other shares, is granted in respect of all fully paid-up shares provided they have been registered for four years in the name of the same shareholder, as from the listing of the Company's shares on the Euronext Paris SA's *Second Marché*. In addition, when the capital is increased by the capitalization of reserves, or when shares are exchanged as part of a stock split or reverse stock split, a right to a double vote is granted on issue to each share distributed in respect of registered shares carrying double voting rights, provided that the newly-issued shares are kept in registered form. Any merger or demerger of the Company would have no impact on double voting rights, which can be exercised within the beneficiary company if the latter's bylaws include such a provision.
3. Votes at General Meetings are cast by a show of hands, by roll call or by secret ballot, as decided by the officers of the Meeting or the shareholders.

## Disclosure thresholds

The only requirements concerning disclosure to the Company and to the French financial markets authority (Conseil des Marchés Financiers) of the crossing of thresholds of ownership interest in the Company are those set by applicable legislation.

## INFORMATION CONCERNING CAPITAL STOCK

## Breakdown of capital stock

At March 31, 2003, the parent Company's capital stock amounted to €9,961,891.20, represented by 6,226,182

shares with a par value of €1.6 each, all fully paid up and all in the same class.

## Conditions governing increases and reductions in capital stock

The Company's capital stock may be increased, reduced or redeemed by all methods authorized by applicable laws and regulations.

## AUTHORIZED, UNISSUED CAPITAL \*

	Ordinary and Extraordinary General Meeting of September 11, 2002 <sup>(1)</sup>					Ordinary and Extraordinary General Meeting of September 19, 2003 <sup>(2)</sup>
	10 <sup>th</sup> resolution	11 <sup>th</sup> resolution	12 <sup>th</sup> resolution	13 <sup>th</sup> resolution	15 <sup>th</sup> resolution	12 <sup>th</sup> resolution
<b>Total par value of the authorized issue</b>	€9,200,000	€9,200,000	€9,200,000 in addition to the maximum amounts set out in the 10 <sup>th</sup> and 11 <sup>th</sup> resolutions	€9,200,000 that can be included in the maximum amount under the 11 <sup>th</sup> resolution	€9,200,000	€9,200,000
<b>Type of authorized issue</b>	Issue of share equivalents, including stand-alone equity warrants, with preferential subscription rights	Issue of share equivalents, including stand-alone equity warrants, without preferential subscription rights	Authorization to issue shares to be paid up by capitalizing retained earnings, income or additional paid-in capital	Issue of share equivalents in connection with a public exchange offer made by the Company	Employee rights issue carried out in connection with company savings plans (PEE) or a voluntary employee savings plans (PPESV)	Issue of share equivalents, in the event of a cash or paper public tender offer  All the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting of September 11, 2002 can be used
<b>Validity of the authorization</b>	26 months as of Sept. 11, 2002	26 months as of Sept. 11, 2002	26 months as of Sept. 11, 2002	26 months as of Sept. 11, 2002	26 months as of Sept. 11, 2002	1 year as of Sept. 19, 2003

\* Authorizations to the Management Board to increase capital stock, as given by the Ordinary and Extraordinary General Meetings of September 11, 2002 <sup>(1)</sup> and September 19, 2003 <sup>(2)</sup>.

## STOCK OPTION PLANS

Date of plan	March 6, 1997 (Ordinary and Extraordinary General Meeting of October 8, 1996 and Management Board Meeting of March 6, 1997)
Number of options	17,800 (including 13,800 granted to Management) 1 option grants the right to subscribe to 1 share
Subscription price	€26.41
Period of validity of the option	Up to March 6, 2007 included
Exercise of the option	The options did not vest until March 6, 2002, except in the event of serious disability, of the option retirement, early retirement or death of the beneficiary. From March 6, 2002 to March 6, 2007 included, the options can be exercised at any time each year from August 1 to November 30 and from March 1 to May 31
Number of corporate officers concerned	7
Number of shares subscribed at March 31, 2003	0

To maintain the rights of the beneficiaries of the stock options plan following the cash distribution from reserves in respect of the year ended March 31, 2002, S.T.Dupont has adjusted the subscription price to €26.41 from €27.15, in accordance with the terms of the issue prospectus for 4.50% convertible bonds maturing in April 2004 (Sicovam code\*\* 18075) that was approved on May 4, 1999 under COB reference 99-536.

## OTHER SHARE EQUIVALENTS

In accordance with the authorization granted by the Ordinary and Extraordinary General Meeting of September 18, 1998, to issue share equivalents without preferential subscription rights, the Management Board decided on May 4, 1999 to issue convertible bonds in an amount of €12,958,158.6, represented by 1,282,986 bonds with a face value of €10.10 each.

To maintain the rights of the holders of convertible bonds following the cash distribution from reserves in respect of the year ended March 31, 2002, S.T.Dupont has adjusted the basis for conversion, in accordance with the terms of the issue prospectus for 4.50% convertible bonds maturing in April 2004 (Sicovam code\*\* 18075) that was approved on May 4, 1999 under COB reference 99-536. The new basis for conversion is 1.05 share with a par value of €1.6 for 1 convertible bond with a face value of €10.10.

### Payment of fractional shares

Should the bondholder choosing conversion be entitled to a number of shares that includes a fraction, the number of shares granted will be equal to the integer, and the fractional portion will be paid in cash based on the opening S.T.Dupont stock quote on the Euronext Paris SA's *Second Marché* on the last trading day prior to the filing of the application for conversion. The bonds have been described in an information memorandum approved by the *Commission des Opérations de Bourse* on May 4, 1999 under reference 99-536.

### SHARE BUYBACK PROGRAM

The Ordinary and Extraordinary General Meeting of September 11, 2002, authorized the Management Board, for a period of eighteen months, to buy back the Company's shares in accordance with the conditions and procedures set by applicable laws, in particular for the purpose of stabilizing the share price, up to 10% of the capital stock. It specified that the acquisition, disposal or transfer of these shares could take any form, with a minimum sale price of €6 and a maximum purchase price of €30, subject to adjustments related to any capital increases or decreases and/or stock splits or reverse stock splits. The shares bought back could be put to any use authorized by law, in particular be canceled, and their cancellation required another authorization which was granted to the Management Board by the Extraordinary General Meeting. The share buyback program is presented in the information memorandum approved by the *Commission des Opérations de Bourse* on September 12, 2002 under reference 02-1011

The upcoming General Meeting of shareholders will be asked to renew this authorization with essentially unchanged terms, except for the minimum sale price, to be set at €2.

### VOTING RIGHTS

#### Double voting rights

In accordance with article 35 of the bylaws, the right to a double vote, in addition to that on other shares, is granted in respect of all fully paid-up shares provided they have been registered for four years in the name of the same shareholder, as from December 6, 1996 (Ordinary and Extraordinary General Meeting of October 8, 1996), when the Company's shares were first listed on the Euronext Paris SA's *Second Marché*.

As stipulated in Article L. 225-124 of the Commercial Code: *Double voting rights granted in accordance with Article L. 225-123 are stripped from any registered shares that are converted into bearer shares or sold. However, registered shares are not stripped of voting rights and the qualifying period continues to run following the transfer of shares included in the estate of a deceased shareholder, or in connection with the settlement of the marital estate or an inter vivos gift to a spouse or a relative in the direct line of succession. Any merger or demerger of the Company would have no impact on double voting rights, which can be exercised within the beneficiary company if the latter's bylaws include such a provision."*

#### Voting right restrictions

In accordance with article 35 of the bylaws, each shareholder has a number of votes corresponding to the number of shares held or represented by proxy, without restriction.

## CHANGES IN SHAREHOLDERS' EQUITY OVER THE LAST FIVE YEARS

Calendar year	Operations	Par value of shares	Issue premiums	Merger premiums	Other additional paid-in-capital	Amounts of capital stock	Number of shares created	New number of shares
		(in FRF)	(in FRF)	(in FRF)	(in FRF)	(in FRF)		
1998	None	10	0	0	0	61,074,000	0	6,107,400
		(in euros)	(in euros)	(in euros)	(in euros)	(in euros)		
1999	May 4, 1999 - Conversion of capital stock into euros - Increase in capital by capitalizing reserves	1.6				9,310,672.00 9,771,840.00	0	6,107,400
2000	March 28, 2000 - Recognition of the conversion of 1,249 bonds into shares September 29, 2000 - Recognition of the conversion of 864 bonds into shares	1.6	10,662.00			9,773,838.40 9,775,220.80	1,279 864	6,108,649 6,109,513
2001	March 16, 2001 - Recognition of the conversion of 86,169 bonds into shares September 30, 2001 - Recognition of the conversion of 30,500 bonds into shares	1.6	756,764.95			9,913,091.20 9,961,891.20	86,169 30,500	6,195,682 6,226,182
2002	None	1.6	1,018,984.28			9,961,891.20	0	6,226,182

## SHAREHOLDERS' AGREEMENT

There are no shareholders' agreements.

## PLEDGING OF SECURITIES

On September 18, 2002, D and D International B.V. – registered in the Netherlands – signed a Guarantee and Share Pledge Agreement under which it pledged the 3,457,197 shares it holds in S.T.Dupont S.A. in favor of "The HongKong and Shangai Banking Corporation Limited". This pledge was released on January 31, 2003.

To the best of the S.T.Dupont Group's knowledge, as of July 7, 2003 none of the shares making up its capital have been pledged.

## MANAGEMENT COMPENSATION AND INTERESTS IN THE COMPANY

### Remuneration of members of the Supervisory Board, Management Board and Executive Committee

Gross remuneration paid by S.T.Dupont to the members of the Management Board in 2002-2003, including both compensation for Board work and salaries, amounted to €226,234 for William Christie, €149,300 for Christian Gayot, €152,770 for Anne Pecquet and €136,250 for Catherine Leducq.

Compensation in kind corresponding to a company car and Corporate Officer's liability insurance represented €19,569 for William Christie. Compensation in kind corresponding to a company car represented €3,300 for Christian Gayot and €3,300 for Anne Pecquet.

Attendance fees totaling €4,575, decided on by the General Meeting of September 11, 2002, for the 2002-2003 financial year, were granted to André Tissot-Dupont.

The aggregate amount of remuneration paid by S.T.Dupont to Executive Committee members for 2002-2003 was €1,071 thousand.

In 1997, the four members of the Management Board were granted a total of 13,800 stock options, out of the 17,800 options granted under the plan presented on page 113.

### Regulated agreements

The regulated agreements entered into in 2002-2003 are presented in the Statutory Auditors' special report. No new regulated agreements were signed in the period from March 31, 2003 to May 31, 2003 except for an agreement authorized on May 12, 2003 in connection with the reorganization of the Company's European distribution network. Under this agreement, S.T.Dupont France S.A. entrusted to S.T.Dupont Suisse S.A. the management of customer relations in Eastern European countries, in exchange for a fee corresponding to direct and indirect costs plus a 5% margin.

## I. OFF BALANCE-SHEET COMMITMENTS GIVEN

### Guarantees and pledges given

	At March 31, 2003	At March 31, 2002	At March 31, 2001
Bank guarantees given on behalf of subsidiaries	7,428	9,809	10,800
Other bank guarantees	188	2,995	1,220
Firm orders for fixed assets	68	413	448
<b>Total guarantees given</b>	<b>7,684</b>	<b>13,217</b>	<b>12,468</b>

Bank guarantees correspond to bank guarantees given by the parent company to the main banks of certain subsidiaries.

### Sales and marketing commitments

	Total	Amount of commitments by maturity			Evaluation total risk
		Within 1 year	Between 1 and 5 years	Beyond 5 years	
Repurchase commitments	194	194	0	0	194
Consignment contracts on purchases	80	80	0	0	80
Other sales and marketing contracts	0	0	0	0	0
<b>Total</b>	<b>274</b>	<b>274</b>	<b>0</b>	<b>0</b>	<b>274</b>

The Company has signed a number of contracts for bought-in products that include a penalty payable to suppliers in the event that a product line is stopped. At March 31, 2003, the amount of penalties that would be payable should all contracts containing this type of clause be terminated, totaled €194 thousand.

The Group has signed several consignment contracts, primarily with suppliers of raw materials, and would be obliged to purchase the consigned goods should the related contract be terminated. At March 31, 2003, the total amount of goods to be purchased should all said contracts be terminated would be €80 thousand.

To the best of the Group's knowledge, no other significant sales and marketing commitments are included in its sales and marketing contracts.

### Contractual obligations

The Group has signed a 10-year contract relating to the generation of hot water and heating for its industrial site. This contract is renewable for a period of 8 years. The exit conditions are negotiable, should either one of the parties decide to terminate the agreement.

Certain boutique leases include a clause concerning repairs at the end of the lease period. At that date a quotation would be drawn up to assess the corresponding amount. However, given that the boutiques are designed for the purpose of selling luxury items, it is unusual that the premises undergo any significant damage. Amounts for any repairs would therefore be limited.

To the best of the Group's knowledge, it has no other significant contractual obligations stipulated in its contracts.

## OTHER GENERAL INFORMATION

### Commitments related to borrowings

Type	Covenants	Amount		Start of borrowing period	Maturity	Current situation	Total risk
		March 31, 2003	March 31, 2002				
Loan with CCF repayable over five years	Gearing ratio	1,500	2,000	August 4, 2000	August 4, 2005	Unused	1,500
<b>Total</b>		<b>1,500</b>	<b>2,000</b>				<b>1,500</b>

Standard covenants only apply to the drawdown facility signed with Crédit Commercial de France (totaling €1,500 thousand at March 31, 2003).

The amount of the facility decreases as follows:

- €1,500 thousand between August 5, 2002 and August 4, 2003;
- €1,000 thousand between August 5, 2003 and August 4, 2004;
- €500 thousand between August 5, 2004 and August 4, 2005.

### Leasing commitments

	March 31, 2003		Payment schedule	
		Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Minimum future lease payments	400	236	164	0
Operating leases (buildings and boutiques)	4,450	2,222	2,094	134
Other operating leases	829	465	404	0
<b>Total</b>	<b>5,679</b>	<b>2,923</b>	<b>2,622</b>	<b>134</b>

## II. PLEDGES

### Pledge on registered shares

Shareholder	Beneficiary	Beginning of pledge period	End of pledge period	Conditions of release	Number of share pledged		% of shares pledged	
					2002/2003	2001/2002	2002/2003	2001/2002
D and D International B.V.	Hong Kong Shanghai Banking Corporation	Sept. 18, 2002	Jan. 31 2003	-	3,457,197	0	55.53%	0

On September 18, 2002, D and D International B.V. – registered in the Netherlands – signed a Guarantee and Share Pledge Agreement under which it pledged the 3,457,197 shares it holds in S.T.Dupont in favor of "The HongKong and Shangai Banking Corporation Limited". This pledge was released on January 31, 2003.

To the best of the S.T.Dupont Group's knowledge, as of July 7, 2003 none of the shares making up its capital have been pledged.

### Pledge of S.T.Dupont assets

To the best of the S.T.Dupont Group's knowledge, as of March 31, 2003, none of its assets have been pledged.



1. Dependence of the company on certain customers, suppliers or patents

**1.1 Dependence of the Company on certain customers**

The Company has no specific dependence on any of its customers.

**1.2 Dependence of the Company on certain procurement channels and suppliers**

For nibs used in producing fountain pens, the Company currently uses only one supplier. Historically, fountain pens have accounted for less than one-third of the Company's sales of writing instruments, and under 6% of its total sales. Similarly, a sub-assembly of the "X.tend" lighter is currently produced by only one supplier. In both cases, however, the Company believes that it could find a new supplier within a reasonable time-frame should its current supplier default.

Further, the production cost of the Company's products is sensitive to fluctuation in raw materials costs, and in particular the cost of the precious metals it uses. Precious metals account for about 10% of the direct costs of the products.

**1.3 Dependence on new product launches**

Over the past three financial years, lighter sales have represented from 39.3% to 41.8% of consolidated sales. The worldwide luxury lighters market is not expected to expand significantly in the coming years, therefore the Company's growth also depends largely upon the development of its other product lines and how they will be received by the public. In 2002-2003, the Group launched the Mini Olympio line and a number of limited editions that met with resounding success. In the coming years, it will be strongly developing its leather goods and ready-to-wear lines.

**1.4 Competition**

Given the specific nature and diversity of the product portfolio belonging to the S.T.Dupont brand, added to its positioning on different markets, no company can truly be deemed to be comparable.

2. Brands, patents and designs belonging to the company

Protecting its industrial property rights is a core aspect of the Company's strategy. Toward this end, the Company devotes a substantial budget to protecting and updating its rights to brands, patents and designs.

The Company owns all of the brands it uses, including "S.T.Dupont", "D", "X.tend" as well as the names of product lines such as "Géométrie" or "Contraste", or logos such as the stylized drawing of the leaf of the Chinese lacquer tree. The "S.T.Dupont" trademark is registered for lighters in 147 countries.

The Company also owns patents, filed in France and in 4 to 14 countries, depending on their importance.

Lastly it owns designs registered in France and in 4 to 38 countries, depending on their importance.

The Company has implemented procedures designed to protect its brands, designs and other intellectual or industrial property rights, across all of its major or high-risk markets, and for many years has been an active player in organizations fighting counterfeiting.

Whenever it deems it necessary, the Company initiates proceedings to prevent the registration or use of brands considered likely to be confused with the Company, its brands or its products.

### 1. Interest-rate and currency risks

#### Currency risk

In the normal course of business, the S.T. Dupont Group is exposed to financial risks arising from changes in the exchange rates of certain currencies, due to the geographic location of its sources of supply – mainly in Europe – as well as of its companies and markets. Royalty revenues are also exposed to currency risks.

The Group is exposed to risks arising from the translation of the financial statements of foreign subsidiaries into euros, particularly with respect to the U.S. dollar and to currencies pegged to the dollar, as well as the yen, due to the Group's strong presence in Asia.

In addition to the translation risk described above, the Company and its subsidiaries are exposed to currency risks on certain transactions denominated in a currency other than the local currency of the entity concerned. Exchange rate volatility can have the effect of reducing the value of the transaction in the original currency. This risk is hedged by the Company.

Risks associated with cash management operations and interest rate and currency instruments are managed by the parent company according to guidelines approved by Group management. The Group Treasurer and the Financial Controllers at each of the subsidiaries monitor exposure limits and positions on a daily basis and also sign off on results. The Group only uses simple derivative instruments.

Note 28 to the consolidated financial statements describes the Group's sensitivity to currency risk, its hedging policy and commitments at end-March 2003.

#### Interest-rate risk

The cash position is managed according to the guidelines established by Group management, which are designed to achieve maximum liquidity while earning the highest possible return on investments according to the yield curve and reduc-

ing borrowing costs. Positions are managed according to a time horizon of less than 12 months, based on a benchmark overnight interest rate.

The majority of Group debt is fixed rate and corresponds to the €12,515 thousand outstanding on the convertible bonds due April 1, 2004. Floating rate debt corresponds solely to bank facilities totaling €20,376 thousand made available to the Group in various currencies. Drawdowns on these facilities at March 31, 2003 amounted to €2,554 thousand.

Note 28 to the consolidated financial statements describes the Group's sensitivity to interest-rate risk and its hedging policy.

### 2. Counterparty risks

The Group does business solely with banks that have been approved by the parent company, based on an assessment of their financial strength. The Group is not exposed to any material concentration of risks arising from its dealings with banking counterparties.

Similarly, the Group is not exposed to any material concentration of risks arising from dealings with counterparties in transactions involving financial instruments. Transactions involving derivative instruments and the investment of available cash are carried out with financial instruments recognized for their financial strength.

### 3. Liquidity risks

In addition to bond issues, the S.T. Dupont Group has access to confirmed and mainly unconfirmed lines of credit obtained from international banks.

Note 29 to the consolidated financial statements describes the amounts and covenants of the Group's credit lines.

#### 4. Equity risks

S.T.Dupont has signed a market-making agreement with a brokerage firm, aimed at guaranteeing the liquidity of the Company's shares. The maximum amount of this agreement is €305 thousand. The agreement was signed in connection with the share buyback program described in the information memorandum approved under *Commission des Opérations de Bourse* visa 02-1011 dated September 12, 2002.

Under the terms of this agreement, 12,272 S.T.Dupont shares were held for €92 thousand at March 31, 2003. An allowance in the amount of €54 thousand has been booked in relation to the decline in value of S.T.Dupont shares held in treasury stock.

#### 5. Legal risks

All of the Company's transactions are covered by contracts, except where this is contrary to standard business practice.

The Company dedicates a significant budget to protecting its brands, designs and patents against counterfeiting, by registering its designs in France and abroad.

The Company is involved from time to time in various disputes that are part of the normal course of business, which include proceedings related to the use of its brand and to counterfeiting of its products – primarily in China where S.T.Dupont is exposed, as are all luxury brands, to these problems – as well as to employee relations and to its customer receivables. The Company does not believe that the cost or consequences of such disputes currently in progress may have a material negative impact on the consolidated financial position or results of the Company and its subsidiaries.

S.T.Dupont's German subsidiary is currently faced with a dispute with German tax authorities concerning the years 1988 to 1998. The Company believes that the demands of the German tax authorities are unfounded and has lodged a request for arbitration with the European Commission.

To date, no exceptional events have occurred and no litigation, other than that mentioned above, is pending or in progress that is likely to have a material impact on the consolidated assets and liabilities, financial condition or results of the Company and its subsidiaries.

#### 6. Industrial and environmental risks

The manufacturing center is not exposed to any major industrial risks, but owing to the nature of its operations it does have a tank of liquid gas on the premises. An accident involving this tank could have consequences on operations.

The transportation of lighters and gas refills complies with all the safety requirements relating to transportation of hazardous materials.

#### 7. Insurance

The Company has taken out insurance policies covering various risks at worldwide level. These policies concern:

- corporate liability insurance covering the Company and its employees in the event of liability claims;
- Directors and Officers liability insurance;
- environmental liability, covering the Company in the event of any accidental release, dispersion, discharge or deposit of any solid, liquid or gaseous substance into the air, soil or water. It also covers the production of odors, noises, temperature variations, radio waves, radiation or radioactivity exceeding the thresholds of standard obligations towards neighbors of Company sites. The coverage limit is €4,573,470 with a €15,244 deductible.

The Company also has all risks insurance (subject to named exclusions) covering property damage and ensuing business interruption with respect to all the assets belonging to the Company or for which it is liable.

In addition, the Company is covered by the following:

- transport insurance, covering all dispatches from the manufacturing center. This policy does not cover war risks, but addenda to the policies are negotiated at the time of any outbreak of hostilities;
- motor fleet insurance, covering the vehicles used by the Company.

Additional insurance programs have also been set up at a local level where necessary, in accordance with the applicable legislation and regulations.

#### 8. Other risk factors

##### **Risks related to the People's Republic of China**

Due to the importance of the Chinese market to the Company, its operations could be affected by unfavorable political and economic trends in the People's Republic of China. Its success in this market will also depend on continued efforts to fight counterfeiting.

##### **SARS**

The outbreak of SARS in Asia may significantly impact business and profitability in this region, as the fall in tourism and business trips will likely weigh heavily on sales.

## 1. PERSON RESPONSIBLE FOR THE "DOCUMENT DE RÉFÉRENCE"

William Christie, President of the Management Board of S.T.Dupont.

Statement by the person responsible for the "Document de Référence"

*"To the best of our knowledge, the information contained in the "Document de Référence" is correct and includes all information required to allow investors to form an opinion on the assets and liabilities, business, financial position, results and outlook of the Company and its subsidiaries. No information has been omitted that would be likely to alter an investor's opinion."*

Paris, July 4, 2003

William Christie, President of the Management Board of S.T.Dupont.

Last re-appointed on September 19, 2000 (as Substitute Statutory Auditor).

Current term expires at the Annual General Meeting called to approve the financial statements for the year ending March 31, 2006.

Coopers & Lybrand Audit, Statutory Auditors of S.T.Dupont, presented their reports before June 30, 2003 on the financial statements of S.T.Dupont for the year ended March 31, 2003. On June 30, 2003, Coopers & Lybrand Audit merged with PricewaterhouseCoopers Audit SA. Following this, Yves Nicolas, Substitute Auditor of S.T.Dupont S.A., became Statutory Auditor.

Yves Nicolas has resigned from his position as Statutory Auditor effective as from the date of the Annual General Meeting. In the eighth resolution, shareholders are invited to appoint as his replacement PricewaterhouseCoopers Audit S.A., a French "société anonyme" as Statutory Auditor and Pierre Coll as Substitute Auditor, for the remainder of Yves Nicolas' term of office, expiring at the close of the Annual General Meeting called to approve the financial statements for the year ending March 31, 2006.

## 2. NAMES AND ADDRESSES OF THE AUDITORS

### Statutory Auditors

#### Coopers & Lybrand Audit

32, rue Guersant – 75017 Paris  
(merged with PricewaterhouseCoopers Audit S.A. on June 30, 2003)

Represented by Hervé Panthier

First appointed on October 18, 1988.

Last re-appointed on September 19, 2000.

Current term expires at the Annual General Meeting called to approve the financial statements for the year ending March 31, 2006.

#### Yves Nicolas

32, rue Guersant – 75017 Paris

(as from July 1, 2003)

First appointed on October 18, 1988 (as Substitute Statutory Auditor).

#### Ricol, Lasteyrie & Associés

2, avenue Hoche – 75008 Paris

Represented by Gilles de Courcel

First appointed on September 30, 1996.

Last re-appointed on September 11, 2000.

Current term expires at the Annual General Meeting called to approve the financial statements for the year ending March 31, 2008.

### Substitute Auditors

Yves Nicolas

32, rue Guersant – 75017 Paris

(until June 30, 2003)

René Ricol

2, avenue Hoche – 75008 Paris.

## Fees paid by the Group to the Auditors and members of their networks

	Year ended March 31, 2003 Coopers & Lybrand Audit and network		Year ended March 31, 2003 Ricol, Lasteyrie & Associés		Year ended March 31, 2003 Other	
	Amount (thousands of €)	%	Amount (thousands of €)	%	Amount (thousands of €)	%
<b>Audit</b>						
• Statutory audit and contractual audits	259.0	69.3	26.0	100.0	34.0	86.7
• Other engagements	10.0	2.7	0.0	0.0	2.0	5.1
<b>Sub-total: audit</b>	<b>269.0</b>	<b>72.0</b>	<b>26.0</b>	<b>100.0</b>	<b>36.0</b>	<b>91.8</b>
<b>Other services</b>						
• Legal and tax advisory services	98.0	26.1	0.0	0.0	2.0	5.3
• Information technology	0.0	0.0	0.0	0.0	0.0	0.0
• Internal audit	0.0	0.0	0.0	0.0	0.0	0.0
• Other	7.0	1.9	0.0	0.0	1.0	2.9
<b>Sub-total: other services</b>	<b>105.0</b>	<b>28.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.0</b>	<b>8.2</b>
<b>Total</b>	<b>374.0</b>	<b>100.0</b>	<b>26.0</b>	<b>100.0</b>	<b>39.0</b>	<b>100.0</b>

Statement by the Statutory Auditors concerning the "Document de Référence"  
(free translation of the original French text for information purposes only)

In our capacity as Statutory Auditors of S.T.Dupont (the Company) and as required by *Commission des Opérations de Bourse* regulation COB 98-01, we have examined in accordance with French professional standards the information about the financial position and the historical accounts included in the "Document de Référence".

The "Document de Référence" is the responsibility of the President of the Management Board of S.T.Dupont. Our responsibility is to express an opinion on the fairness of the information about the financial position and the accounts contained in the "Document de Référence".

Our procedures, which were performed in accordance with French professional standards, consisted of assessing the fairness of the information about the financial position and the accounts and verifying that this information agrees with the audited financial statements, reading the other information contained in the "Document de Référence" in order to identify any material inconsistencies with the information about the financial position and the accounts, and reporting any manifestly incorrect information that came to our attention, based on our overall knowledge of the Company, as acquired during our audit. The "Document de Référence" does not contain any forward-looking information determined according to a structured process.

The financial statements and consolidated financial statements for the years ended March 31, 2001, 2002 and 2003, as approved by the Management Board, were audited by Coopers & Lybrand Audit, a member of the PricewaterhouseCoopers network, represented by Hervé Panthier, and by Ricol, Lasteyrie & Associés, represented by Gilles de Courcel, in accordance with French generally accepted auditing standards. The audit reports on these financial statements and consolidated financial statements were free of qualifications. The report on the parent company financial statements for the year ended March 31, 2003 included the following observation:

"Notes 1.1 and 1.14 b) and c) to the financial statements describe two changes in the method of accounting for post-retirement health insurance expenses and benefit obligations relating to long-service awards. This observation does not affect the opinion expressed above." These changes had no impact on the consolidated financial statements for the year ended March 31, 2003.

Based on the procedures described above, we have nothing to report with respect to the fairness of the information about the financial position and the historical financial statements contained in the "Document de Référence".

Paris, July 4, 2003

The Statutory Auditors  
Members of Compagnie Régionale de Paris

Yves Nicolas  
Partner of PricewaterhouseCoopers Audit

Ricol, Lasteyrie & Associés  
represented by Gilles de Courcel

### 3. PERSON RESPONSIBLE FOR INFORMATION

Catherine Leducq, Group Chief Financial Officer  
S.T.Dupont: 92, boulevard du Montparnasse – 75014 Paris, France. Telephone: +33 1 53 91 33 11.

The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation, views or opinion expressed therein the original language version of the document in French takes precedence over the translation.

## CROSS-REFERENCE TABLE

To facilitate the reading of this annual report, the French version of which has been filed as a “*Document de Référence*” with the French Stock Exchange Commission (*Commission des Opérations de Bourse*), the following table provides cross-references between the key sections of COB Regulation 98.01 and the corresponding pages of the annual report.

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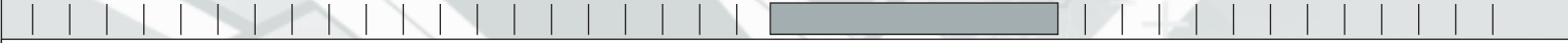
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The "Document de Référence" was filed with the *Commission des Opérations de Bourse* on July 7, 2003, in accordance with Regulation 98-01. It may be used as a supporting document for a financial operation, but only alongside an information memorandum approved by the *Commission des Opérations de Bourse*.

NOTES



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