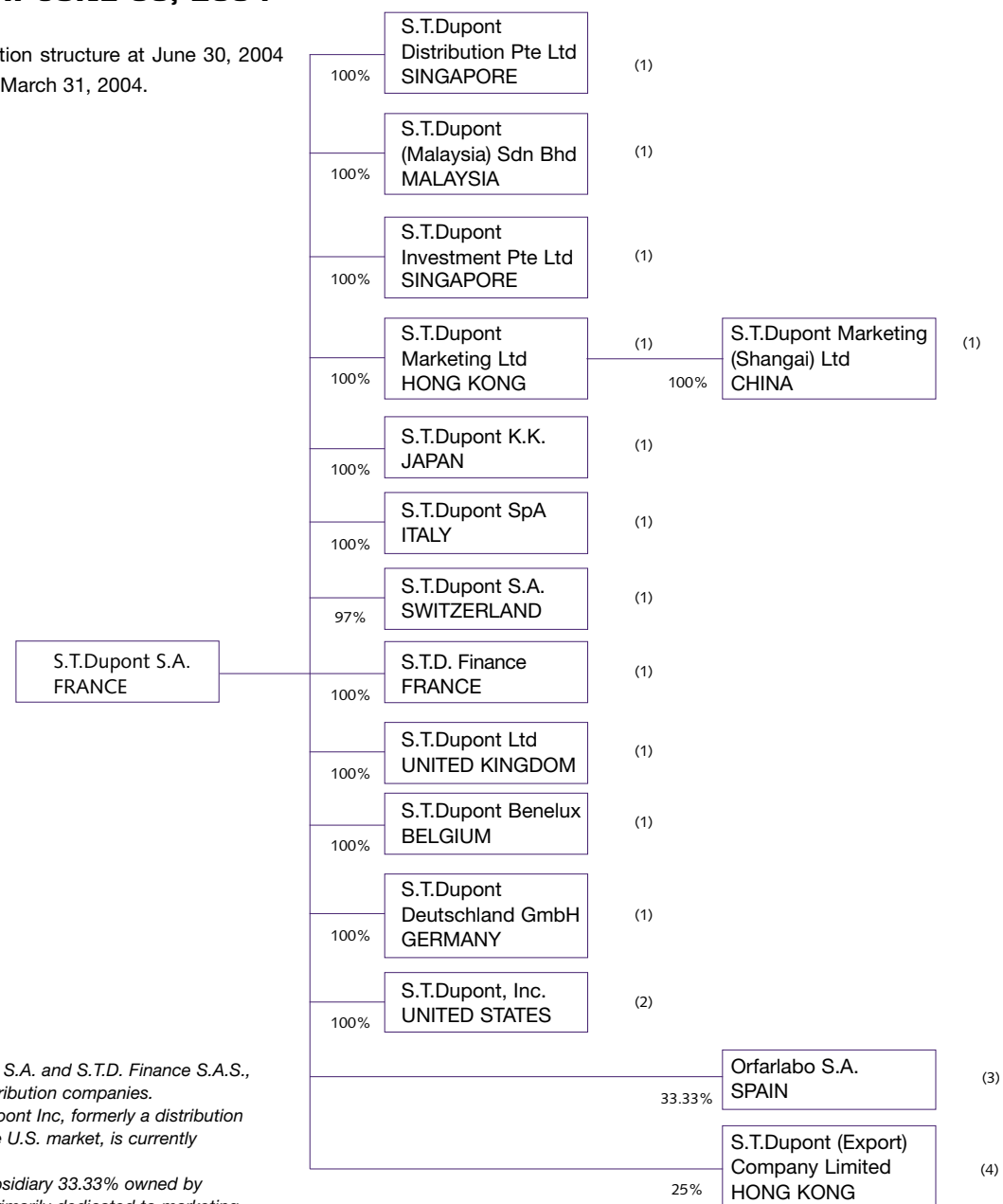




GROUP ORGANIZATION CHART  
2003-2004

**GROUP ORGANIZATION  
STRUCTURE AT JUNE 30, 2004**

The Group's organization structure at June 30, 2004 was unchanged from March 31, 2004.



(1) Except for S.T. Dupont S.A. and S.T.D. Finance S.A.S., 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 S.A. 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 and D International B.V., which also owns approximately 55.8% of S.T. Dupont S.A. This subsidiary is currently dormant.

GROUP ORGANIZATIONAL STRUCTURE

**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 S.A.S., 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 of 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 2004, these territories accounted for 18% 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 manufacturing and marketing certain product lines that are dedicated to specific territories.

**RELATED-PARTY TRANSACTIONS**

In Note 30 of the consolidated financial statements, the Group indicates the amount of its transactions with related parties for the year ended March 31, 2004, 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.

**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.

**Fiscal year**

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

**Statutory 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 or indirectly 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 fiscal 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 fiscal 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 fiscal year, after taking into account retained earnings, as well as all required depreciation, amortization and provisions, 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 S.A.'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, 2004, the Parent company's capital stock amounted to €9,962,260.80, represented by 6,226,413 shares with a par value of €1.6 each, all fully paid up and all in the same class.

During fiscal 2003-2004, 220 bonds subscribed in connection with the convertible bond issue of May 4, 1999 were converted into shares on the basis of 1.05 ordinary shares with a par value of €1.6 per convertible bond with a nominal value of €10.10. The capital stock increased to €9,962,260.80 represented by 6,226,413 shares.

Since the year-end and in accordance with the legal requirements and terms and conditions of the bond issue of May 4, 1999 which fixed the conversion period at three months from April 1, 2004 to June 30, 2004, 73 bonds were converted into shares during April 2004, increasing capital stock to €9,962,377.60 representing 6,226,486 shares.

**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 \***

	Type of authorized issue	Total par value of the authorized issue	Validity of the authorization
8 <sup>th</sup> resolution	Issue of share equivalents, including stand-alone equity warrants, with preferential subscription rights	€9,200,000	26 months as of Sept. 17, 2004
9 <sup>th</sup> resolution	Issue of share equivalents, including stand-alone equity warrants, without preferential subscription rights	€9,200,000	26 months as of Sept. 17, 2004
10 <sup>th</sup> resolution	Authorization to issue shares to be paid up by capitalizing retained earnings, income or additional paid-in capital	€9,200,000	26 months as of Sept. 17, 2004
11 <sup>th</sup> resolution	Issue of share equivalents in connection with a public exchange offer made by the Company	€9,200,000	26 months as of Sept. 17, 2004
12 <sup>th</sup> resolution	Employee rights issue carried out in connection with company savings plans (PEE) or voluntary employee savings plans (PPESV)	€920,000	26 months as of Sept. 17, 2004

\* Draft authorizations to the Management Board to increase capital stock to be submitted to shareholders at the Ordinary and Extraordinary General Meeting of September 17, 2004.

**STOCK OPTION PLAN**

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	12,600 (including 10,600 granted to Management) 1 option grants the right to subscribe to 1 share
Subscription price	€26.41
Period of validity of the options	Up to March 6, 2007 included
Exercise of the options	The options did not vest until March 6, 2002, except in the event of serious disability, 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	4 (including 3 executives)
Number of shares subscribed at March 31, 2004	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.

**LIST OF MANAGEMENT BOARD BENEFICIARIES OF THE STOCK OPTION PLAN**

Management Board beneficiaries	Number of shares for which options are exercisable
William Christie	4,200
Christian Gayot	3,200
Catherine Leducq	3,200
Total	10,600

**OTHER SHARE EQUIVALENTS****1999 bond issue**

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 nominal 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 shares with a par value of €1.6 for 1 convertible bond with a nominal 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 S.A.'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.

**2004 "Océane" bond issue**

In accordance with the authorization granted by the Ordinary and Extraordinary General Meeting of September 11, 2002, to issue share equivalents without preferential subscription rights, the Management Board decided on March 19, 2004 to issue bonds in an amount of €22,499,999.83, represented by 4,756,871 bonds convertible and/or exchangeable into new or existing shares at €4.73 per share.

This operation took place on April 14, 2004.

**Share buyback program**

The Ordinary and Extraordinary General Meeting of September 19, 2003, 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 €2 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 August 27, 2003 under reference 03-773. The upcoming General Meeting of shareholders will be asked to renew this authorization with essentially unchanged terms.

**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 S.A.'s *Second Marché*.

As stipulated in Article L.225-124 of the French 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**

Fiscal year	Operation	Par value of shares	Issue and conversion premiums	Capital	Number of shares created	New number of shares
		(in FRF)	(in FRF)	(in FRF)		
At March 31, 1999		10	0	61,074,000.00		6,107,400
		(in EUR)	(in EUR)	(in EUR)		
	<ul style="list-style-type: none"> <li>• May 4, 1999: Conversion of capital stock into euros</li> <li>• May 4, 1999: Increase in capital by capitalizing reserves</li> <li>• March 28, 2000: Conversion of bonds into shares</li> </ul>		-	461,168.00	1,249	
At March 31, 2000		1.6	10,662.00			6,108,649
	<ul style="list-style-type: none"> <li>• September 29, 2000: Conversion of bonds into shares</li> <li>• March 16, 2001: Conversion of bonds into shares</li> </ul>		7,391.68	1,382.40	864	
At March 31, 2001		1.6	756,764.95	9,913,091.20		6,195,682
	<ul style="list-style-type: none"> <li>• September 30, 2001: Conversion of bonds into shares</li> </ul>		262,219.33	48,800.00	30,500	
At March 31, 2002		1.6	1,018,984.28	9,961,891.20		6,226,182
At March 31, 2003	None	1.6	1,018,984.28	9,961,891.20	-	6,226,182
	<ul style="list-style-type: none"> <li>March 25, 2004: Conversion of bonds into shares *</li> </ul>		1,896.40	369.60	231	
At March 31, 2004		1.6	1,020,836.68	9,962,260.80		6,226,413

\* placed on record by the Management Board on April 16, 2004.

**SHAREHOLDERS' AGREEMENT**

There are no shareholders' agreements.

**PLEDGING OF SECURITIES**

To the best of S.T.Dupont's knowledge, as of March 31, 2004 none of the shares making up its capital have been pledged.

**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 2003-2004, including both compensation for Board work and salaries, amounted to €203,906 for William Christie, €192,106 for Benjamin Comar (including €3,050 for Board work), €137,329 for Christian Gayot (including €3,050 for Board work), €129,050 for Catherine Leducq (including €3,050 for Board work) and €212,964 for Anne Pecquet (including €138,622 in indemnities).

During the year, no variable remuneration was paid.

Compensation in kind corresponding to a company car and Corporate Officer's liability insurance represented €20,909 for William Christie. Compensation in kind corresponding to a company car represented €2,200 for Benjamin Comar and €4,300 for Christian Gayot.

Attendance fees totaling €4,575, decided on by the General Meeting of September 19, 2003 for the 2003-2004 fiscal year, were granted to André Tissot-Dupont.

The aggregate amount of remuneration paid by S.T.Dupont to Executive Committee members for 2003-2004 was €1,164 thousand.

In 1997, three current members of the Management Board were granted a total of 10,600 stock options, out of the 17,800 options granted under the plan presented on page 150.

**REGULATED AGREEMENTS**

The regulated agreements entered into in 2003-2004 are presented in the Statutory Auditors' special report. No new regulated agreements were signed in the period from March 31, 2004 to May 31, 2004.

## 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 20% of the Company's sales of writing instruments. 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 5% to 10% of the direct costs of the products.

### 1.3 Dependence on new product launches

Over the past three fiscal years, lighter sales have represented from 38.7% to 40.1% 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 2003-2004, S.T.Dupont strengthened its research and development drive in order to prepare the launch of creative, modern and luxury products within each range. In the coming years, the key success factors for these products will be managing customer relationships and mastering the technical and sales aspects.

### 1.4 Competition

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

## 2. BRANDS, PATENTS AND DESIGNS BELONGING TO THE COMPANY

Protecting its industrial and intellectual 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", and "X.tend", as well as the names of product lines such as "Olympio" and "Contraste", or logos such as the new "icon" which was registered this year in 83 countries. 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 2004.

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

Excluding the bridging loan repaid on April 14, 2004, the majority of Group debt is fixed rate and corresponds to the €12,513 thousand outstanding on the convertible bonds due April 1, 2004, including accrued interest.

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 institutions 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 28 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, 2004. A provision in the amount of €40 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.

As a manufacturer, the Company is extremely careful about the safety of the lighters it produces. It ensures that its products comply with applicable standards – a factor that has become ever-more important since the European Directive on General Product Safety came into force. In addition, S.T.Dupont is a member of the Commission for creating standards for lighters within AFNOR, France's standard-setting agency.

From time to time the Company is involved in various claims and litigation in the normal course of business, including cases relating to the registering of trademarks. This is particularly the case in the United Kingdom and in Hong Kong in relation to the S.T.Dupont trademark for the Ready-to-wear business. Like all luxury brands, the Company is exposed to numerous cases of product counterfeiting, especially in China. In order to enhance its responsiveness, the Company has assigned specialized firms to monitoring its sensitive markets. S.T.Dupont is also involved in certain disputes concerning employee relations and 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 S.T.Dupont S.A. or its subsidiaries.

S.T.Dupont's German subsidiary is currently involved in a dispute with the German tax authorities concerning fiscal 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. The related authorities have been contacted in order to set up an initial commission in 2004-2005 to address these issues.

The Company deems that to date no exceptional events have occurred and no litigation or dispute, 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 situation or results of the Company and its subsidiaries.

Measures relating to restricting tobacco advertising and increasing tobacco prices, as well as EU regulations on child-proof lighters could possibly have an impact on lighter sales.

## 6. INDUSTRIAL AND ENVIRONMENTAL RISKS

The manufacturing facility 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

S.T.Dupont's global insurance and risk coverage strategy is intended to prevent or reduce any harmful effects of its operations both in France and abroad. S.T.Dupont's third-party liability and business interruption insurance programs are covered by a pool of insurers led by GAN/Groupama (except for Directors and Officers liability insurance which is covered by the AIG Group and transport insurance which is covered by a pool of insurers led by the Allianz Group).

S.T.Dupont considers that its insurance and risk coverage program is suitable for both its size and the nature of its operations.

The insurance programs include:

### • Corporate Liability Insurance

This policy covers S.T.Dupont S.A. and most of its subsidiaries in the event of liability claims which may arise as a result of applicable laws, regulations or practices. It covers bodily injury, property damage and consequential losses caused to a third party as a result of their operations, including after delivery of their products. It also covers the financial consequences of "inexcusable fault" as set out in article L.452-1 et seq. of the Social Security Code, committed by the insured or by any representative of the insured managing the company.

In addition, the policy covers costs incurred by S.T.Dupont or by a third party (including the client) in relation to warning the public and/or recalling a product, either in the case of an injunction by a regulatory authority or on the initiative of the insured if said product carries a risk of bodily injury and provided this risk is proved by the insured.

Coverage includes:

- Operational liability:

- bodily injury up to an amount of €6,100,000 per claim;
- property damage/consequential loss (all causes) up to an amount of €2,286,000 per claim;
- consequential loss not arising from a bodily injury up to an amount of €380,000 per claim;

- Liability insurance after delivery of products:

- bodily injury/property damage/consequential loss (all causes) up to an amount of €2,286,000 per year;
- consequential loss not arising from a bodily injury or property damage up to an amount of €380,000 per year;
- product recall costs up to an amount of €76,000 per year.

Liability insurance in France, Italy, Belgium and the United Kingdom does not include a deductible. Difference in conditions/difference in limits insurance (DIC/DIL) applies in Switzerland, Japan and Germany.



### • Directors and Officers liability insurance

The Company has taken out adequate insurance cover for Directors and Officers liability (legal and de facto), both for France and subsidiaries outside France. This covers any claim made in relation to directors' and officers' liability, either individually or severally.

### • Environmental liability

The Company has taken out a specific environmental liability policy covering it in the event of liability claims which may arise as a result of bodily injury, property damage and consequential loss incurred by a third party as a result of an environmental impact following accidental cases occurring within any of the Company's sites.

This "Environmental impact" policy covers the Company against any emission, dispersion, release or deposit of any solid, liquid or gas in the atmosphere, 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 per year with a €15,244 deductible.

• **All risks insurance (subject to named exclusions) covering property damage and business interruption**

This policy covers:

- losses that may be incurred by S.T.Dupont's industrial sites, offices, stores and warehouses (buildings owned and/or leased by the Company, furniture, equipment and goods) at replacement cost. Coverage also includes any miscellaneous costs and losses such as the reconstitution of models, molds, drawings, archives, and any IT programs or support functions;
- business interruption resulting from the aforementioned losses;
- fair value of purchased goodwill.

Concerning property damage:

- S.T.Dupont's industrial sites (buildings owned and/or leased by the Company, furniture and equipment) are covered for an amount up to €48,375,000 and goods are covered for an amount up to €22,335,000.
- S.T.Dupont's offices, stores, warehouses (buildings owned and/or leased by the Company) are insured for an amount up to €8,500,000. Equipment, furniture and goods are insured for an amount up to €2,359,000.

Business interruption coverage stands at €41,500,000. Fair value of purchased goodwill is covered for an amount up to €3,900,000.

Regarding property damage and business interruption, an insurance program has been set up in France, Italy and Belgium. In Germany, the United Kingdom and Switzerland, DIC/DIL insurance applies.

• **Transport insurance**

S.T.Dupont's transport insurance policy covers journeys made within France and journeys from France to foreign destinations.

Coverage includes:

- on a worldwide basis, all goods in the process of being transported by sea, land, air or river;

- in Metropolitan France, Belgium, Italy, Germany, Switzerland, the United Kingdom and Japan, all goods stocked in the Group's warehouses and/or stores in which the insured has an insurable interest.

Coverage encompasses all risks including total or partial theft, in accordance with the conditions set out in the French Marine Cargo Insurance Policy. Coverage applies without interruption from the moment when the goods packaged for shipment are taken into the stores of the shipper or a third-party warehouse. It ends after the last transport vehicle has fully unloaded the shipment in the store and/or warehouse of the consignee.

Transport coverage is capped at €609,795 per claim, with a per-claim deductible of €1,500. Storage coverage is capped at €304,895 per claim.

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.**

This insurance policy covers S.T.Dupont S.A.'s motor fleet, as well as employee vehicles used for professional assignments.

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

Although S.T.Dupont considers that its insurance and risk coverage program is suitable for both its size and the nature of its operations, it cannot be ruled out that the insurance coverage limit may, in exceptional cases, be exceeded and that the full amount of the loss may not be covered by the insurance policy.

During fiscal 2003-2004, S.T.Dupont's total insurance cost represented 0.5% of the Company's sales.

A study on the relevance of S.T.Dupont's total insurance cover is currently being carried out in association with the Company's brokerage firm.

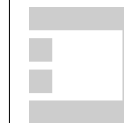
## 8. OTHER RISK FACTORS

### 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 Group is exposed to certain public-health risks, such as those related to last year's outbreak of severe acute respiratory syndrome (SARS) in Asia, as well as the impact of terrorist attacks, the combination of which has reduced tourist and business travel. If similar events were to re-occur, they could lead to a decline in sales and profitability in the markets concerned.



**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 6, 2004

**William Christie, President of the Management Board**

**2. NAMES AND ADDRESSES  
OF THE AUDITORS****Statutory Auditors****PricewaterhouseCoopers Audit**

32 rue Guersant – 75017 Paris  
Represented by Hervé Panthier  
First appointed on September 19, 2003  
Current term expires at the Annual General Meeting called to approve the financial statements for the year ending March 31, 2006.

**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, 2002  
Current term expires at the Annual General Meeting called to approve the financial statements for the year ending March 31, 2008.

**Substitute Auditors**

Pierre Coll  
32 rue Guersant – 75017 Paris

René Ricol  
2 avenue Hoche – 75008 Paris

**FEES PAID BY THE GROUP TO THE STATUTORY AUDITORS AND MEMBERS  
OF THEIR NETWORKS**

	March 31, 2004 PricewaterhouseCoopers Audit and network		March 31, 2004 Ricol, Lasteyrie & Associés		March 31, 2004 Other	
	In € thousands	%	In € thousands	%	In € thousands	%
<b>Audit</b>						
• Statutory audit and contractual audits	257	70.6%	39	100.0%	44	72.1%
• Other engagements	0	0.0%		0.0%	0	0.0%
<b>Sub-total: audit</b>	<b>257</b>	<b>70.6%</b>	<b>39</b>	<b>100.0%</b>	<b>44</b>	<b>72.1%</b>
<b>Other services</b>						
• Legal and tax advisory services	107	29.4%	0	0.0%	5	8.0%
• Information technology	0	0.0%	0	0.0%	0	0.0%
• Internal audit	0	0.0%	0	0.0%	0	0.0%
• Other	0	0.0%	0	0.0%	12	20.1%
<b>Sub-total: other services</b>	<b>107</b>	<b>29.4%</b>	<b>0</b>	<b>0.0%</b>	<b>17</b>	<b>28.1%</b>
<b>TOTAL</b>	<b>364</b>	<b>100.0%</b>	<b>39</b>	<b>100.0%</b>	<b>61</b>	<b>100.0%</b>

2003-2004

*This is a free translation into English of the Statutory Auditors' statement issued in the French language and is provided solely for the convenience of English speaking readers.*

*This statement should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

## STATEMENT BY THE STATUTORY AUDITORS CONCERNING THE *DOCUMENT DE RÉFÉRENCE*

In our capacity as Statutory Auditors of S.T.Dupont S.A. (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 the Company. 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 Parent company financial statements and consolidated financial statements for the year ended March 31, 2002 and the consolidated financial statements for the year ended March 31, 2003, as approved by the Management Board, were audited by Coopers & Lybrand Audit, a member of PricewaterhouseCoopers, and Ricol, Lasteyrie & Associés, in accordance with French generally accepted auditing standards. The audit reports on these Parent company financial statements and consolidated financial statements were free of qualifications or observations.

The Parent company financial statements for the year ended March 31, 2003, as approved by the Management Board, were audited by Coopers & Lybrand Audit, a member of PricewaterhouseCoopers, and Ricol, Lasteyrie & Associés, in accordance with French generally accepted auditing standards. The audit report on these financial statements was free of qualifications but contained an observation relating to two changes in the method of accounting for post-retirement health insurance expenses and benefit obligations relating to long-service awards.

We audited the Parent company financial statements and consolidated financial statements for the year ended March 31, 2004, as approved by the Management Board, in accordance with French generally accepted auditing standards. The audit reports on these financial statements were free of qualifications or observations.

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 6, 2004

The Statutory Auditors  
Members of the *Compagnie Régionale de Paris*

PricewaterhouseCoopers Audit  
represented by  
Hervé Panthier

Ricol, Lasteyrie & Associés  
represented by  
Gilles de Courcel

### Additional information:

The *Document de Référence* includes:

- the Statutory Auditors' reports on the Parent company financial statements and the consolidated financial statements for the year ended March 31, 2004, including justifications of the Statutory Auditors' assessments prepared in accordance with article L.225-235 of the Commercial Code;
- the Statutory Auditors' report – prepared in accordance with the final paragraph of article L.225-235 of the Commercial Code – relating to the Report of the Chairman of the Supervisory Board of S.T.Dupont which describes the internal control procedures relating to the preparation and processing of accounting and financial information.

## CROSS-REFERENCE TABLE

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*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.*



This *Document de Référence* was filed with the *Autorité des Marchés Financiers* on July 7, 2004, in accordance with COB regulation 98-01, amended by COB regulation 2001-05, under number D. 04-1027.

It may be used as a supporting document for a financial transaction only if completed by an information memorandum approved by the *Autorité des Marchés Financiers*.