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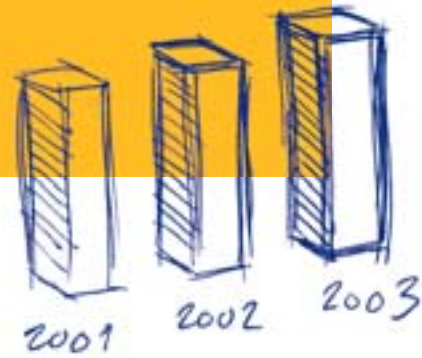
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The registered reference document (in French) may be obtained as follows on the web site for the *Autorité des Marchés Financiers* (www.amf-france.org) and on the BIC corporate web site (www.bicworld.com).

A copy of this document can also be obtained, without charge, by calling Investor Relations for SOCIÉTÉ BIC, in France +33 1 45 19 52 26 or by sending a letter to SOCIÉTÉ BIC, 14 rue Jeanne d'Asnières, 92 611 Clichy cedex.



CHAIRMAN'S MESSAGE

Ladies, Gentlemen, dear Shareholders,

In 2003, we secured additional market shares in the stationery and the lighter businesses, even though the year was marked by fluctuating exchange rates and continuing pressure from competition. Group net sales increased 2.5% at constant currencies.

The Group's operating margin was affected by higher than anticipated production costs for new stationery products and especially by a sharp decrease in single-blade shaver sales in Europe and North America. However, BIC Comfort 3™, BIC's first triple-blade one-piece shaver, which was launched in March 2003, met with immediate success. The excellent shave quality and competitive price offered by BIC Comfort 3™ has earned high scores from consumers. Today the shaver has captured nearly 15% of the triple-blade one-piece shaver market in the United States.

For 2004, the lack of visibility with regard to exchange rates means that we must remain cautious. However, we will pursue our commitment to innovation while continuing to support and improve our classic products. In stationery, we will introduce new products with a more contemporary design while continuing to improve the writing smoothness of our classics. In the multipurpose lighter segment, we launched an innovative three-position product. In the spring of 2004, we launched a new shaver, BIC® Soleil™, the first triple-blade in the one-piece segment specifically designed for women. You can learn more about this new shaver in our *BIC® Collection* product catalogue. I also encourage you to try it yourself! BIC® Soleil™ has already received a warm welcome from retailers.

In January 2004, we reached a key stage in our shareholder communication policy by launching the first BIC Group





“Shareholders’ Newsletter.” We will continue to issue two newsletters per year to keep you up to date on new product launches, changes affecting our business, and our financial results. As you will see, we now provide information on the Group by geographical area in the annual report, clearly stating consumer expectations specific to each market.

There is another major step forward on our calendar for 2004 and that is our commitment to sustainable development. With this project in place, we plan to publish a report next year.

In addition to the Group’s dedicated employees, our primary strength is our brand, BIC®, which still enjoys the support of consumers. BIC® is recognized around the globe and is synonymous with quality products at a fair price. The strength of the BIC® brand is playing an increasingly significant role in our relations with our customers. The brand provides us with

benefits that we build upon each day through our efforts to develop new products that meet the needs of consumers, through our teamwork within the Group, and in our partnerships with suppliers and customers.

With the strength of our teams, our brand, and our commitments behind us, we are all working together to improve our products, increase our market share, and optimise our results.

I would like to thank all of our employees and their teams for their contributions to the growth the Group has enjoyed. I would also like to thank our customers and shareholders for their trust and support.

Bruno Bich

Chairman and Chief Executive Officer





MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR 2003

Ladies, Gentlemen, dear Shareholders,

In this report, your Board of Directors presents a summary of the Group's activity during 2003 and discusses its prospects for the future.

BIC is a world leader in the stationery, lighter and shaver markets. Our products are sold all over the globe, in more than 160 countries. Channels of distribution include stationery stores, tobacco shops, mass-merchandisers, convenient stores, office supply companies, wholesalers and cash-and-carry outlets.

The Group's development strategy has three major elements, all aimed at meeting the needs of today's increasingly global customers and consumers: 1) continuous improvement of our classic products, with selective expansion of the geographic areas in which they are sold; 2) development of new value-added products and 3) sustained efforts to improve productivity.

A key objective for 2003 was to grow faster than our competitors in our three core categories -stationery, lighter and shaver. We

achieved this goal in both stationery and lighter, with improved market positions and broad consumer acceptance of value-added writing instruments and new lighter "limited edition" designs. The stationery streamlining project, implemented in December 2001, was completed in 2003. In the shaver market, we faced intense competition, but were able to offset some of this impact with the introduction of our triple-blade shaver, BIC Comfort 3™, in March 2003.

Around the world, BIC continues to invest in brand name development, making the most of a precious asset to strengthen its recognition and reputation among customers and consumers in both developed and emerging markets. Our goal is to produce efficiently at lower cost, either in-house with our own technologies or, to a lesser extent, by outsourcing to increase flexibility or to take advantage of new technologies. This strategy is tied closely with our commitment to achieving exceptional customer service, with increased productivity and efficiency in every aspect of our multinational operation.



BIC GROUP SALES BY REGION 2001-2003

IN EURO MILLIONS	2001	2002	2003	CHANGE 2003/2002	AT CONSTANT CURRENCIES
Western Europe	450.2	457.0	444.5	- 2.7%	- 1.8%
North and Central America, Oceania	831.7	810.4	712.9	- 12.0%	+ 4.8%
South America	124.4	102.8	100.0	- 2.7%	+ 20.4%
Eastern Europe, Middle East, Africa and Asia	127.1	121.4	102.7	- 15.4%	- 11.5%
TOTAL	1,533.3	1,491.6	1,360.1	- 8.8%	+ 2.5%

COMPARISON OF KEY FIGURES 2002-2003

BIC GROUP

IN EURO MILLIONS	2001 PRO FORMA	2002	2003	CHANGE 2003/2002	AT CONSTANT CURRENCIES
Net sales	1,533.3	1,491.6	1,360.1	- 8.8%	+ 2.5%
Gross profit	861.7	830.2	742.6	- 10.6%	- 0.2%
Income from operations	256.9	252.5	209.0	- 17.2%	- 7.0%
Financial income / (costs)	(25.0)	(18.6)	(8.9)	- 52.2%	- 50.4%
Income from associates	(1.5)	(1.1)	0.6	ns	ns
Other income / (expense)	(18.0)	(8.6)	(10.4)	+ 21.3%	+ 43.7%
Goodwill amortization	(9.3)	(10.7)	(11.3)	+ 5.1%	+ 13.9%
Income before tax	203.1	213.5	179.0	- 16.2%	- 5.4%
Income tax expense	(73.7)	(81.4)	(68.3)	- 16.1%	- 6.2%
Minority interest	(11.8)	(5.4)	(0.4)	- 92.4%	- 87.3%
GROUP NET INCOME	117.6	126.7	110.3	- 12.9%	- 1.4%
EARNINGS PER SHARE (IN EURO)	2.14	2.23	2.03	- 9.2%	+ 2.8%
Number of shares*	54,921,764	56,743,634	54,393,854		

* Average number of shares outstanding net of treasury shares.



Total Group sales were 1.360 billion euro, down 8.8% from 2002. 2003 net sales were negatively impacted by foreign exchange effects, particularly the declines in the U.S. dollar and the Brazilian real, with a cumulative negative impact of 11.3 points on growth as December 31, 2003. At constant currencies, sales increased by 2.5%.

Consolidated income from operations was 209 million euro, down 17.2% from 2002. Operating margin decreased from 16.9% of sales in 2002 to 15.4% in 2003. The decrease is mainly due to gross margin decrease (pension costs, foreign exchange impact, manufacturing costs).

The decrease in interest expense is mainly due to a decrease in borrowing compared with 2002, as well as lower interest rates. Foreign exchange income is primarily the result of positive hedging on the Brazilian Real and US Dollar.

Income before tax decreased by 16.2%, from 214 million euro in 2002 to 179 million euro in 2003 (margin declined 1.1 point).

We continue to give priority to holding down our Group effective tax rate. In 2003, it remained unchanged at 38%.

Group net income decreased to 110 million euro, a 12.9% decline over 2002. The decline in minority interests at the consolidated level following the acquisition of that part of the equity capital of BIC CORPORATION not yet held by the Group had a positive impact on net income accruing to the Group. Total net income before adjustment for minority interests went from 131 million euro in 2002 to 111 million euro in 2003.

BIC's core business lines — stationery products, lighters and shavers — accounted for 96% of consolidated sales. Unless specified otherwise, comments cover only these three business lines.

► BIC'S CORE BUSINESSES

2003 net sales were 1.3 billion euro, a decrease of 9.6% compared to last year (+2.0% at constant currencies). All three categories showed a decline in sales at actual currencies. In 2003, there were no significant divestitures within BIC's core businesses, but in the 4th Quarter we purchased 100% of the equity capital of our largest lighter wholesaler in France, Établissements LAFOREST DAPE 74 (recently renamed DAPE 74 DISTRIBUTION), to better defend our market share against Asian products.

Income from operations for these core businesses was 210 million euro, down 17.7% from 2002. Operating margin declined 1.6 point.

► WESTERN EUROPE

Sales in Western Europe were down 2.7% in value terms at actual currencies compared to 2002 and down 1.8% at constant currencies (volume declined by 5%), due to a soft economic climate, particularly in Germany, Italy and the United Kingdom. All three

categories showed a decline in sales at actual currencies in this region. Lighter sales declined due to increased competition from low-priced, low-quality products from Asia.

Sales of single- and twin-blade shavers declined, but were nearly offset by sales of BIC's new triple-blade shaver, BIC Comfort 3™, which launched in March 2003.

In this region, income from operations decreased due to the impact of the sales decline and increased consumer support levels.

In the 4th Quarter of 2003, the Western Europe region and EEMEA (Eastern Europe, Middle East, Africa) region were merged, creating a new EMA zone (Europe, Middle East, Africa). The General Manager of Western Europe became the General Manager of the new zone.

► EASTERN EUROPE, MIDDLE EAST, AFRICA AND ASIA

Sales in EEMEA (Eastern Europe, Middle East and Africa) and Asia were down to 103 million euro compared with 122 million euro in 2002 (-15.4%) at actual currencies. Sales decreased by 11.5% at constant currencies (and -20% in volume).

The impact of SARS, as well as the geopolitical situations in the Middle East and Africa combined to have an adverse effect on sales in all three categories in this region, particularly in the first and second quarters of 2003. The strengthening of the euro vs the US Dollar also penalized our sales in the EEMEA region. Distribution networks continue to be rationalized. BIC remains committed to carefully building its business in Asia.

In 2003, income from operations was negatively impacted by the sales decline.

► NORTH AMERICA, CENTRAL AMERICA AND OCEANIA

The weak performance of the US Dollar against the euro (the US Dollar depreciated an average of 16% over the year) negatively impacted the Group's sales performance in this region. Therefore, at actual currencies, sales decreased by 12%, while at constant currencies they increased by 4.8% in value (and -2% in volume). Sales in all three categories increased at constant currencies in this region.

The consumer stationery business was up, driven by both classic and value-added products with BIC gaining market shares in every country in this region. In contrast, sales in the imprinted business had an unfavorable effect on stationery sales trends in this region, although the business improved in the 2nd Half of 2003. This business is linked to the promotional and advertising spending of our customers, primarily hotels and pharmaceutical companies.

Lighter sales grew due to increased distribution, visibility, improved branding and active communication and education to customers regarding BIC's longstanding reputation for quality and



value in this category. In the United States, BIC continued its efforts to heighten customer and consumer awareness about the importance of lighter safety and risks posed by some imported lighters that do not meet industry standards. In September 2003, BIC, DuPont Safety Resources and CSP Information Group hosted the convenience store industry's first Risk Management and Liability Forum for retailers. The Forum was very well received, and BIC plans to continue its commitment in 2004 by co-hosting a series of web seminars with CSP Information Group.

Shaver performance was similar to Western Europe, with triple-blade sales offsetting declines, quicker than anticipated, in single-blade shaver sales. The market trend in this region clearly showed a faster than expected "trade up" by consumers to triple-blade products.

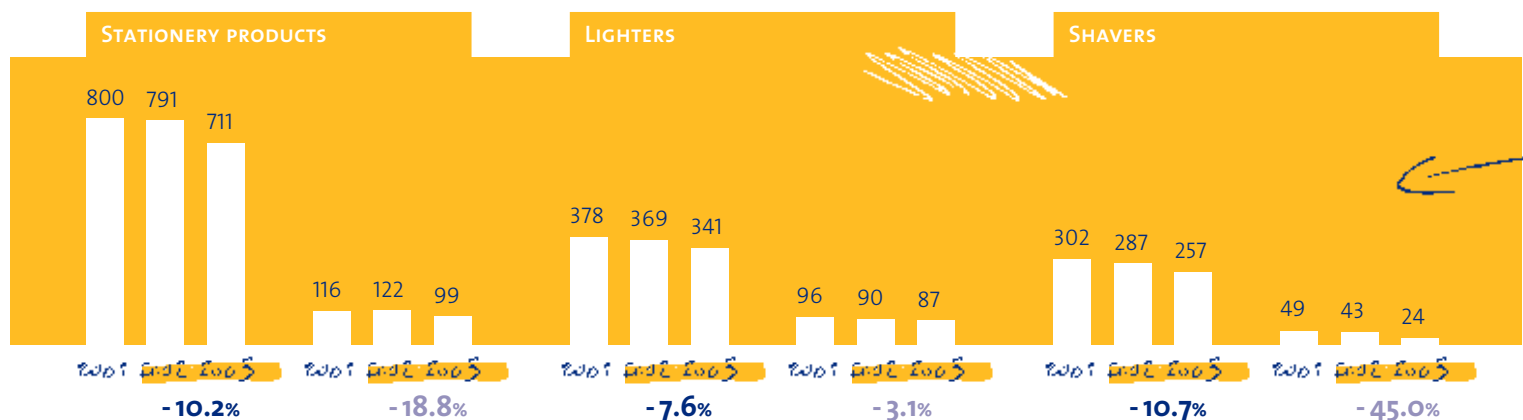
In 2003, income from operations in this region was flat with 2002 primarily due to the weak US Dollar on foreign purchases, higher consumer support for new products (permanent markers and BIC Comfort 3™), increase in pension costs and additional airfreight related to the shipment of BIC Comfort 3™.

► SOUTH AMERICA

Stationery, lighter and shaver all showed a double-digit increase in sales at constant currencies, while the trend is negative at actual currencies. The Brazilian Real, representing our major foreign currency exposure in the region, depreciated an average of 20% over the year. This currency depreciation had a strong negative impact on our sales in 2003. The decrease in sales was 2.7% at actual currencies, while at constant currencies sales increased by 20.4% (and by 12% in volume). BIC raised prices to compensate for the negative impact of this depreciation. Shaver sales performed well, particularly in twin-blade with BIC® Comfort Twin. The triple-blade shaver, BIC Comfort 3™, will be introduced in this region in 2004.

Income from operations for this region in 2003 increased, reflecting strong sales performance at constant currencies. In addition to the volume increase, favorable mix related to the increase in value-added products helped to drive a higher income from operations.

BIC GROUP NET SALES BY PRODUCT CATEGORY IN EURO MILLIONS 2001-2003



■ Net sales ■ Income from operations





► STATIONERY

Stationery represents a market of over 7 billion euro (BIC estimates at manufacturer selling price level) that remained relatively flat in 2003. BIC's worldwide market share is about 8% in value terms.

At actual currencies, sales were down 10.2%, but up 1.4% at constant currencies (-4% in volume). Gains in 2003 resulted from increasing market share, particularly in North America.

Overall, BIC's new products and product line extensions accounted for approximately 23% of stationery sales, with strong back-to-school performance in Europe and North America. Both BIC's classic and value-added stationery products showed positive trends. Sales in the imprinted advertising business declined in 2003, but improved slightly in the United States in the second half of the year. In the United States, the imprinted business is also seeing increased activity in sales of BIC® Sticky Notes, re-positionable adhesive notepads.

Compared to 2002, higher manufacturing costs and increased investments in brand support negatively impacted the operating margin. In fact, this reinvestment in brand support offset savings from the stationery streamlining plan, which was implemented in December 2001.

In 2003, we continued our focus on new product introductions. BIC® Cristal® Gel, Cristal® Pocket Scents™, permanent marker and BIC® Z4™ highlighter fueled the growth. The classic line also grew in a very competitive environment. This was accomplished with targeted promotional programs.

Coloring and drawing products, as well as correction products, showed sales growth above the stationery market in 2003. BIC's collaboration with Disney was expanded in several markets. Several new products in the Disney Magic Artist range were introduced in the coloring segment, leveraging the strong brand names of both BIC® and Disney.

In 2003, the SHEAFFER® product line of luxury writing instruments saw a drop in sales. A new organization was put in place during 2003 and sales gains were registered in key markets such as the United States. But sales shortfalls, particularly in other regions, more than offset sales gains.

Overall, operating margin decreased by 1.5 point, to 13.9% of net sales. The decrease was mainly due to the imprinted business that was under pressure due to the downturn in the promotional marketplace.

► STREAMLINING OF STATIONERY PRODUCTS

The expected savings from the streamlining plan, announced in December 2001, have been achieved. We had 13 million euro savings in 2002, helping to improve operating margins and about 40% of these savings were reinvested in brand support. Synergies

came from the reduction of overlapping functions, the convergence of multiple production technologies and increased outsourcing.

In 2003, we delivered a total savings of 20 million euro over the entire year. About 80% of these savings were reinvested in brand support to help drive market share.

► LIGHTERS

The global disposable lighter market has reached about 1.7 billion euro (BIC estimates). BIC's worldwide market share, in value terms, is about 22%.

At actual currencies, sales were down 7.6%. At constant currencies, sales showed positive growth (up 4.5% in value but flat in volume), despite continued competition from inexpensive Asian products, most of which do not meet ISO safety standards. Sales in the United States were particularly strong, while sales in Western Europe declined the most due to Asian imports.

The Group continued its successful fight against counterfeit products, particularly in South America (Brazil, Paraguay) and in China.

Sales in the multipurpose lighter segment continued to show positive sales growth. In 2004, BIC will continue to build market share of its innovative three-position candle lighter, which has had good success in the United States.

Total Lighter profitability is driven mainly by the performance in North and South America. Also, the impact of more value-added products (candle lighter) helped to increase profitability.

At this writing, child-resistant lighter regulations have been postponed in Europe for possible application in 2005 or 2006. BIC has already made the necessary capital investments in this technology and is well prepared for this transition. BIC has been selling child-resistant lighters, in accordance with local government standards, in North America, Australia and New Zealand for several years.

► SHAVERS

BIC has about 20% in value terms of the one-piece wet shaving market in the United States and Europe (AC Nielsen, IRI and BIC estimates).

Overall, shaver sales have decreased 10.7%, to 257 million euro. At constant currencies, sales increased slightly by 0.3% in value and decreased 10% in volume.

In emerging markets, single-blade and twin-blade products performed well. In developed countries, there were very aggressive new product launches that captured customer and consumer attention. Faster than anticipated, consumer preference for triple-blade shavers drove sales in this category. The first BIC triple-blade shaver, BIC Comfort 3™, which was launched in March 2003, per-



formed well, more than offsetting the overall decline in single- and twin-blade shavers. The new price positioning of twin-blades also had a positive impact.

The operating margin in this category registered a decline of 5.8 points, to 9.3% of net sales, mostly due to the decline in sales and therefore profitability of single-blade shavers.

For 2004, we anticipate intense competition in the three-blade segment and aggressive increases in promotional spending by competitors. Single-blade will continue to decline. We will confidently roll-out BIC Comfort 3™ beyond Europe and the United States and will also launch BIC® Soleil™, the first one-piece triple-blade specifically designed for women.

► BIC SPORT

In 2003, BIC SPORT continued to strengthen its position as one of the leading players in the surf markets, while entering new water sports segments: kayaking and kitesurfs (a surfboard pulled by a kite). On the declining windsurf market, BIC maintained its market share.

BIC launched a line of kayaks in Europe in 2002 and in 2003 in North America. This product is accessible to the general public since it does not require any particular sporting skills, and, based on its initial sales and its reception at trade fairs, it seems to have a promising future. BIC SPORT helps reinforce the BIC® brand image in the youth market.

BIC SPORT sales increased 22.4% in 2003, to 21.2 million euro. BIC SPORT also produces some writing instruments (accounting for about 10% of BIC SPORT's total sales figures).

Income from operations was slightly negative in 2003, due to the launching of this business in the United States through the set up of a subsidiary.

► OTHER PRODUCTS

Other product sales include mainly BIC SPORT sales (see above) and pantyhose sales in Greece, Austria and Ireland for 13.6 million euro.

MANAGEMENT OF CURRENCY RISKS IN INTERNATIONAL MARKETS

► HEDGING FOREIGN EXCHANGE RISKS ON INTERNATIONAL MARKETS

Since BIC has a presence in over 160 countries, business is subject to fluctuations in financial markets. Foreign exchange (forex) risk management policy is to hedge transactions in foreign currencies through options and futures contracts. The Group does not hedge against forex conversion variations arising in the consolidation of foreign affiliates, except for intra-group dividends.

Direct and equity investments are also usually carried out in local currencies.

These operations exclude all purely speculative transactions. BIC manages foreign exchange risks in order to improve profitability and enhance liquidity and security. Corporate treasury is not a profit center and reports the status of its forex hedges to senior management on a monthly basis.

Since 2000, the Group has annualized forex hedging, permitting subsidiaries to bring their exposure close to zero while all risks are centralized at parent company level, except for non-convertible currencies. In effect, SOCIÉTÉ BIC consolidates subsidiaries' foreign exchange risk and hedges the residual risk on financial markets. The goal is to cover any net exposure. The most important risk remains the US Dollar-euro rate. It is covered at over 95% for 2004.

The Group's sensitivity rate to a 1% change in the value of the US Dollar is 0,6% at the income before tax level.

All hedging contracts are set up with top-level banking institutions, making counterparty risk very low.

In countries for which it is not possible to centralize the risk as described above, foreign exchange exposure is managed locally, and Group treasury and the local affiliate give special attention to monitoring the situation. Such exposure is concentrated in the following countries or regions:

- **Brazil** – The Brazilian subsidiary locally produces most of the products sold on its national market, but also imports some components manufactured inside the Group. Local hedging is set up, with coverage for 2004 at 72%.
- **Asia** – Asian subsidiaries import mainly from SOCIÉTÉ BIC and BIC CORPORATION in US Dollars. Hedges are set up locally to meet national regulatory and tax requirements. For 2004, coverage will be set up on a case-by-case basis, depending on trends in the local political and economic situation in each country.

The exposure to Asian currencies is not material for the Group.

► MANAGING INTEREST-RATE RISKS

Interest-rate exposure is very limited. All local financing needs are directly indexed to a variable interest-rate base.

As of December 31, 2003, only SOCIÉTÉ BIC held an interest-rate swap to cover a bank loan.

INVESTOR RELATIONS

The Investor Relations department is fully available to answer all inquiries from individual and institutional investors alike.

Over the past several years, institutional investors have taken an increased stake in the capital of BIC, clearly demonstrating the



keen interest they show in our company. Their interest is further enhanced by our more proactive financial communications policy.

This new policy is primarily focused on our company's greater transparency at every level of financial communications. In early 2003 a major step was taken by organizing a meeting dedicated to stationery products. The meeting provided a showcase for BIC's strategy for this category. The presentation has been updated with 2003 results and is still available on our website, www.bicworld.com.

Our main objective is to give our shareholders the most accurate picture possible of our company and provide them with the information they need to evaluate our financial soundness. Again, you are invited to visit our website.

Throughout the year, BIC holds meetings with analysts and institutional investors through roadshows in the major financial marketplaces.

At the individual investor level, BIC has reinforced its proactive communication. A questionnaire was sent to 2,000 shareholders in France to determine what information they expect from BIC and how often. The analysis of the answers showed that the "Shareholders' Newsletter" is a key communication tool they expect to receive twice a year. Our objective for 2004 is to send our first two letters, focusing on strategy, new products and results with an updated calendar. The first BIC Group "Shareholders' Newsletter" was sent in January 2004. It is a 4-page document with key figures, the Chairman's message, a focus on new products and details about BIC stock. The feedback from individual investors is very positive.

PROSPECTS FOR 2004 AND STRATEGY

While it is difficult to forecast the future, we have confidence in the positioning of our three categories as we approach 2004. New products and line extensions will continue to support our improving market share in stationery and lighters, while shavers will see an exciting launch of a new triple-blade shaver for women, BIC® Soleil™.

BIC® Soleil™ will launch initially in the United States and Europe in the spring of 2004. BIC's triple-blade shavers are very well positioned from both a quality and price perspective, while single- and twin-blade shavers continue to bring opportunities for growth and expansion in emerging markets.

BIC also remains the leader in high-quality lighters, and we will continue to communicate this message to the consumer and customer, particularly in areas, such as Western Europe, where we are currently seeing the most intense competition from Asian imports. This strategy has proven very effective in North America

where we have seen similar competitive pressures for the past few years.

The Group's objectives for 2004 build on many of the accomplishments of 2003, including a relentless focus on growth and market share improvement for our three core categories, as well as factory productivity improvements and supply chain efficiency, including continued focus on inventory management.

We're also focusing on achieving better returns on our investments, including faster new product introductions from increased research and development investments, improved consumer knowledge for better response to our marketing investments and finally, a larger return from cost reduction efforts.

EVENTS POST CLOSING

In an effort to consolidate worldwide operations, the Group BIC is seriously considering closure of its BIC® ballpoint pen and BIC® shaver manufacturing operations in Milford, Connecticut, USA, and its SHEAFFER® manufacturing facility in Fort Madison, Iowa, USA. The shutdown of these manufacturing operations, which could be completed by the end of 2006, would impact approximately 400 positions. The estimated costs to BIC Group for this proposed restructuring would be approximately 90 million US Dollar, including non-cash 60 million US Dollar, with an estimated annual savings of 25 million US Dollar. The Group would expect to begin realizing savings as early as 2005.

RISKS AND OPPORTUNITIES

The economic situation in Europe and North America remains challenging. The weakness of the US Dollar appears to be continuing in 2004. This will continue to impact our reported results.

The shaver market will remain very competitive in 2004, as new product launches will continue to come at a fast pace and the single-blade business continues to decline in developed regions, particularly in Western Europe and North America.

The impact of Asian imports in both the stationery and lighter categories will continue to put pressure on the marketplace.

On the positive side, our stationery business, particularly in the United States, continues to gain market share. The imprinted business started to show an uptick in the 2nd half of 2003; this trend should continue in 2004.

New products, line extensions, multipurpose lighters and triple-blade shavers should continue to improve market share and gross profit margin.

RESEARCH AND DEVELOPMENT (R&D)

Each year, BIC invests an average of 2% of sales for research and development of new products.

PERFORMANCE GOALS

Sales growth, higher margins, positive trends in cash flow and working capital are the principal indicators of the Group's performance. We are also particularly attentive to inventory trends. From 2001 to 2003, inventories were down almost 30 days at constant currencies. In 2003, inventories were down 6 days compared to 2002 at constant currencies.

SWITCHING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

European regulation 1606/2002, dated July 19, 2002, and published on September 11, 2002 in the Official Journal of the European Communities requires all companies that are listed on a regulated market of a European Union member country to present consolidated financial statements prepared in accordance with the International Financial Reporting Standards formulated by the International Accounting Standards Board (IASB).

This requirement applies to SOCIÉTÉ BIC, which is listed on euronext Paris and is the parent company of the BIC Group.

Consequently, the 2005 consolidated financial statements of the BIC Group will be prepared in accordance with the International Financial Reporting Standards (IFRS*), which require 2004 comparative data to be presented on the same basis.

IFRS will be applied by 7,000 European groups, potentially affecting their financial indicators, their relations with the financial markets and certain strategic decisions.

The BIC Group moved early to address these issues by setting up a project team in the beginning of 2003 managed by the CFO and reporting regularly to the Audit Committee and the Board of Directors.

The project is being conducted in three phases:

- The first phase, already completed, consisted of identifying and resolving the operational issues determining the practical methods of applying IFRS and deciding on options;

- A phase of analysis of options and their impact on financial statements. This phase will conclude during the first half of 2004;

- An implementation phase which is expected to be completed during 2004 and involving the adaptation of information systems and the organization of training for the various teams involved in producing the consolidated financial statements as well as preparing 2004 proforma according to IFRS.

The first diagnosis phase was conducted based on review of detailed questionnaires from the subsidiaries and was organized through workshops related to the main standards.

This phase allowed the Group to focus on:

- Accounting challenges (Financial statements presentation and accounting method change)
- Internal organization challenges (Training, centralized process or not)
- Information systems challenges
- Financial communication challenges.

The phase related to analysis of options and impact review will only be completed when the accounting standards chosen by the Group are defined in more detail which is likely to happen by the end of June 2004.

According to the COB recommendations issued on October 28, 2003, the expected impact of the implementation of the IFRS will be published at the end of 2004.

At this stage in the IFRS implementation project, the discrepancies identified up to now are the presentation of some distribution costs, discounts in the consolidated income statement (decrease in Net Sales), the cancellation of the goodwills depreciation as well as the presentation of additional information in the notes of the consolidated statements. In addition, the options under consideration by the Group towards IFRS¹ (First Time Application of IFRS) have an impact on the accumulated profits with the offset of translation reserve at the transition date (with no impact on the shareholder equity) and the imputation of unrecognized actuarial gain and loss on employee benefits valuation at the transition date (impact on the shareholder equity).

SHARE CAPITAL

As of December 31, 2003, share capital consisted of 53,914,276 shares at a par value of 3.82 euro each. Registered shares held for two years or more have double voting rights.

* Previously known as International Accounting Standards ("IAS")



SHARE CAPITAL TRENDS OVER THE PAST FIVE YEARS

DATE	OPERATION	AMOUNT (IN EURO)	TOTAL SHARE CAPITAL (IN EURO)	SHARES OUTSTANDING AT CONCLUSION OF THE OPERATION
1999 (May 4 AGM)	Conversion of share capital in euros; deducted from general reserves	485,198.57	211,230,720	55,296,000
2000			211,230,720	55,296,000
2001			211,230,720	55,296,000
2002 (May 28 EGM)	Capital increase	12,872,208.16	224,102,928.16	58,665,688
2002 (Dec. 10 Board Meeting)	Cancellation of treasury shares, as authorized by EGM of May 28, 2002	(5,585,951.62)	218,516,976.54	57,203,397
2003 (Jan. 13 Board Meeting)	Cancellation of treasury shares, as authorized by EGM of May 28, 2002	(3,613,280.70)	214,903,695.84	56,257,512
2003 (Mar. 19 Board Meeting)	Cancellation of treasury shares, as authorized by EGM of May 28, 2002	(5,610,724.32)	209,292,971.52	54,788,736
2003 (May 28 Board Meeting)	Cancellation of treasury shares, as authorized by EGM of May 28, 2003	(1,672,468.58)	207,620,502.94	54,350,917
2003 (Sep. 10 Board Meeting)	Cancellation of treasury shares, as authorized by EGM of May 28, 2003	(1,667,968.62)	205,952,534.32	53,914,276

ABCDEF
GHIJKL



Shareholders known to the company to hold more than two thirds, one half, one third, one fifth, one tenth or one twentieth of share capital and/or voting rights were the following:

NAME	AS OF DECEMBER 31, 2002		AS OF DECEMBER 31, 2003	
	% OF SHARES (APPROX.)	% OF VOTING RIGHTS (APPROX.)	% OF SHARES (APPROX.)	% OF VOTING RIGHTS (APPROX.)
Bich Family incl. MBD	38.5%	53%	40.4%	54.0%
Mrs Édouard Buffard	3.9%	6%	4.1%	6.0%
AIM TRIMARK	6.5%	5%	8.1%	5.9%
SILCHESTER INTERNATIONAL INVESTORS	–	–	8.0%	5.9%
FRANKLIN TEMPLETON	7.9%	6%	7.6%	5.5%
CDC IXIS	–	–	5.4%	3.9%

As authorized by Article L.225-209 of the French Commercial Code, during fiscal year 2003, SOCIÉTÉ BIC purchased 2,343,236 BIC shares, at an average price of 30.37 euro per share. The shares were bought in order to optimize the patrimonial and financial management of the company and were all cancelled during the fiscal year.

As of December 31, 2003, and taking into account cancellations, SOCIÉTÉ BIC held 281,300 BIC shares with a par value of 3.82 euro. These were acquired at an average price of 44.69 euro, as authorized by Articles L.225-208 and L.225-209 of the French Commercial Code. These shares represent 0.52% of all shares issued.

SOCIÉTÉ BIC OWN SHARES

As of December 31, 2003

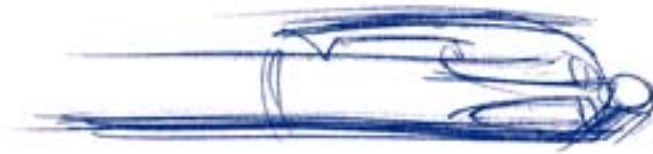
PURPOSE OF THE REPURCHASE	NUMBER OF SHARES	PURCHASE PRICE (IN EURO)	% CAPITAL ⁽¹⁾
Hedging of stock option plan Art. L.225-208 and Art. L.225-209	238,450	43.53	0.44%
Share regulation ⁽³⁾ Art. L.225-209	42,850	51.17	0.08%
Optimization of the investments Art. L.225-209	–	–	0.00%
TOTAL ⁽²⁾	281,300	44.69	0.52%
Number of shares cancelled in 2003	3,289,121		
Including the 2003 repurchase as authorized by Article L.225-209	2,343,236		

The 2003 share repurchase program received the French Stock Exchange approval (visa COB): 03-318

(1) As of 31 December 2003 the share capital is divided into : 53,914,276 actions

(2) BIC CORPORATION holds in addition as of 31 December 2003, 70,800 SOCIÉTÉ BIC shares to hedge its own stock option plans representing 0.13% of shareholder equity

(3) Shares initially purchased to hedge the stock option plan and reclassified in "share repurchase for regulation purpose" due to the diminution of the number of valid options as of 31 Dec 03.



The Boards of Directors on January 13, 2003 and March 19, 2003 authorized by the May 28, 2002 General Assembly, decided to proceed successively to the cancellation of 945,885 shares and 1,468,776 shares.

The issuer obtained at the General Assembly on May 28, 2003 to renew its share repurchase program. This program obtained the visa COB n° 03-318. The Boards of Directors, on May 28 and September 10, 2003, authorized by the May 28, 2003 General Assembly, decided to proceed successively to the cancellation of 437,819 shares and 436,641 shares.

As authorized at the Shareholders Meeting of May 28, 2003, on December 17, 2003 the Board of Directors granted stock options on

377,550 shares to 555 managers and employees of SOCIÉTÉ BIC or its subsidiaries, at a strike price of 36.96 euro. These options cannot be exercised until three years after the date they were awarded.

SENIOR MANAGEMENT COMPENSATION

During fiscal year 2003, total compensation and benefits in kind awarded by SOCIÉTÉ BIC or by companies it controls, as defined in Article L.233-16 of the French Commercial Code, to members of the Board of Directors and senior management of SOCIÉTÉ BIC in accordance with their functions (including senior management functions) or their employment contracts were as follows:

MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT	GROSS REMUNERATION AND BENEFITS IN KIND FOR FISCAL YEAR 2003					
	SOCIÉTÉ BIC (IN EURO)			SUBSIDIARIES (IN USD)		
	BASE SALARY	BONUS	BENEFITS IN KIND	BASE SALARY	BONUS	BENEFITS IN KIND
Bruno Bich*	230,320	261,142		384,000 (339,538 €)	495,360 (438,003 €)	33,030 (29,206 €)
François Bich**	306,059	116,120				
Marie-Aimée Bich-Dufour***	185,338	62,036	3,067			
Mario Guevara****				369,512 (326,727 €)	212,248 (187,672 €)	20,861 (18,446 €)
Gilles Pélisson	19,000					
Marie-Henriette Poinot	24,000					
Olivier Poupart-Lafarge	24,000					
Antoine Treuille	23,000					
Frédéric Rostand	19,000					
Marie-Pauline Chandon-Moët	14,000					

* The bonus 2003 of the Chairman/CEO is calculated on six criteria proposed by the Compensation Committee and authorized by the Board of Directors beginning of the year 2003: sales, operating income, net income, free cash flow, inventory levels and share performance versus SBF 120. In 2003, the results were slightly lower than expected for the first four objectives whereas they exceeded for the two others. In 2003, Mr Bruno Bich had the following benefits : the allowance of a company car and a life insurance. He also benefits from the pension plan dedicated to the executives members of the Company (Selective Employee Retirement Plan). Mr Bruno Bich does not perceive any attendance fees for the mandates he has within the Group.

** The bonus 2003 is based on sales, operating income, net income and inventory levels (for a total of 70% of the bonus) and on personal goals (for 30% of the bonus). The personal and team objectives of the Lighter category have been exceeded. Mr François Bich benefits from the pension plan dedicated to the executives members of the Company. Mr François Bich does not perceive any attendance fees for the mandates he has within the Group.

*** The bonus 2003 is based on sales, operating income, net income and inventory levels (for a total of 70% of the bonus) and on personal goals (for 30% of the bonus). The expected personal and Group results have been achieved. Mrs Marie-Aimée Bich-Dufour benefits from the allowance of a company car and the pension plan dedicated to the executives members of the Company. Mrs Marie-Aimée Bich-Dufour does not perceive any attendance fees for the mandates she has within the Group.

**** The bonus 2003 is based on sales, operating income, net income and inventory levels (for a total of 70% of the bonus) and on personal goals (for 30% of the bonus). North and South America objectives have been exceeded. In 2003, Mr Mario Guevara had the following benefits : the allowance of a company car, a life insurance and a specialist assistance for his tax declarations. He also benefits from the pension plan dedicated to the executives members of the Company (Selective Employee Retirement Plan). Mr Mario Guevara does not perceive any attendance fees for the mandates he has within the Group.

Amounts in USD for base salary and advantages in kind were translated into euro by using the average exchange rate for FY 2003 (1 euro = 1.13095 USD). (See Note 1.3 to the Consolidated Financial Statements).



MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT	GROSS REMUNERATION AND BENEFITS IN KIND FOR FISCAL YEAR 2002					
	SOCIÉTÉ BIC (IN EURO)			SUBSIDIARIES (IN USD)		
	BASE SALARY	BONUS	BENEFITS IN KIND	BASE SALARY	BONUS	BENEFITS IN KIND
Bruno Bich*	266,687	297,444		372,600 (394,369 €)	480,654 (508,736 €)	33,030 (34,960 €)
François Bich**	302,730	119,428				
Marie-Aimée Bich-Dufour**	180,000	61,887	2,176			
Mario Guevara**				355,300 (376,058 €)	196,587 (208,073 €)	18,200 (19,263 €)
Gilles Péliesson	18,000					
Marie-Henriette Poinot	18,000					
Olivier Poupart-Lafarge	18 000					
Antoine Treuille	18,000					
Raymond Winter***	8,000			241,620 (255,737 €)		

* The bonus of the Chairman/CEO is calculated on six criteria fixed at the beginning of the year: sales, operating income, net income, free cash flow, inventory levels and share performance.

** The bonus of other senior managers is based on sales, operating income, net income and inventory reductions (for a total of 70%) and on personal goals (30%).

*** Including pensions (S.E.R.P.)

Amounts in USD for base salary and advantages in kind were translated into euro by using the average exchange rate for FY 2002 (1 EUR = 0.9448 USD).

DUAL MANDATE AS CHAIRMAN AND MANAGING DIRECTOR (CEO)

The Board of Directors has decided not to separate the responsibilities of Chairman of the Board of Directors from the responsibilities of CEO, both held by Mr. Bruno Bich.

MANDATES OF THE DIRECTORS OF THE BOARD

Cf. 5.1.1 of the General Information

EMPLOYEE INFORMATION

► WORKFORCE

For the fiscal year ending December 31, 2003, BIC Group counted 8,706 employees and 687 temporaries throughout the world.

The variations of the number of employees by geographical area and activity are as follows:

WORKFORCE BY GEOGRAPHICAL AREA

BIC Group

	2001	2002	2003	CHANGE 2003/2002
Western Europe	4,139	3,899	3,815	(2%)
North and Central America, Oceania	3,374	3,216	3,026	(6%)
South America	1,121	1,063	1,106	+ 4%
Eastern Europe, Middle East, Africa and Asia	895	832	759	(9%)
TOTAL PERMANENT WORKFORCE IN FULL-TIME EQUIVALENT	9,529	9,010	8,706	(3%)
Temporary help	663	738	687	(7%)
TOTAL IN FULL-TIME EQUIVALENT	10,192	9,748	9,393	(4%)

The drop in total employment in 2003 is explained by the world-wide implementation of the production rationalization program in Europe and in the United States. The launch of new stationery products in Brazil generated an increase in the permanent workforce in South America.



TYPE OF EMPLOYMENT

	2002	2003	CHANGE 2003/2002
Production and R&D	5,584	5,364	(4%)
Sales force and customer services	1,700	1,660	(2%)
Logistics, marketing and administration departments	1,726	1,682	(3%)
TOTAL PERMANENT WORKFORCE	9,010	8,706	(3%)

In Group companies undergoing workforce reductions, the company systematically puts in place special plans to help the employees: through job reclassification, outplacement services and financial help.

The permanent workforce represents 93% of the total Group employment, whereas temporary employees represent 7%, divided into interim staff, short term contract staff and student interns.

Most temporary employees are located in the United States, Mexico, and South Africa. They are hired for production (75% of temporary employees); distribution (11%) and sales support (14%).

Our voluntary staff turnover at Group level for 2003 stands at 5%, equal to 2002, whereas it reached 7% in 2001 and 9% in 2000.

For its recruitment, the BIC Group has developed a strong policy of mobility and internal promotion, which relies on career management tools (Individual Development Plan, Successor Plan, Talents, etc.) which are efficiently used. In 2003, for the 3 highest management levels, the rate of internal promotion was 66%.

The company does not have a recruitment problem thanks to an active in house mobility program and the use of innovative and qualitative human resources tools (internet web site: humanresources@bicworld.com). This gives full advantage of the BIC name in the international labor market. The company also works with internationally recognized recruitment specialists.

► ORGANIZATION OF WORKING HOURS

Forecasts of our production needs and the services to be delivered to our customers serve as the basis to plan the working hours. Overtime is strictly accounted for and supervised in companies where it is used.

The average rate of absenteeism for the Group is 2.95% with sickness and maternity being the major reasons.

► HANDICAPPED EMPLOYEES

The number of handicapped employees in 2003 around the most important sites of the BIC Group is 63, mainly based in Europe (43) and in South America (15).

An employment program for health deficient employees is being prepared by the Human Resources Department, to support their insertion in the company.

► REMUNERATION

In the Group, each employee costs in 2003 an average of 42,000 euro per year (including social security payroll taxes), this represents a decrease of 4% versus 2002. This decrease is mainly due to the EUR/USD exchange rate variation.

At constant currency, we have a 6% increase compared to 2002 generated by:

- the increase of the average gross salary (+3.6% due to more qualified employees);
- the increase of the fringe and other payrolls benefits (+2.4% due to increasing social security costs).

Recognizing both individual and team performance is a key element of BIC's remuneration policy. Thus, for the executives, the salary increases are founded on individual merit (except in certain countries having legal obligations in terms of global wage increases). Variable wages related to performance account for an average of 15% of basic gross wages of Managers.

Differences in the salaries of our employees are justifiable; they reflect differences in their responsibilities, experience, performance, and potential and take into account specific market characteristics.



Diversity enriches the BIC Group. BIC officially prohibits any form of discrimination on the basis of race, religion, sex, or age within the company.

Women constitute approximately 42% of the BIC workforce in 2003 (37% in Europe, 47% in North America, 40% in South America and 50% in the other parts of the world).

► LABOR RELATIONS AND THE RESULTS OF COLLECTIVE BARGAINING

The social life of the company was marked in 2003 by the creation of the Group Committee of France which was held for the first time in the company's history on July 16, 2003.

Gathering elected employees of the personnel, it gave birth to exchanges between the Management of the Group Human Resources and the representatives of most locations in France.

In addition, the year 2003 was marked by the signature of an important agreement of substitution (weekend teams) between the trade-union organizations and the Management of the company CONTÉ. This agreement, based on voluntary help, gives the expected and necessary flexibility to the production organization to better meet the needs of our customers. A similar agreement is being discussed within BIC ECRITURE 2000.

Lastly, this year was marked by Obligatory Annual Negotiations in all locations, which were concluded in a positive way.

2003 was the first full year of the collective bargaining agreement between the American company BIC CONSUMER PRODUCTS MANUFACTURING CO. INC and the trade union United Steelworks of America. Throughout the year the Company and the Union had a very productive relationship based on mutual problem solving and cooperation. Many of the changes in the contract have been implemented and led to reduce labor cost and improve operational efficiency.

► TRAINING

The training philosophy of BIC develops practical training at each level of the company, to make it possible for everyone to improve in his/her own work to support the further development of the company. Technical training in the factory, sales engineering for the sales force, computer and English courses allow for a wide range of education for employees.

7,710 days of training were given in 2003 at Group level which is a significant increase over last year (3,758 days in 2002).

The training provided by BIC University has been assessed and was delivered with an average rating of 4.4 out of 5 (this rating is equal to the same rating as last year).

At Group level, the leadership of BIC worked together on how to speed up the launch of new products. This seminar consisted of several presentations made by external experts and focused on the analysis of the best practices already in place, and led to the implementation of BIC action plans.

A training about Management of the Performance was presented locally by 30 internal trainers, and involved 800 managers from around the world. Other topics presented were cultural diversity (ex: China, Middle East), BIC working methods (Method, Precision, Discipline) and innovation. They have all been very well received.

In each continent, training is targeted to local needs. In Europe, management and motivation of the teams were the key subjects in 2003. In the United States, seminars explaining Supply Chain were presented. In South America, the sales force and their managers, as well as all sales support functions, received training on Negotiations to apprehend with a new manner the relationship between the suppliers and distribution.

In Asia, Marketing/Sales managers received training on negotiations with the European and American trademarks. This training was delivered by two people, one European and the other an American, both were Sales Training Manager. This approach allowed best practices to be better demonstrated and shared.

The BIC University intranet web site has been created and it allows user to both, register and learn on line.

► CHARITABLE ORGANIZATIONS

In 2003, BIC contributed 1.7 million euro to charitable activities of its subsidiaries in France, all conforming with Article R432-2 of the Labor Code.

ENVIRONMENTAL DATA

► BIC AND THE ENVIRONMENT

The BIC Group strives in all of its activities to adhere to its fundamental tenet of ethical conduct toward its employees, consumers, customers, suppliers and shareholders.

In each country where BIC is present, we make our best effort to:

- integrate environmental management in the daily activities of our operations;
- limit environmental hazards in our plants;
- take initiatives to reduce the consumption of resources such as water or energy and to limit excessive use of packaging materials.

Through these efforts, our overall objective is to improve manufacturing performance and reduce environmental impact everywhere BIC operates.

BIC collaborates with authorities, environmental organizations and specialists to improve its knowledge and understanding of public concerns and expectations regarding the environment.

► SCOPE AND CHOICE OF INDICATORS

SOCIÉTÉ BIC has decided to apply a larger scope than that outlined in Article 116 of the Law on New Economic Regulations, which prescribes the environmental data required from publicly traded companies.

Thus, in order to supply pertinent information in conformity with the law, BIC supplies consolidated data whenever it is available and pertinent.

Indicators were chosen to provide greater clarity for all data provided. Thus, the indicators selected reflect the Group's activities and the impact of its industrial activities on the environment.

This year, the report includes quantitative data on the main environmental aspects such as water, energy and waste.

The data presented result from the consolidation of information from all factories of the subsidiaries, both French and foreign, unless only local data were available or if these data are more pertinent than consolidated data.

All the industrial sites of the BIC Group that manufacture finished or semi-finished products for sale to the general public are concerned. This year are also included our engineering companies and the main BIC warehouses. This represents 32 sites on four continents: Europe, the Americas, Africa and Oceania.

► COMPANY INTERNAL ENVIRONMENTAL MANAGEMENT. CAPACITIES FOR REDUCING ENVIRONMENTAL RISKS

Health, Safety & Environment (HSE) teams manage the environmental programs. The structure of the HSE team varies according to the size of the plant, its activities and the potential risks involved, but its role remains the same: reducing risks for man and the environment.

Our specialists pursue their work towards the harmonization of good practices regarding the environment.

► ENVIRONMENTAL EVALUATION OR CERTIFICATION

We do not systematically seek ISO 14000 certification, although some of our sites are currently certified.

Other sites have obtained national certifications, such as our plant in Mexico with its "Clean Industry" certification.

► MEASURES TAKEN, WHERE APPLICABLE, TO INSURE THAT OPERATIONS ARE IN CONFORMITY WITH APPLICABLE LAWS AND REGULATIONS CONCERNING THE ENVIRONMENT

The sites plan and realize punctual and periodical controls of their activities in order to comply with the local regulation requirements.

These controls are made either internally or with the assistance of an independent external company.

An action plan is set up to remedy any compliance issue detected during the control.

► CONTINGENCY PLANS SET UP TO DEAL WITH POLLUTION ACCIDENTS WITH CONSEQUENCES OUTSIDE OF THE SITES

Whenever there is the risk of an accident that might have consequences outside of our manufacturing sites, organizational contingency plans have been set up.

In particular, our SEVESO sites have a "Plan d'Opérations Interne" and information brochures distributed to the neighboring population. Outside of France, some of our sites have equivalent emergency plans. For example, all of our sites in the United States have an "Emergency Contingency Plan".

► **TRAINING AND INFORMATION ON THE ENVIRONMENT AND SAFETY**

The information and training programs for employees, such as an introduction to safety for new employee and specific workshop instructions, contain environmental information specific to each site practices.

Other specific training programs are proposed to answer specific needs from the plants, such as waste selective collection training.

► **EXPENSES FOR PREVENTING CONSEQUENCES TO THE ENVIRONMENT**

Investment budgets related to the environment are an integral part of the budgets of the factories.

► **PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS**

In France, financial guarantees have been calculated for our only French high-threshold SEVESO site (under French classification), our lighter factory. These are provided for by an outside institution at a cost of 137,204 euro.

BIC is covered by insurance for “Civil Responsibility” including environmental risk related to gradual pollution and accidental pollution as well as insurance for operational damages and loss. All sites are covered. Management believes that coverage and limits of these policies are appropriate.

BIC’s manufacturing facilities are subjected to the relative environmental regulations. Complying with these regulations is part of the everyday procedures and management at operational sites. In addition, BIC does not foresee any significant provisions for environmental risks. In any eventuality, BIC considers the cost related to compensation of this type should not have any material impact on the Group’s accounts.

► **COMPENSATION PAID DURING THE FISCAL YEAR UNDER COURT ORDER**

None.

► **ACTIONS TAKEN TO REPAIR DAMAGE TO THE ENVIRONMENT**

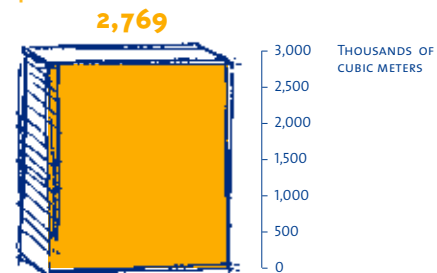
In Europe, as part of the industrial restructuring leading to the closing of factories, BIC has ensured that the sites involved were cleaned up appropriately.

Between 1999 and 2002, we carried out 13 studies of the soil and subsoil, although most sites were not subject to any such compulsory examination. In 2003, BIC has continued its action and a new study has been achieved on an European site.

► **CONSUMPTION OF WATER RESOURCES**

Water consumption in 2003

BIC Group



Note: The data deal with all the industrial sites of the BIC Group that manufacture finished or semi-finished products for sale to the general public, except the engineering companies and the warehouses.

The water consumption of the sites of the BIC Group depends on their activities, their location and the type of water supply.

In 2002, two large water consuming sites were identified within the BIC Group. Those 2 sites have a low environmental impact on water supply, as the water is used essentially for cooling activities.

In 2003, studies have been launched for those 2 priority sites.

► **CONSUMPTION OF RAW MATERIALS**

The main raw materials used in our industry are plastics, metals and cardboard for packaging.

We are committed to optimizing the necessary quantities to create our products and their packaging.

We want to ensure that we use quality raw materials that are safe for health and the environment. Our overall product safety program includes requirements on the environment. These include a limit on the total amount of heavy metals like lead and cadmium in products. This systematic approach also applies to the packaging of the Group.



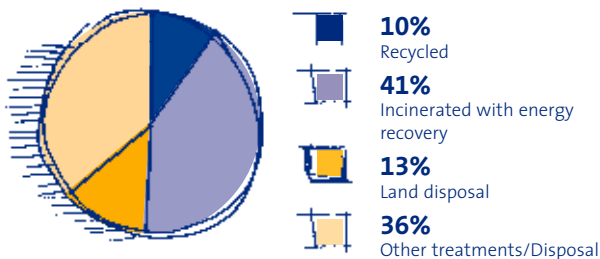
► **WASTE**

As much as is possible, production waste is either internally recycled or recovered externally.

We promote the selective waste collection in our factories, keeping in mind the treatment/recycling facilities existing in different countries.

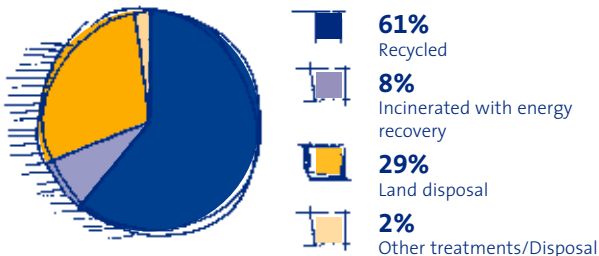
2003 hazardous waste treatment

BIC Group



2003 non hazardous waste treatment

BIC Group



Notes: The data deal with all the industrial sites of the BIC Group that manufacture finished or semi-finished products for sale to the general public, including the engineering companies and the warehouses.

For clarification, we have gathered in "Other treatments/Disposal" the other existing waste treatments such as incineration without energy recovery.

In each European country, we work to recover packaging put on the market by BIC by participating in the national packaging recovering programs in place in Europe.

All our different kinds of packaging have physico-chemical properties allowing them to be recycled or incinerated with energy recovery.

For example, in Europe we use 70% (by weight) of recycled cardboard for transport packaging.

► **CONSUMPTION OF ENERGY RESOURCES INCLUDING, IF APPLICABLE, MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY AND USE OF RENEWABLE ENERGY SOURCES**

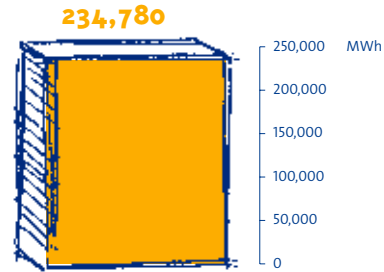
The main energy used by our sites is electricity, supplemented at certain sites by gas and fuel, depending on their needs and the local energy supplies.

We currently do not use renewable energy sources.

Most of our factories carry out studies and implement actions to optimize their energy consumption.

Electricity consumption in 2003

BIC Group



Note: The data deal with all the industrial sites of the BIC Group that manufacture finished or semi-finished products for sale to the general public, except the engineering companies and the warehouses.

► **CONDITIONS FOR USE OF GROUNDS**

The pollution studies made since 1999 on European sites used for a long period of time and mentioned in the paragraph "Actions taken to repair damage to the environment", show that our business does not have a significant impact on soil and subsoil.

For French sites subject to specific regulatory requirements, the policy for preventing the risk of soil pollution is an integral part of the general plan.

► **AIR, WATER AND SOIL RELEASE THAT SERIOUSLY AFFECTS THE ENVIRONMENT. MEASURES TAKEN TO LIMIT THE EFFECTS ON BIOLOGICAL BALANCE, NATURAL HABITATS, AND PROTECTED ANIMAL AND PLANT SPECIES**

In France, some sites are subject to rules issued by local administrations that list the substances to analyze and monitor on a regular basis, in order to limit pollutants that seriously affect the environment.

For sites outside of France, equivalents cannot be easily translated into relevant data. The information cannot be compiled, since each site has its own way of monitoring pollutants, adapted to its activities and the requirements of local regulations.



Regarding the actions taken to limit the effects on natural habitats, BIC GRAPHIC USA in Florida is an example. These factories, located near a canal that is classified protected area (protected animal and plant species) by government and State of Florida (EPA: Environmental Protection Agencies) have taken specific measures to protect the canal against pollution.

► **NOISE AND ODOR IMPACT**

The odor impact is not considered significant in our activities.

As far as noise impact is concerned, measures are taken within the property limits in the context of local regulations.

In the event that noise pollution should be brought to our attention, we would make the necessary studies and put adapted corrective actions into place.

► **SUBCONTRACTING AND THE MANNER IN WHICH THE COMPANY MAKES SURE ITS SUBCONTRACTORS AND ITS SUBSIDIARIES RESPECT THE PROVISIONAL INTERNATIONAL LABOR ORGANIZATION CONVENTIONS**

Social responsibility

As a leading global consumer products company, BIC is committed to conducting its range of business activities – from manufacturing to marketing and sales – in a socially responsible manner consistent with its core values of ethics, professionalism, internationalism, leadership and teamwork.

90% of BIC products are manufactured in BIC factories or by licensees.

BIC has created a development unit in Asia in order to manage the sub-contracting of 10% of production adapted to its needs. BIC's contract manufacturers are predominantly located in China, Taiwan and Korea.

Since 2000, BIC has established a Social Compliance Program that is an integral part of the qualification process for its new products manufactured by sub-contractors. Participation in *BIC's Social Compliance Program* – which includes compliance with *BIC's Code of Conduct for Contract Manufacturers* and factory audits by an independent external monitoring agency – is mandatory for all BIC contract manufacturers. The Code details the minimum standards that BIC contract manufacturers must adhere to – from fair wages to compliance with all applicable laws and regulations. In addition, a BIC contract manufacturer must also actively uphold BIC's corporate-wide commitment to environmental responsibility.

The *BIC Code of Conduct for Contract Manufacturers* enables BIC to source production from contract manufacturers whose standards are consistent with BIC's values in a manner that is both profitable and socially responsible. Furthermore, implementation of this Code enables BIC and its business partners to continually improve performance on worker's rights and labor standards throughout the world.

To date, more than 35 factories have already been audited by an independent external monitoring agency. BIC partners with its contract manufacturers to facilitate the correction of deficiencies identified at the time of the initial audit by the independent external monitoring agency.

► **AWARENESS OF OUR FOREIGN SUBSIDIARIES OF THE IMPACT OF THEIR BUSINESS ON REGIONAL DEVELOPMENT AND LOCAL POPULATIONS**

Our subsidiaries have taken measures to improve the living conditions of local populations. For example, our South African subsidiary has created a free program providing education and health care to its employees, including assistance for people suffering from AIDS.

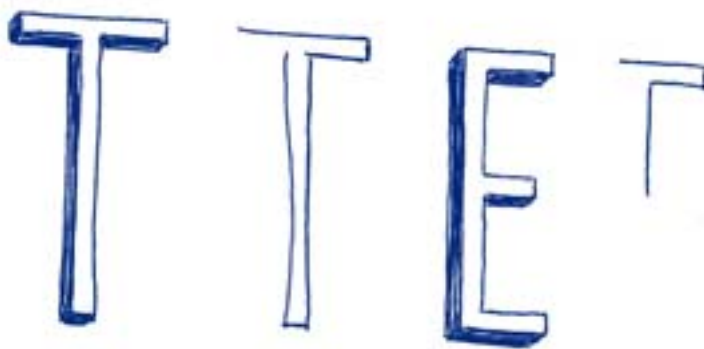
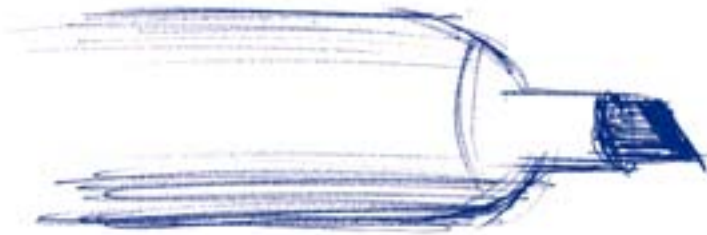
In Milford, Connecticut, BIC USA has supported various communities for more than 20 years and has been a corporate sponsor of the "United Way of Milford". "United Way of Milford" brings together donors, volunteers, local health and human service organizations and corporate leaders in a spirit of partnership to address the community's most pressing needs in health, education and general welfare.

Also in Milford, BIC supports a variety of community organizations including "Americares Homefront Program", a community-based home repair program, "Boys and Girls Village Youth and Family Services", the American Red Cross, and the American Cancer Society. Each summer, BIC employee volunteers host a cycling event for "Special Olympics Connecticut", which includes two days of competition and an awards ceremony for the athletes.

BIC is also a strong advocate of several American educational programs for students of all ages. BIC is a board member and corporate sponsor of "Students in Free Enterprise (SIFE)", a global, non-profit organization working with highly dedicated college student teams on more than 1,500 university campuses in 37 countries. For younger students, BIC has been a long-time judge for the "Invention Convention," a program to encourage and promote inventiveness. In Tampa, Florida, BIC Graphic USA supports local educational facilities and curriculums through the BIC Graphic Challenge Program and Enterprise Village.

In Mexico, BIC continues to provide sponsorship for “Support to the Community”. In 2003, one major action has been the support to an orphanage (75 girls). More than 150 BIC employees helped this orphanage, by painting walls and maintaining the building, also by gathering food and clothes.

In France, BIC is sponsoring and partnering schools, for qualified workers, junior managers, middle managers and top managers. These schools are selected for community purposes : they are close to our business units and we support their education and programs.





CONSOLIDATED FINANCIAL STATEMENTS

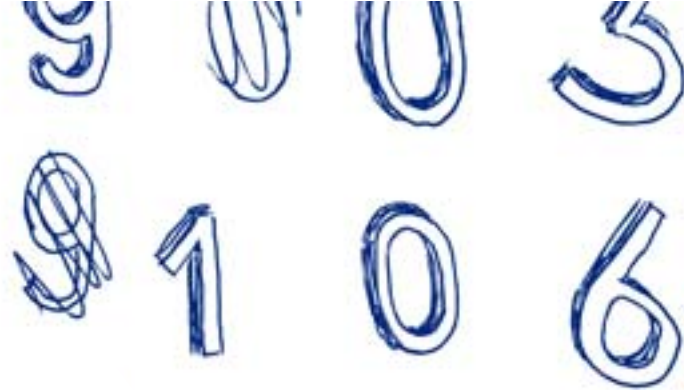
CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2003

NOTES	IN EURO THOUSANDS	PRO FORMA*			
		DEC 31, 2001	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
3	Net sales	1,533,302	1,533,302	1,491,622	1,360,137
4	Cost of goods	(671,575)	(671,575)	(661,399)	(617,519)
	Gross profit	861,727	861,727	830,223	742,618
4	Distribution costs	(351,413)	(351,413)	(335,635)	(317,918)
4	Administrative expenses	(162,001)	(162,001)	(162,313)	(141,208)
4	Other operating expenses	(91,368)	(91,368)	(79,734)	(74,500)
	Income from operations	256,945	256,945	252,541	208,992
5	Finance income/ (costs) - net	(3,537)	(25,134)	(18,551)	(8,873)
	Income from other investments	82	82		
	Income from associates	(1,499)	(1,499)	(1,110)	646
6	Other income / (other expenses)	(39,589)	(17,992)	(8,586)	(10,415)
10	Goodwill amortization	(9,345)	(9,345)	(10,749)	(11,297)
	Income before tax	203,057	203,057	213,545	179,053
7	Income tax expense	(73,678)	(73,678)	(81,432)	(68,319)
	Income before minority interest	129,379	129,379	132,113	110,734
18	Minority interest	(11,794)	(11,794)	(5,425)	(410)
	GROUP NET INCOME	117,585	117,585	126,688	110,324
	Earnings per share (in euro)	2.14	2.14	2.23	2.03
	Diluted earnings per share (in euro) **	2.13	2.13	2.21	1.99
17	Number of shares outstanding net of treasury shares	54,921,764	54,921,764	56,743,634	54,393,854

* As per changes in consolidated financial statements presentation disclosed in note 1.1.

** Diluted items are options for subscribing for new shares.



CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 2003

ASSETS

NOTES	IN EURO THOUSANDS	PRO FORMA*			DEC 31, 2003
		DEC 31, 2001	DEC 31, 2001	DEC 31, 2002	
9	Property, plant and equipment	565,435	565,435	479,676	417,287
10	Goodwill	98,489	98,489	162,921	142,945
11	Intangible assets	105,683	105,683	105,066	91,186
13	Equity and other investments	7,800	7,800	9,197	398
14	Prepayments, loans and deposits	218,070	20,824	23,235	19,963
22	Deferred tax assets	67,751	67,751	56,189	52,443
	TOTAL NON-CURRENT ASSETS	1,063,228	865,982	836,284	724,222
15	Inventories	322,418	322,418	256,267	241,899
	Other current assets	26,869	26,869	24,565	23,539
16	Trade and other receivables	365,240	365,240	306,449	287,160
16	Temporary cash investments	73,649	73,649	85,570	144,794
16	Bank balances and cash	97,078	97,078	56,415	36,305
	TOTAL CURRENT ASSETS	885,254	885,254	729,266	733,697
	TOTAL ASSETS	1,948,482	1,751,236	1,565,550	1,457,919

* As per changes in consolidated financial statements presentation disclosed in note 1.1.

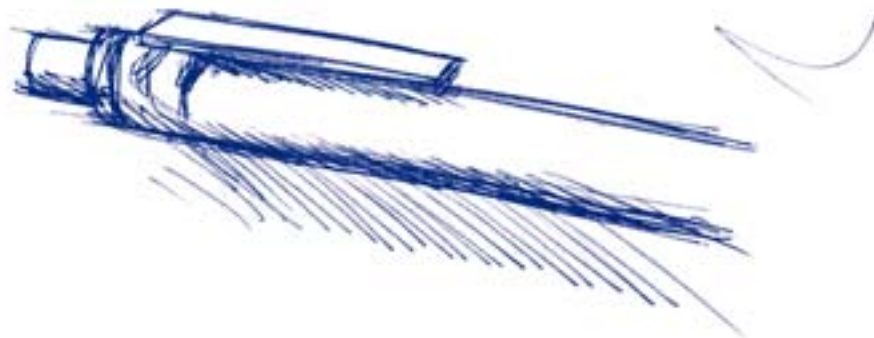




EQUITY AND LIABILITIES

NOTES	IN EURO THOUSANDS	PRO FORMA*			
		DEC 31, 2001	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
17	Issued capital	193,583	193,583	187,619	205,953
	Accumulated profits	934,180	934,180	1,107,714	1,085,111
	Translation reserves	19,327	19,327	(115,190)	(181,200)
	TOTAL SHAREHOLDERS' EQUITY	1,147,090	1,147,090	1,180,143	1,109,864
18	MINORITY INTEREST	101,054	101,054	1,780	2,057
19	Long-term borrowings	14,891	14,891	8,422	3,576
21	Retirement benefit obligation	230,914	33,668	24,848	14,929
20	Provisions for risks and charges	28,926	28,926	22,827	21,408
22	Deferred tax liabilities	76,408	76,408	58,530	49,893
	TOTAL NON-CURRENT LIABILITIES	351,139	153,893	114,627	89,806
	Trade and other payables	105,695	105,695	88,825	83,289
19	Short-term borrowings	99,246	99,246	34,013	28,653
	Accrued expenses	144,258	144,258	146,162	144,250
	TOTAL CURRENT LIABILITIES	349,199	349,199	269,000	256,192
	TOTAL EQUITY AND LIABILITIES	1,948,482	1,751,236	1,565,550	1,457,919

* As per changes in consolidated financial statements presentation disclosed in note 1.1.



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2003

NOTES	IN EURO THOUSANDS	PRO FORMA*			
		DEC 31, 2001	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
	Operating activities				
PL	Net income	117,585	117,585	126,688	110,324
	Adjustments to reconcile net income to net cash:				
PL	Minority interests	11,794	11,794	5,425	410
5, 9, 10 11, 20, 21, 22	Amortization and provision	118,884	119,732	101,085	102,131
7	Deferred tax variation	(4,866)	(4,866)	(6,679)	(3,844)
6, 9, 11	Gain (loss) from disposal of fixed assets	1,508	1,508	(3,237)	(14,331)
	Cash flow from operations	244,905	245,753	223,282	194,690
BS	(Increase) decrease in net current working capital	(70,222)	(70,222)	37,607	3,578
	NET CASH FROM OPERATING ACTIVITIES	174,683	175,531	260,889	198,268
	Investing activities				
(a)	Dividends received from equity investments and other investments	466	466		3,466
(b)	Proceeds on disposals of subsidiaries	3,538	3,538	4,472	3,832
6	Proceeds on disposals of property, plant and equipment	4,513	4,513	8,695	24,458
9, 11	Purchases of property, plant and equipment	(87,522)	(87,522)	(60,420)	(60,740)
13	Purchases of marketable securities			(603)	(11)
11	Purchases of patents and trademarks	(18,290)	(18,290)	(24,977)	(8,438)
	Acquisition of bic shares booked in temporary cash investments			(1,651)	
14	Other investment expenditures	(4,007)	(4,007)	(280)	(32)
(c)	Acquisition of subsidiaries	(390)	(390)		(1,232)
	NET CASH FROM INVESTING ACTIVITIES	(101,692)	(101,692)	(74,764)	(38,697)
	Financing activities				
(d), Sheq	Dividends paid	(40,399)	(40,399)	(37,547)	(43,345)
(e)	Minority interests buy back			(40,114)	(156)
19	Repayments of borrowings			(15,079)	(5,776)
19	Repayments of obligations under finance leases	(412)	(412)	(403)	(422)
(f), 17	Increase in treasury shares			(64,774)	(71,159)
19	New bank loan raised	23,471	23,471		
	NET CASH FROM FINANCING ACTIVITIES	(17,340)	(17,340)	(157,917)	(120,858)
	Net increase / (decrease) in cash and cash equivalents	55,651	56,499	28,208	38,713
BS	Opening cash and cash equivalents	60,495	60,495	103,234	118,529
(g)	Exchange difference	(1,736)	(1,736)	(12,913)	368
	Reclassification of treasury shares ⁽¹⁾		(12,024)		
	CLOSING CASH AND CASH EQUIVALENTS	114,410	103,234	118,529	157,610

* As per changes in consolidated financial statements presentation disclosed in note 1.1.

(1) Treasury shares accounted for in temporary cash investments are reclassified and now excluded from cash and cash equivalents.

Cash and cash equivalents include cash, temporary cash investments and bank overdrafts.

(a) Dividends received from equity and other company in 2003 correspond to the dividends received by CERATIZIT SOUTH CAROLINA INC. (ex. CARBIDE ALLOYS) for 3.5 million euro (3.9 million USD).

(b) The proceeds of disposal of subsidiaries in 2003 are related to the disposal of CERATIZIT SOUTH CAROLINA INC. (ex. CARBIDE ALLOYS) for 1.4 million euro and ANTHEM for 1.7 million euro.

The proceeds of disposal of subsidiaries in 2002 are related to the disposal of GUY LAROCHE, as cash was partly received in 2002.

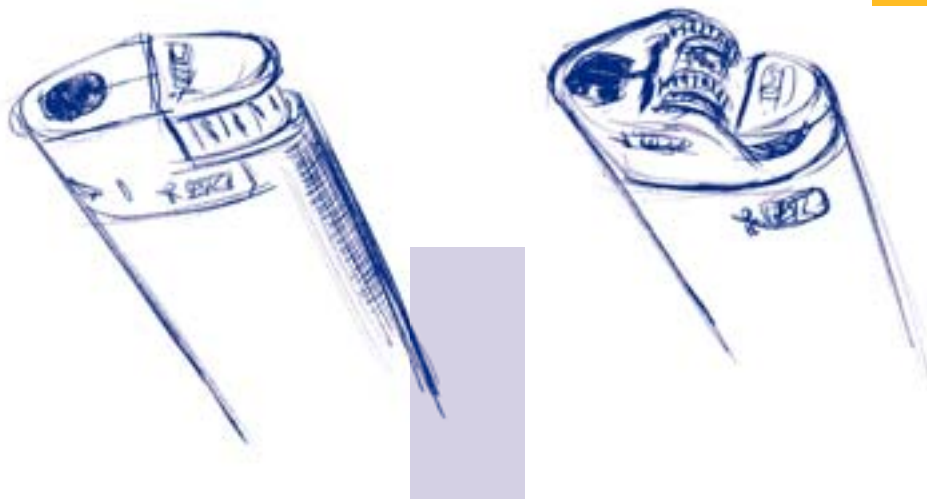
(c) Acquisition of subsidiaries in 2003 are related to the impact of treasury of DAPE 74 DISTRIBUTION for 1.2 million euro.

(d) The dividends paid mainly represent the dividends paid by SOCIÉTÉ BIC to BIC shareholders.

(e) SOCIÉTÉ BIC proceed to the minority buy back of BIC CORPORATION on May 28, 2002.

(f) 2 343 236 shares have been bought back by SOCIÉTÉ BIC in 2003 for a total amount of 71.2 million euro.

(g) The exchange difference include in 2003 a hedging profit on US Dollar dividends for 10 million euro.





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2003

NOTES	IN EURO THOUSANDS	SHARE CAPITAL	TRANSLATION RESERVE	TREASURY SHARES	ACCUMULATED PROFITS	TOTAL
	BALANCE AT JANUARY 1, 2002	211,231	19,327	(17,648)	934,180	1,147,090
	Increase/decrease in share capital	7,286		17,648	82,043	106,977
	Exchange differences arising on translation of overseas operations	–	(134,517)	–	–	(134,517)
	Other	–	–	(30,898)	358	(30,540)
	Group net income for the period	–	–	–	126,688	126,688
8	Dividends	–	–	–	(35,555)	(35,555)
	BALANCE AT JANUARY 1, 2003	218,517	(115,190)	(30,898)	1,107,714	1,180,143
	Increase / decrease in share capital	(12,564)		30,898	(89,493)	(71,159)
	Exchange differences arising on translation of overseas operations		(66,010)			(66,010)
	Other				(105)	(105)
	Treasury shares					–
	Group net income for the period				110,324	110,324
8	Dividends				(43,329)	(43,329)
	BALANCE AT DECEMBER 31, 2003	205,953	(181,200)	–	1,085,111	1,109,864

On January 13, 2003, March 19, 2003, May 28, 2003 and September 10, 2003, the Board of Directors, authorized by, the General Assembly of May 28, 2002 and May 28, 2003 has decided to cancel 3,289,121 shares and to reduce the issued share capital to 205,952,534.32 divided into 53,914,276 shares of 3.82 euro each.

Main items impacting the translation reserve variance for the year are the followings:

USD -75 million euro, Mexican Peso -10 million euro, British Pound -2.1 million euro, Australian Dollar +1.5 million euro, Brazilian Real +0.7 million euro and the USD dividend hedging impact of +10 million euro.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1 - PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

► 1 - ACCOUNTING POLICIES

1-1 - General

The consolidated financial statements of BIC Group have been prepared in accordance with French accounting principles as defined by the French law of January 3, 1985 and the new French regulation, 99-02 by the "Comité de la Réglementation Comptable."

The principal accounting policies adopted are set out below and remain unchanged from the previous year. However, for a better financial analysis, some reclassifications had been made in 2002:

- retirement benefit obligations shown under equity and liabilities are net of defined retirement plan assets whereas these assets and liabilities were shown separately in 2001 annual report.
- finance income / (costs) net includes the difference of evaluation of BIC shares in temporary cash investments, as well as foreign exchange loss and cash discounts included in other income and other expense in 2001 annual report.

Proforma financial statements have thus been prepared for 2001 to enable a better financial comparison.

According to the French regulation n°2002-10 by the "Comité de la Réglementation Comptable" on the amortization and impairment of assets, which have to be implemented for January 1, 2005,

an early implementation was possible. SOCIÉTÉ BIC has not implemented it by anticipation in the Financial Statements as of December 31, 2003.

1-2 - Principles of consolidation

All Group companies controlled and equity investments have been consolidated. This consolidation is based on annual financial statements at December 31.

The financial statements of consolidated companies prepared in accordance with local accounting principles have been restated to comply with the principles and policies applied by the Group.

The accounts of material subsidiaries in which the BIC Group has, directly or indirectly a controlling interest are fully consolidated, including those with sales over 1 million euro and net worth over 500,000 euro.

Investments in companies where BIC group has a significant influence but no controlling interest are accounted for using the equity method.

Material transactions, assets and liabilities between fully consolidated companies are eliminated in consolidation. Gains and losses on transactions between fully consolidated companies are also eliminated.

In the consolidated income statement, companies acquired or disposed during the year are consolidated as from the date of acquisition or to the date of disposal.

1-3 - Translation of financial statements of foreign subsidiaries

The consolidated financial statements are stated in euro.

The financial statements of subsidiaries using a different functional currency are converted into euro as follows:

- at the year-end exchange rate for the balance sheet items;
- at the average rate for the year for the income statement and cash flow items.

Translation adjustments arising from the application of these rates are recorded under “Cumulative translation adjustment”

included in the consolidated shareholders’ equity. These cumulative translation adjustments are recorded in the income statement when the related foreign investments are sold or liquidated.

The following exchange rates were used to translate the financial statements of the main foreign subsidiaries, excluding euro countries.

The following schedule shows euros equivalents of one unit of foreign currency (for instance : average year 2003 is 0.88 Euro = 1 USD).

CURRENCIES	AVERAGE 2001	AVERAGE 2002	AVERAGE 2003	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
US dollar	1.12	1.06	0.88	1.12	0.95	0.79
Australian dollar	0.58	0.58	0.58	0.57	0.54	0.60
Canadian dollar	0.72	0.67	0.63	0.71	0.60	0.62
Swiss franc	0.66	0.68	0.66	0.68	0.69	0.64
Chinese renminbi	0.13	0.13	0.11	0.14	0.12	0.10
British pound	1.61	1.59	1.45	1.63	1.54	1.42
Hong kong dollar	0.14	0.14	0.11	0.14	0.12	0.10
Indian rupee	0.02	0.02	0.02	0.02	0.02	0.02
Japanese yen	0.0092	0.0085	0.0076	0.0085	0.0080	0.0074
Korean won	0.0009	0.0009	0.0007	0.0009	0.0008	0.0007
Malaysian ringgit	0.2939	0.2786	0.2327	0.2956	0.2510	0.2084
New zealand dollar	0.47	0.49	0.51	0.47	0.50	0.52
Philippine peso	0.022	0.021	0.016	0.022	0.018	0.01
Polish zloty	0.27	0.26	0.23	0.28	0.25	0.21
Swedish krona	0.11	0.11	0.11	0.11	0.11	0.11
Singapore dollar	0.6236	0.5916	0.5077	0.6084	0.5495	0.4662
South african rand	0.13	0.10	0.12	0.09	0.11	0.12
Argentinian peso	1.12	0.33	0.30	0.66	0.28	0.27
Brazilian real	0.48	0.36	0.29	0.49	0.27	0.27
Mexican pesos	0.12	0.11	0.08	0.12	0.09	0.07

1-4 - Foreign currency transactions

Foreign currency transactions are accounted for at the rate prevailing on the transaction date or at the hedging rate, when applicable.

At year-end, assets and liabilities denominated in foreign currencies that have not been hedged are converted at the year-end exchange rate. Unrealized gains and losses resulting from these conversions are recorded in finance income / (costs).

1-5 - Derivatives

As a matter of principle the Group does not enter into derivatives contracts for speculative purposes. The Group uses currency derivatives to eliminate or reduce the exposure of its foreign currency

denominated assets and liabilities, and to hedge future transactions and cash flow exposures.

Foreign exchange option contracts are revalued using the year-end exchange rates. Gains and losses resulting from this revaluation are accounted for either in the statement of income to compensate the unrealized gains and losses on the assets or liabilities covered by these instruments or deferred if the instruments have been designated as hedges for future transactions.

The Group also uses interest rate derivative in order to reduce its exposure to interest rate fluctuation risk, on existing debt or cash.

Interest rate swaps used to hedge financial assets and liabilities are recorded in the statement of income prorata temporis. Premiums paid are recorded in the statement of income when the payment incurred.



1-6 - Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest of the assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognized as an asset and amortized on a systematic basis following an assessment of the foreseeable life of the asset, subject to a maximum of 20 years.

Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary or associate entity, the attributable amount of unamortized goodwill or negative goodwill is included in the determination of the profit or loss on disposal. In the case of a permanent decline in value, goodwill is written down accordingly to the expected cash flow.

1-7 - Patents and trademarks

The initial cost of acquiring a patent or trademark is recognized as an asset and amortized on a straight-line basis over its estimated useful life, up to a maximum of 40 years. The cost of renewing patents and trademarks is charged to the income statement.

1-8 - Research and development costs

Research and development costs are capitalized when the projects of significant research and development costs (above the threshold of 500 000 euro) are clearly identifiable, the costs to be capitalized correspond to development cost, it is highly probable that the project will be technically successful and profitable, and the costs to be capitalized can be identified and measured reliably. From the beginning of the manufacturing process, capitalized research and development costs are amortized over a period of 3 to 5 years on a straight-line basis.

1-9 - Property, plant and equipment

Land and buildings are stated in the balance sheet at cost, less any subsequent accumulated depreciation.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Other items of property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases per year:

- Buildings 25 years
- Fixtures, machinery and equipment 5 to 8 years
- Vehicles 3 to 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

1-10 - Impairment of intangible assets and goodwills

The Group ensures at year end that no internal or external item is deemed to impact the carrying value of a long term asset.

The carrying amount of the asset is compared to its recoverable value which represents the higher of the net selling price and the value in use. The value in use is calculated based on the future discounted cash flows method. In case of a positive variance between the carrying amount of the assets and their net present value is recognized as a charge in the income statement.

1-11 - Finance and operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a "finance lease obligation". Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

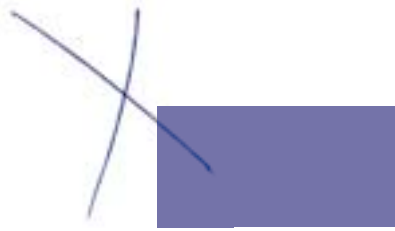
Rentals payable under operating leases are charged to income over the term of the relevant lease.

1-12 - Equity interest

Shares in non-consolidated companies are stated at the lower of cost and fair value, corresponding to the Group's equity in the underlying net assets, as adjusted where appropriate.

1-13 - Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. In general cost is calculated using the weighted average method. Net realizable



value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

1-14 - Trade receivable

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

1-15 - Cash equivalents

Temporary cash investments held for the short-term are carried at market value at the balance sheet date. Increases or decreases in the carrying amount of temporary cash investments are recognized as income or expenses of the period.

1-16 - Treasury stock

SOCIÉTÉ BIC shares held by the parent company or fully consolidated companies are recorded as follows:

- temporary cash investments included as assets in the balance sheet if they are acquired for the specific purpose of being allocated to employee stock option plans or stock price regulation;
- as a deduction from shareholders' equity in all other cases.

1-17 - Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Financial liabilities include trade and other payables, interest-bearing bank loans and overdrafts, and lease obligations.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Trade and other payables are stated at their nominal value.

1-18 - Provisions for risks and charges

Provisions for risks and charges are liabilities for which maturity or amount are not valued precisely. The provisions for risks and charges are calculated with the best estimation based on the cash needed to close the liability.

1-19 - Net sales recognition

Sales are recorded at the time products are shipped to trade customers and when risk of ownership transfers, net of discounts and rebates granted to our customer.

Trade support actions are treated as distribution expenses.

Financial Cash discounts allowed are recorded as financial expenses and are allowed to customers when a payment is received before usual payment terms mentioned on invoices.

1-20 - Government grants

Government grants towards staff re-training costs are recognized as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

1-21 - Borrowing costs

All borrowing costs are charged to income in the period in which they are incurred.

1-22 - Other income / (other expense)

Other income / (other expense) comprise income statement items which, due to their nature or frequency may not be inherent to the Group operating activity.

1-23 - Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Tax losses are also activated when it is probable that they will be used.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement.

Deferred tax assets and liabilities are not discounted as a reversal calendar could not be established.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Taxes payable on dividends distributed by subsidiaries are treated as transfer taxes provided for as soon as the liability becomes probable.

BIC SPORT, BIMA 83, BIC ECRITURE 2000, CONTE, BIC SERVICES, SOCIÉTÉ IMMOBILIERE BIC CLICHY, SOCIÉTÉ IMMOBILIERE VALLITON GESNOUIN, BIC RASOIRS, SOCIÉTÉ DU BRIQUET JETABLE 75, BIC GRAPHIC FRANCE, BIC ASSEMBLAGE, BIC TECHNOLOGIES and FRAGRANCES DIFFUSION are part of SOCIÉTÉ BIC tax group.

1-24 - Retirement benefits and other long term employee benefits granted

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-



managed retirement benefit schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the amended benefits become vested.

The amount recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Others benefits are valued the same way and provided for in the balance sheet:

- termination benefits,
- retiree medical and life insurance (mainly in United States)

If the accumulated unrecognized actuarial gains and losses exceed 10% of the greater of the defined benefit obligation or the fair value of plan assets, a portion of that net gain or loss is required to be recognized as income or expense.

1-25 - Earnings per share

Earnings per share correspond to Group net income divided by the weighted monthly average number of shares outstanding during the year less the number of shares held in treasury stock and unallocated, if any.

NOTE 2 - CHANGES IN GROUP STRUCTURE

On December 19, 2003 CO-STAMPI has been merged into BIC ITALIA Spa. On June 9, 2003 BIC GRAPHIC BRASIL LIMITADA, a manufacturing and distribution company, has been created. This part of business was previously in BIC BRASIL SA. On April 4, 2003, the french companies PPA SARL, OSMIOR SARL and DECOLLETAGE PLASTIQUE SARL merged into SOCIÉTÉ BIC (TUP). These operations have no impact on BIC consolidated financial statements.

On November 20, 2003 SOCIÉTÉ BIC has purchased the company DAPE 74 DISTRIBUTION, firm specialized in lighters and pipes distribution to the smoke shops in France. The balance sheet was consolidated as of December 31, 2003.

The BIC Group has processed a minority buy back for BIC PRODUCT (Korea) Ltd on July 10, 2003, the ownership interest increase from 90% to 100%. SOCIÉTÉ BIC has also subscribed to an increase capital of BIC GBA on March 27, 2003 for a total amount of 1 million MYR, so its proportion of ownership interest go from 76% to 95%.

The business of BIC SPORT NORTH AMERICA, a distribution company of consumer products created in December 26, 2002, has begun on January 1, 2003.

BIC CORPORATION sold its 49% investments in CERATIZIT SOUTH CAROLINA, INC. (ex CARBIDE ALLOYS) on December 1, 2003.



NOTE 3 - BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Group is currently organised into operating divisions by product category : manufacture and distribution of stationery, lighter, shaver and other products. These divisions are the basis on which the Group regroups its primary segment information:

SEGMENT INFORMATION

IN EURO MILLIONS	NET SALES			INCOME FROM OPERATIONS		
	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Stationery products	800	791	711	116	122	99
Lighters	378	369	341	96	90	87
Shavers	302	287	257	49	43	24
Other	53	45	51	(4)	(2)	(1)
TOTAL	1,533	1,492	1,360	257	253	209

Geographical segments

The Group's operations are principally located in Europe, North and Central America and South America.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

SALES REVENUE BY GEOGRAPHICAL MARKET

IN EURO MILLIONS	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Western Europe	450	457	444
North and Central America + Oceania	832	810	713
South America	124	103	100
Eastern Europe, Middle East, Africa and Asia	127	122	103
TOTAL	1,533	1,492	1,360

OPERATING ASSETS BY GEOGRAPHICAL MARKET

(inventories, tangible and intangible assets, trade and other receivables, other current assets)

IN EURO MILLIONS	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Western Europe	624	585	582
North and Central America + Oceania	599	463	357
South America	126	79	90
Eastern Europe, Middle East, Africa and Asia	37	34	32
TOTAL	1,386	1,161	1,061

NUMBER OF EMPLOYEES BY GEOGRAPHICAL AREA

NUMBER OF EMPLOYEES	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Western Europe	4,139	3,899	3,815
North and Central America and Oceania	3,374	3,216	3,026
South America	1,121	1,063	1,106
Eastern Europe, Middle East, Africa and Asia	895	832	759
TOTAL PERMANENT WORKFORCE IN FULL-TIME EQUIVALENT	9,529	9,010	8,706

For confidentiality purposes, the number of employees by nature is not disclosed.

NOTE 4 - OPERATING EXPENSES

IN EURO THOUSANDS	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Raw materials and consumables used and change in inventory	293,855	297,940	266,126
Staff costs	404,853	394,740	382,327
Amortization expense	95,127	89,226	90,241
Other operating expenses	482,525	457,175	412,451
TOTAL	1,276,360	1,239,081	1,151,145

Research and development costs expensed for full year 2003 amount to 23.5 million euro versus 23 million euro for full year 2002.

NOTE 5 - FINANCE INCOME / (COSTS) - NET

IN EURO THOUSANDS	DEC 31, 2001	PRO FORMA * DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Interest income (expense)	(3,170)	(3,170)	(3,865)	(779)
Cash discounts allowed	0	(15,352)	(13,227)	(12,015)
Royalty income (expense)	(367)	(367)	(177)	(78)
Foreign exchange income (loss)	0	(5,077)	(477)	2,761
Reverse/ (Addition) of reserve on BIC shares	0	(1,168)	(805)	1,238
TOTAL	(3,537)	(25,134)	(18,551)	(8,873)

* As per changes in consolidated financial statements presentation disclosed in note 1.1.

The decrease in interest expense is mainly impacted by Brazil which borrowed during the year 2002 and partially reimbursed at December 31, 2003 and also by the decrease of the interest rates. The foreign exchange income is mainly due to the hedge euro / dollar.

NOTE 6 - OTHER INCOME AND OTHER EXPENSES

IN EURO THOUSANDS	DEC 31, 2001	PRO FORMA * DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
OTHER INCOME AND OTHER EXPENSES	(39,589)	(17,992)	(8,586)	(10,415)

* As per changes in consolidated financial statements presentation disclosed in note 1.1.



Other income / other expense as of December 31, 2003 include :

- additional costs related to the stationery streamlining costs occurred in 2002 for 2.5 million euro in North America, for 1.2 million euro in Italy ,
- non recurring costs related to EMA change in administrative and finance management structure (Europe, Middle East and Africa) for 5.1 million euro,
- impairment of idle machines in the USA, France and Greece for respectively 5.4, 2.3 and 1.3 million euro ,
- 6 million euro of litigation between France and former Middle East distributors, 5 million euro being termination fees.
- a gain on sale of property of 13.7 million euro (12 million euro for SOCIÉTÉ BIC and its French subsidiaries mainly related to the

sale of Impasse des Cailloux for 9 million euro, Rue Foucault for 0.7 million euro and Montreuil for 2.3 million euro and 1.7 million for the sale of Switzerland office).

Other income / other expense for 2002 includes streamlining costs of the worldwide stationery activity of 7 million euro and a gain on sale of property of 3 million euro and streamlining costs in Asia of 1 million euro.

For better financial analysis, the Group reclassified the cash discounts allowed, the gain/losses on revaluation of foreign exchange loss and the revaluation of BIC Shares from Other income and other expense to Finance income (costs) net in 2002.

NOTE 7 - INCOME TAX EXPENSE

IN EURO THOUSANDS	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
CURRENT TAX:			
Domestic	12,142	18,002	19,709
Foreign	66,402	70,109	52,454
	78,544	88,111	72,163
Deferred tax (note 22)	(4,866)	(6,679)	(3,844)
INCOME TAX EXPENSE	73,678	81,432	68,319

Domestic income tax is 35.4% for the fiscal year 2003 (2002: 35.4 %).

Taxation for each foreign subsidiary is calculated at the rate prevailing in its respective country.

The charge for the year can be reconciled to the profit per the income statement as follows:

IN EURO THOUSANDS	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Income before tax	203,057	213,545	179,053
Tax rate	36.38%	35.40%	35.40%
THEORETICAL TAX CHARGE	73,872	75,595	63,385
Effects of:			
– differences of tax rates	(2,498)	(1,651)	(1,820)
– income taxed at reduced rate	(5,050)	(1,466)	(2,577)
– permanent differences	16,749	16,277	18,320
– intercompany accruals elimination	(901)	(1,415)	149
– tax assets not activated on tax losses	4,786	2,662	1,345
– tax assets activated on prior years	(11,953)	(4,291)	(6,620)
– tax credits	(1,700)	(4,429)	(4,007)
– foreign exchange differences	373	150	144
INCOME TAX EXPENSE	73,678	81,432	68,319
EFFECTIVE TAX RATE	36.28%	38.13%	38.16%

No deferred tax assets have been recognized on the unused tax losses of 34 million euro at December 31, 2003. The amount was 46 million euro at December 31, 2002.

The amount related to permanent differences in 2003 principally relates to goodwills (3.6 million euro), BIC CORPORATION dividends with-holding tax (4.6 million euro) and the 5% tax due on dividends received under the French affiliation privilege regime (2 million euro).

NOTE 8 - DIVIDENDS

For the year 2002, the shareholders received, on June 5, 2003 a dividend of 0.80 euro per share.

For the year 2001, the shareholders received:

- on February 8, 2002, an interim dividend of 0.29 euro per share.
- on June 14, 2002, a final dividend of 0.36 euro per share.

NOTE 9 - PROPERTY, PLANT & EQUIPMENT

<i>IN EURO THOUSANDS</i>	LAND & BUILDINGS	MACHINERY & EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER FIXED ASSETS	TOTAL
GROSS VALUE					
AT JANUARY 1, 2003	341,344	861,766	26,037	24,379	1,253,526
Additions	2,182	29,987	29,445	4,551	66,165
Acquired on acquisition of a subsidiary	71			998	1,069
Exchange differences	(17,617)	(71,046)	(1,132)	(968)	(90,763)
Disposals	(12,539)	(25,874)	(1,183)	(2,695)	(42,291)
Other decrease / increase					
Transfers	1,679	25,354	(27,799)	766	
AT DECEMBER 31, 2003	315,120	820,187	25,368	27,031	1,187,706
DEPRECIATION					
AT JANUARY 1, 2003	143,742	613,948		16,160	773,850
Operating charge for the year	15,043	60,812		3,316	79,171
Impairment loss	572	8,943		44	9,559
Exchange differences	(7,943)	(52,569)		(437)	(60,949)
Eliminated on disposals	(7,452)	(21,676)		(2,084)	(31,212)
Other decrease / increase					
Transfers	(362)	362			
AT DECEMBER 31, 2003	143,600	609,820		16,999	770,419
NET VALUE					
AT DECEMBER 31, 2003	171,520	210,367	25,368	10,032	417,287
AT DECEMBER 31, 2002	197,602	247,818	26,037	8,219	479,676

Acquisition of tangible assets include reallocation of spare parts from prepaid expense in North America for 3.4 million euro and from other non current assets in South America for 2 million euro.



NOTE 10 - GOODWILL

IN EURO THOUSANDS

GROSS VALUE	
AT JANUARY 1, 2003	235,628
Exchange differences	(16,406)
Acquisitions	3,893
Disposals	0
AT DECEMBER 31, 2003	223,115
AMORTIZATION	
AT JANUARY 1, 2003	72,707
Exchange differences	(3,834)
Charge for the year	11,335
Disposal of subsidiary	(38)
AT DECEMBER 31, 2003	80,170
NET VALUE	
AT DECEMBER 31, 2003	142,945
AT DECEMBER 31, 2002	162,921

The above includes net goodwill on the acquisition of BIC VIOLEX of 45.2 million euro and BIC CORPORATION for 77.5 million euro at December 31, 2003.

The acquisitions include mainly the goodwill of DAPE 74 DISTRIBUTION for 3.3 million euro, its calculation will be reviewed in 2004.

The increase of the charge of the period are mainly explicated by the charge of the year related to the goodwill following BIC CORPORATION minority buy-back in may 2002 with an impact of 1.1 million euro for the full year 2003 and by the entire amortization of the WITE-OUT® goodwill at the end of 2002 (impact of -0.8 million euro).



NOTE 11 - INTANGIBLE ASSETS

IN EURO THOUSANDS	SOFTWARE DEVELOPMENT COSTS	TRADEMARKS & PATENTS	OTHER	RESEARCH & DEVELOPMENT	TOTAL
GROSS VALUE					
AT JANUARY 1, 2003	28,944	116,639	2,459	7,610	155,652
Additions	4,917	1,832	–	1,722	8,471
Exchange differences	(1,290)	(14,548)	(178)	–	(16,016)
Disposals	(658)	(61)	(319)	–	(1,038)
Transfer	–	6,800	–	(6,800)	–
AT DECEMBER 31, 2003	31,913	110,662	1,962	2,532	147,069
AMORTIZATION					
AT JANUARY 1, 2003	10,454	37,354	1,726	1,052	50,586
Charge for the year	4,664	6,992	40	1,258	12,954
Exchange differences	(882)	(5,840)	(66)	–	(6,788)
Disposals	(629)	(30)	(210)	–	(869)
Transfer	–	–	–	–	–
AT DECEMBER 31, 2003	13,607	38,476	1,490	2,310	55,883
NET VALUE					
AT DECEMBER 31, 2003	18,306	72,186	472	222	91,186
AT DECEMBER 31, 2002	18,490	79,285	733	6,558	105,066

Research and Development

SOCIÉTÉ BIC capitalized in 2003 1.7 million euro related to development costs on new writing technology and new stationery products development. SOCIÉTÉ BIC capitalized in 2002 2.3 million euro related to development costs for ink technologies. These development costs incurred in the US and France and have been amortized in 2003 when new products incorporating this new technology have been manufactured.

BIC had previously recorded in 2001 research and development costs related to Free Ink process which represented the first significant progress for BIC in technology related to writing instruments since the BIC® CRISTAL®. Amortization for these costs began in 2002 and will cover a 5 year period.

Trademarks and patents

Trademarks and patents amount is mainly in BIC CORPORATION and in BIC VIOLEX trademarks which represent respectively 50 million euro and 20 million euro amortized over a 40 years period.

These companies' operations have been very profitable since a number of years and no new event leads the Group to believe that there is any loss in value. The valuation carried out for the purpose of the BIC CORPORATION minority interest repurchase done in May 2002 confirms this opinion.

SOCIÉTÉ BIC acquired in 2002 the intellectual property rights for 6.8 million euro from the company AMERIKIDS which amortization began in 2003 for 2.3 million euro.

Software

Software acquired in 2003 and 2002 principally relate to the investments linked to the upgrade of the European information systems.



NOTE 12 - CONSOLIDATED SUBSIDIARIES

The main operating companies at December 31, 2003 are as follows:

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	PROPORTION OF OWNERSHIP INTEREST	PRINCIPAL ACTIVITY
FRANCE			
BIC ASSEMBLAGE S.A.R.L.	Clichy	100.0%	Manufacturing of consumer products
BIC SERVICES S.A.	Clichy	99.9%	Holding company
BIMA 83 S.A.S.U.	Clichy/Cernay	100.0%	Manufacturing of consumer products
SOCIÉTÉ DU BRIQUET JETABLE 75 S.A.S.	Clichy/Redon	99.8%	Manufacturing of consumer products
DAPE 74 DISTRIBUTION	Paris	100.0%	Distribution of consumer products
ÉLECTRO CENTRE S.A.S.	Velars-sur-Ouche	92.7%	Manufacturing of consumer products
BIC TECHNOLOGIES (ex SO.BI.TU. S.A.)	Montreuil	99.9%	Manufacturing of consumer products
BIC RASOIRS S.A.S.U.	Verberie	100.0%	Manufacturing of consumer products
BIC SPORT S.A.S.U.	Vannes	100.0%	Manufacturing and distribution of consumer products
CONTÉ S.A.S.U.	Boulogne-sur-Mer	100.0%	Manufacturing of consumer products
BIC GRAPHIC FRANCE S.A.S.U.	Clichy	100.0%	Manufacturing and distribution of consumer products
BIC ÉCRITURE 2000 S.A.S.U.	Clichy/Montevrain	100.0%	Manufacturing of consumer products
VOILES GATEFF S.A.S.	La Garde	90.0%	Manufacturing and distribution of consumer products
SI VALITON GESNOUIN S.A.S.U.	Clichy	100.0%	Real estate
SI BIC CLICHY S.A.S.U.	Clichy	100.0%	Real estate
EUROPE			
BIC DEUTSCHLAND GMBH & CO.	Germany	100.0%	Distribution of consumer products
BIC ERZEUGNISSE GMBH	Germany	100.0%	Holding company
BIC VERWALTUNGS GMBH	Germany	100.0%	Holding company
BIC BETEILIGUNGS GMBH	Germany	100.0%	Holding company
BIC GMBH	Germany	100.0%	Holding company
A. HAUSER GMBH & CO., KG	Germany	100.0%	Distribution of consumer products
A. HAUSER VERWALTUNGSGESELLSCHAFT MBH	Germany	100.0%	Distribution of consumer products
BALLOGRAF BIC AUSTRIA VERTRIEBSGESELLSCHAFT MBH	Austria	100.0%	Distribution of consumer products
BIC BELGIUM SPRL	Belgium	99.2%	Distribution of consumer products
BIC IBERIA S.A.	Spain	100.0%	Manufacturing (distribution) of consumer products
BIC GRAPHIC EUROPE S.A.	Spain	100.0%	Manufacturing and distribution of consumer products
BIC VIOLEX S.A.	Greece	100.0%	Manufacturing and distribution of consumer products
BIC (IRELAND) LTD.	Ireland	100.0%	Distribution of consumer products
BIC ITALIA SPA	Italy	99.9%	Distribution of consumer products
BIC NETHERLANDS BV	Netherlands	99.2%	Distribution of consumer products
BIC EUROPACKAGING BV	Netherlands	99.2%	Packaging of consumer products
BIC POLSKA SP Z.O.O.	Poland	100.0%	Distribution of consumer products
BIC PORTUGAL S.A.	Portugal	99.9%	Distribution of consumer products
BIC (ROMANIA) MARKETING & DISTRIBUTION	Romania	100.0%	Distribution of consumer products
BIC CIS	Russia	100.0%	Distribution of consumer products
BIC UK LTD.	United Kingdom	99.9%	Distribution of consumer products
BIC BALLOGRAF AB	Sweden	99.9%	Manufacturing and distribution of consumer products
SOCIÉTÉ BIC (SWITZERLAND)	Switzerland	100.0%	Distribution of consumer products
BIC UKRAINE	Ukraine	100.0%	Distribution of consumer products

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	PROPORTION OF OWNERSHIP INTEREST	PRINCIPAL ACTIVITY
SOUTH AMERICA AND CENTRAL AMERICA			
BIC INC.	Canada	99.9%	Distribution of consumer products
BIC CORPORATION	USA	100.0%	Holding company
BIC USA INC.	USA	100.0%	Distribution of consumer products
BIC CONSUMER PRODUCTS MANUFACTURING CO., INC.	USA	100.0%	Manufacturing of consumer products
BIC GRAPHIC USA MANUFACTURING CO., INC.	USA	100.0%	Manufacturing of consumer products
SHEAFFER MANUFACTURING LLC	USA	100.0%	Manufacturing and distribution of consumer products
BIC SPORT NORTH AMERICA INC.	USA	100.0%	Manufacturing and distribution of consumer products
WITE OUT PRODUCTS INC.	USA	100.0%	Manufacturing and distribution of consumer products
BIC DE GUATEMALA	Guatemala	100.0%	Distribution of consumer products
NO SABE FALLAR S.A. DE CV	Mexico	100.0%	Manufacturing and distribution of consumer products
FURTUNA HOLDING	BVI	100.0%	Holding company
XENIA INSURANCE	Bermuda	100.0%	Insurance coverage
OCEANIA			
BIC AUSTRALIA PTY. LTD.	Australia	99.9%	Distribution of consumer products
BIC (NZ) LTD.	New-Zealand	99.9%	Distribution of consumer products
SOUTH AMERICA			
BIC ARGENTINA S.A.	Argentina	60.0%	Distribution of consumer products
BIC BRASIL S.A.	Brazil	100.0%	Distribution of consumer products
BIC GRAPHIC BRASIL LTDA.	Brazil	100.0%	Distribution of consumer products
BIC AMAZONIA S.A.	Brazil	100.0%	Manufacturing and distribution of consumer products
BIC CHILE S.A.	Chile	100.0%	Distribution of consumer products
INDUSTRIA Y COMERCIO BIC de COLOMBIA	Colombia	100.0%	Distribution of consumer products
BIC ECUADOR (ECUABIC) S.A.	Ecuador	100.0%	Manufacturing and distribution of consumer products
BIC URUGUAY S.A.	Uruguay	100.0%	Distribution of consumer products
BIC DE VENEZUELA CA	Venezuela	100.0%	Distribution of consumer products
BIC NELGOR	Uruguay	100.0%	Holding company
ASIA			
SHANGHAI-SHEAFFER WINGSUNG STATIONERY CO. LTD.	China	75.0%	Distribution of consumer products
BIC STATIONERY (SHANGHAI) Co. LTD.	China	100.0%	Distribution of consumer products
BIC PRODUCT (KOREA) LTD. (ex BIC SUN CORPORATION)	South Korea	100.0%	Distribution of consumer products
BIC INDIA PVT LTD.	India	99.9%	Distribution of consumer products
PT BUANA INTI CAKRAWALA	Indonesia	100.0%	Distribution of consumer products
BIC GBA SDN. BHD.	Malaysia	95.1%	Distribution of consumer products
BIC PRODUCT (SINGAPORE) PTE. LTD. (ex BIC A&T)	Singapore	76.0%	Distribution of consumer products
BIC PRODUCT (ASIA) PTE LTD. (ex BIC ASIA GROUP SERVICES)	Singapore	100.0%	Distribution of consumer products
BIC PRODUCT (THAILAND) LTD.	Thailand	100.0%	Distribution of consumer products
AFRICA			
BIC 2003 ex BIC (SOUTH AFRICA) PTE LTD.	South Africa	95.0%	Manufacturing and distribution of consumer products
BIC (SOUTH AFRICA) PTE LTD. ex MOLIN	South Africa	95.0%	Manufacturing consumer products
BIC HOLDINGS SOUTHERN AFRICA (PTY) LTD.	South Africa	95.0%	Holding company
BIC BOTSWANA PTY LTD.	Botswana	70.0%	Distribution of consumer products
BIC MALAWI	Malawi	95.0%	Distribution of consumer products
BIC MOZAMBIQUE LIMITADA	Mozambique	95.0%	Distribution of consumer products
BIC ZAMBIA LTD.	Zambia	95.0%	Distribution of consumer products

NOTE 13 - EQUITY AND OTHER INVESTMENTS

IN EURO THOUSANDS	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Equity investments	6,611	4,532	73
Other investments	1,189	4,665	325
	7,800	9,197	398

BIC CORPORATION has sold is 49% of the capital of CERATIZIT SOUTH CAROLINA INC. (formerly CARBIDE ALLOYS INC). on December 1, 2003.

This investment was consolidated under the equity method accounting as of November 30, 2003.

The decrease in other investments mainly corresponds to ANTHEM sale for 1.4 million euro of BIC CORPORATION and to the endowment policy for 1.6 million euro of BIC SOUTH AFRICA.

NOTE 14 - OTHER NON CURRENT ASSETS

IN EURO THOUSANDS	DEC 31, 2001	PRO FORMA * DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Retirement benefit liabilities	197,247			
Guarantee deposits	15,057	15,057	12,856	10,945
Other non current assets	5,766	5,766	10,379	9,018
	218,070	20,823	23,235	19,963

* As per changes in consolidated financial statements presentation disclosed in note 1.1.

To improve the financial presentation, the Group reclassified the retirement benefit liabilities net of retirement benefit obligation in the liabilities in 2002.

The increase in 2002 in other non current assets is principally related to a employee benefit account and life insurance from BIC CORPORATION; employees will be able to purchase to BIC CORPORATION when they retire or leave the Company.

NOTE 15 - INVENTORIES

IN EURO THOUSANDS	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Raw materials	62,452	53,952	49,681
Work-in-progress	63,701	65,185	50,930
Finished goods	211,580	153,621	158,889
TOTAL DEPRECIATION	337,733	272,758	259,499
Raw materials	2,480	2,359	1,476
Work-in-progress	1,336	749	472
Finished goods	11,499	13,383	15,652
TOTAL DEPRECIATION	15,315	16,491	17,600
TOTAL NET	322,418	256,267	241,899

NOTE 16 - OTHER FINANCIAL ASSETS & CREDIT RISK

Trade and other receivables comprise amounts receivable for the sale of goods of 287 million euro in 2003 vs 306 million euro in 2002. Trade and other receivables are short-term assets, with maturity dates within twelve months.

An allowance has been made for estimated irrecoverable amounts from the sale of goods of 25 million euro in 2003 and 30 million euro in 2002. This allowance has been determined by reference to past default experience.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Bank balances and cash comprise cash and short-term deposits. The carrying amount of these assets approximates to their fair value.

The temporary cash investments at December 31, 2003 include:

- Treasury shares: 12.8 million euro,
- SOCIÉTÉ BIC: Mutual Funds (monetary) for 48.7 million euro and deposits for 74.8 million euro,

– Foreign subsidiaries: Monetary investments for 8.5 million euro.

The BIC Group use some non risky monetary investments as Mutual Funds and deposits with high graded banks. The investments are liquid and have a maturity between 1 day to 3 months.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The credit risk on liquid funds and derivative financial instrument is limited because the counterparts are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparts and customers.

NOTE 17 - SHARE CAPITAL

IN EURO THOUSANDS	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Authorized, issued and fully paid	211,231	218,517	205,953
Repurchase of shares of the company	(17,648)	(30,898)	0
SHARE CAPITAL	193,583	187,620	205,953

The share capital is 205 953 thousand euro divided into 53,914,276 shares of 3.82 euro each, the par value. The registered shares held for more than two years carry double voting rights.

In the knowledge of the company, at December 31, 2003, the shareholders known to hold more than two thirds, one half, one third, twenty percent, ten percent or five percent of the share capital and/or of the voting rights of the company were as follows:

	DEC 31, 2003 % OF SHARES (APPROX.)	DEC 31, 2003 % OF VOTING RIGHTS (APPROX.)
Bich Family including MBD	40.4%	54.0%
Mrs Édouard Buffard	4.1%	6.0%
AIM TRIMARK	8.1%	5.9%
SILCHESTER INTERNATIONAL INVESTORS	8.0%	5.9%
FRANKLIN TEMPLETON	7.6%	5.5%
CDC IXIS	5.4%	3.9%



Share repurchase program

As of December 31, 2003

PURPOSE OF THE REPURCHASE	NUMBER OF SHARES	PURCHASE PRICE (IN EURO)	% CAPITAL ⁽¹⁾
Hedging of stock option plans Art. L. 225-208 and art. L. 225-209	238,450	43.53	0.44%
Share regulation ⁽³⁾ Art. L. 225-209	42,850	51.17	0.08%
Optimization of the investments Art. L. 225-209	–	–	0.00%
TOTAL ⁽²⁾	281,300	44.69	0.52%
Number of shares cancelled in 2003	3,289,121		

The 2003 share repurchase program received the French stock exchange approval (visa COB) n° 03-318.

(1) As of 31 Dec 03 the share capital is divided into: 53,914,276 shares.

(2) BIC CORP. holds in addition, as of 31 December 2003, 70,800 shares SOCIÉTÉ BIC to hedge its own stock option plans, representing 0.13% of the shareholder equity, classified as temporary cash investment.

(3) Shares initially purchased to hedge the stock option plan and reclassified "share repurchase for regulation purposes" due to the diminution of the number of exercisable options as of December 31, 2003.

Repurchase of shares of the company

The Boards of Directors held on January 13, 2003 and March 19, 2003 authorized by the Annual Shareholder's meeting on May 28, 2002 decided to proceed successively to the cancellation of 945,885 shares and 1,468,776 shares.

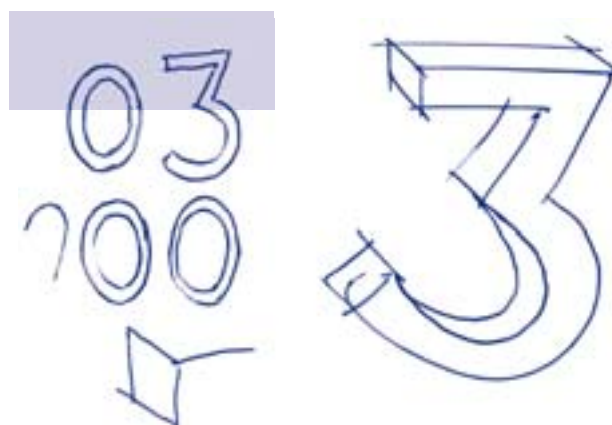
The issuer obtained at the Annual Shareholder's meeting on May 28, 2003 to renew its share repurchase program. This program obtained the visa COB n°03-318. As of December 31, 2003 the number of shares repurchased under this 2003 program was 436,641. The Boards of Directors held on May 28, 2003 and September 10, 2003, authorized by the Annual Shareholder's meeting on May 28, 2003, decided to proceed successively to the cancellation of 437,819 shares and 436,641 shares. As of December 31, 2003, the capital is equal to 205,952,534.32 euros, divided into 53,914,276 shares.

On the last 24 months, SOCIÉTÉ BIC has proceeded to the cancellation of 4,751,412 shares, that is 8.81% of the issued capital.

As of December 31, 2003, SOCIÉTÉ BIC held 281,300 shares classified as temporary cash investment.

Group stock option plans

As authorized at the Annual Shareholders Meeting of May 28, 2003 the Board of Directors, in its meeting of December 17, 2003 subscribed stock options for 377,550 shares to 555 persons of SOCIÉTÉ BIC or its subsidiaries, at a price of 36.96 euro. The options cannot be exercised until three years after the date of the award.



	1998	1999	2000	2001	2002	2003
Date of the general meeting	May 12, 1998	May 12, 1998	May 12, 1998	May 12, 1998	May 12, 1998	May 28, 2003
Date of the board meeting	Dec. 16, 1998	Dec. 16, 1999	Dec. 18, 2000	Dec. 13, 2001	Dec. 10, 2002	Dec. 17, 2003
Award date	Dec. 16, 1998	Dec. 16, 1999	Dec. 18, 2000	Dec. 13, 2001	Dec. 10, 2002	Dec. 17, 2003
Number of beneficiaries	148	223	539	551	564	555
Number of options for buying existing shares	173,800	180,350	–			
Number of options for subscribing for new shares			376,150	367,700	375,000	377,550
Among which, number of shares available to be subscribed or purchased by current members of the management team as of december 31, 2003	17,650	23,200	40,600	41,100	46,100	59,000
First exercisable date	Dec. 17, 2001	Dec. 17, 2002	Dec. 19, 2003	Dec. 14, 2004	Dec. 11, 2005	Dec. 18, 2006
Option expiration date	Dec. 16, 2008	Dec. 16, 2009	Dec. 17, 2010	Dec. 12, 2011	Dec. 9, 2012	Dec. 16, 2013
Exercise price (in euro)*	51.13	40.83	41.03	36.57	30.93	36.96
Number of options exercised at December 31, 2003	0	0	0	0	0	0
Number of options for buying existing shares or subscribing for new shares cancelled as of December 31, 2003	60,200	55,500	80,850	47,800	21,600	0
Number of last options for buying existing shares or subscribing for new shares as of December 31, 2003	113,600	124,850	295,300	319,900	353,400	377,550

* No discount on the exercise price.

NOTE 18 - MINORITY INTEREST

IN EURO THOUSANDS	
AT DECEMBER 31, 2001	101,054
Dividends paid	(2,017)
Other movements	48
Exchange differences	(6,672)
Purchase of minority interest in subsidiaries	(96,058)
Net income	5,425
AT DECEMBER 31, 2002	1,780
Dividends paid	(76)
Other movements	(17)
Exchange differences	(40)
Purchase of minority interest in subsidiaries	0
Net income	410
AT DECEMBER 31, 2003	2,057

This item represents minority interest in the net assets and income of fully consolidated subsidiaries.

On May 28, 2002, SOCIÉTÉ BIC purchased the 14.11% minority interests on BIC CORPORATION (around 96 million euro). Now, Argentina (1.1 million euro) and South Africa (0.6 million euro) represent the larger part of the total amount of minority interests.

NOTE 19 - BORROWINGS

IN EURO THOUSANDS	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Bank loans/overdrafts	114,137	42,435	32,229
The borrowings are payable as follows:			
On demand or within one year	99,246	34,013	28,653
In the second year	4,708	6,934	958
In the third to fifth year inclusive	9,784	1,416	2,568
After 5 years	399	72	50
	114,137	42,435	32,229
Amount due for settlement within 12 months (shown under current liabilities)	99,246	34,013	28,653
Amount due for settlement after 12 months (shown under non-current liabilities)	14,891	8,422	3,576

The amount due for settlement within 12 months includes bank overdrafts of 10.6 million euro in 2003 and 11.9 million euro in 2002.

The percentage breakdown in borrowings after 12 months is as follows: Euro-zone 26% , South America 65% and other 9%, and for those within 12 months: Euro-zone 33%, South America 27%, North America 5%, Asia 14% and other 21%.

NOTE 20 - PROVISION FOR RISKS AND CHARGES

IN EURO THOUSANDS	LITIGATION	WARRANTY, WORKERS' COMPENSATION AND OTHER RISKS	TOTAL
DEC. 31, 2001	15,334	13,592	28,926
Additional provisions	1,036	1,898	2,934
Utilized during the period	(1,263)	(2,543)	(3,806)
Unused amounts reversed	(126)	(862)	(988)
Exchange differences	(1,892)	(933)	(2,825)
Reclassification to current liabilities		(1,414)	(1,414)
DEC. 31, 2002	13,089	9,738	22,827
Additional provisions	7,263	2,923	10,186
Utilized during the period	(4,713)	(4,681)	(9,394)
Unused amounts reversed	(1,367)	(250)	(1,617)
Exchange differences	(1,899)	(677)	(2,576)
Reclassification from current liabilities		3,019	3,019
Reclassification to retirement benefits		(1,037)	(1,037)
DEC. 31, 2003	12,373	9,035	21,408

Provisions for risks and charges:

The litigation provision is mainly represented by BIC CORPORATION product liability provision for 6.1 million euro as of December 31, 2003, and distributors risks for 4.1 million euro. The other risks are mainly tax risks and worker compensation in USA.

NOTE 21 - PROVISION FOR RETIREMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

<i>IN EURO THOUSANDS</i>	OBLIGATION	PLAN ASSETS	EXPENSED RETURN ON GAIN	PROVISIONS
NET LIABILITY AT JANUARY 1, 2002	266,644	197,247	35,730	33,667
Total period costs:	29,852	16,517	(2,534)	15,869
– service costs	10,211			10,211
– interest costs	18,277			18,277
– return on assets		16,904		(16,904)
– gain / (losses) recognized	451	(339)	(2,514)	3,304
– past service costs	913	(48)	(20)	981
Benefits paid	(13,492)	(12,860)		(632)
Contributions paid		20,938		(20,938)
Actuarial gain / (loss) on obligation	36,436		36,410	26
Actuarial gain / (loss) on plan assets		(39,028)	38,777	251
Exchange differences on foreign plan	(38,464)	(23,101)	(11,968)	(3,395)
NET LIABILITY AT JANUARY 1, 2003	280,976	159,713	96,415	24,848
Reclassification from provision for risks and charges	1,037	–	–	1,037
Total period costs:	26,578	11,754	(7,074)	21,898
– service costs	9,535			9,535
– interest costs	16,584			16,584
– return on assets		11,932		(11,932)
– gain / (losses) recognized	99	7	(6,714)	6,806
– past service costs	360	(185)	(360)	905
Benefits paid	(12,094)	(10,847)		(1,247)
Contributions paid		29,192		(29,192)
Actuarial gain / (loss) on obligation	40,457		40,166	291
Actuarial gain / (loss) on plan assets		9,172	(9,184)	12
Exchange differences on foreign plan	(43,397)	(24,667)	(16,012)	(2,718)
NET LIABILITY AT DECEMBER 31, 2003	293,557	174,317	104,311	14,929

The actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of the country in which the plan is located. They were adjusted according to the actual interest rate and the mortality table.

Defined benefit plans are mainly related to the US. Assumptions used by BIC CORPORATION for the calculation are the following:

- weighted average long term rate of return on plan assets: 8.75% in 2003 (8.5% in 2004);
- rate of compensation increase: 4%;
- discount rate: 7.5% at Dec. 31, 2002 and 6% at Dec. 31, 2003.

Retirement benefits and other long term employee benefits granted are mainly:

- termination benefits;
- other benefits as pension, retirement indemnity (lump-sum), life insurance and medical insurance (mainly for our subsidiaries BIC CORPORATION and BIC UK LTD).

The obligation for retiree life and medical insurance for BIC CORPORATION amounts to 52 million euro.

In France for 2003 the new law “Fillon” on pension has lead to an increase in our obligation amounting to around 1 million euro booked in “past service costs”. This new obligation will be amortized over 15 years.

NOTE 22. DEFERRED TAX

IN EURO THOUSANDS	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Deferred tax liabilities	(76,408)	(58,530)	(49,893)
Deferred tax assets			
Gross amount	67,751	58,053	52,735
Depreciation	0	(1,864)	(292)
Net value	67,751	56,189	52,443
Net position	(8,657)	(2,341)	2,550

The movement of the year in the Group's deferred tax position was as follows:

IN EURO THOUSANDS	
At the beginning of the year	(2,341)
Charge to deferred tax charge for the year	3,844
Reclassification from current to deferred tax in the balance sheet	204
Exchange differences	843
At the end of the year	2,550

Origin of deferred tax:

IN EURO THOUSANDS	
Deferred taxes calculated on temporary differences	327
Deferred taxes asset activated on tax losses	2,223
Deferred tax assets	2,550



NOTE 23 - OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The following are the Group's main off-balance sheet financial instruments:

Currency derivatives

As of December 31, 2003, the Group had contracted:

- forwards contracts, maturing in 2004, for an equivalent of 111 million euro. These contracts hedge the dividends to be received from the Group subsidiaries in 2004. The fair market value of these contracts at December 31, 2003 amounts to 11 million euro;
- forward contracts, maturing in 2004 for an equivalent of 178 million euro. These contracts hedge, on the basis of forecasted cash flows, the Group foreign currency transactions risks. The foreign currency transactions are denominated in US dollar, British Pound, Canadian Dollar, Australian Dollar, New Zealand Dollar, Japanese Yen, Swiss Franc, South African Rand, Danish Crone,

Polish Zloty and Brazilian Real. The fair market value of these contracts amounts to 7.1 million euro;

- currency swaps for an equivalent of 1.1 million euro, in connection with the intercompany debt and deposit. The fair market value of these contracts is close to zero.

The EUR/USD hedging amounts to 70% of the total hedging.

For the year 2004, the foreign currency exposure transaction is hedged with a ratio above 95%.

Currency derivatives

Hedge nominal different from euro are converted to euro at December 31, 2003, closing rates.

The market to market of the hedges is computed according to international banking standards in terms of inputs (Spot, yield curve, volatility curve) and pricing models.

CURRENCY HEDGINGS 2004

HEDGE ITEMS <i>IN EURO MILLIONS</i>	NOMINAL IN EURO EQUIVALENT	MATURITY	MARK TO MARKET	TYPE OF HEDGE
Dividends	111.0	2004	11.5	Forward
Cash flows	177.9	2004	7.1	Forward
Loans/borrowings	1.1	2004	0.0	Currency swap
TOTAL	290.0		18.7	

INTEREST RATE DERIVATIVES

As of December 31, 2003, the outstanding amount of interest rate swap was equal to 4 million euro, expiring 2004.



NOTE 24 - OFF-BALANCE SHEET AVALS AND GUARANTEES

The following schedule summarizes the off balance-sheet avals and guarantees for the Group.

No other security for assets or registered shares is to be reported.

Guaranty issued

GUARANTOR	GUARANTEE	BENEFICIARY	ISSUING DATE	MATURITY DATE	CURRENCY	AMOUNT	PURPOSE OF THE GUARANTY
SOCIÉTÉ BIC	BIC CIS	Société Générale	Dec. 11, 02	June 11, 04	USD	4,200,000	Collateralization of loan granted to BIC CIS
SOCIÉTÉ BIC	BIC CORP	State of Connecticut Workers' compensation commission	Jan. 19, 00	Advance notice of 2 months before cancellation of the guarantee	USD	450,000	Social security payment guarantee
SOCIÉTÉ BIC	BIC CORP	680 fifth avenue associates LP	Mar 3, 00		USD	720,000	New York office lease guarantee
SOCIÉTÉ BIC	BIC POLSKA SP ZOO	BNP PARIBAS	Dec. 1, 03	Dec. 1, 04	PLN	350,000	350,000 PLN credit line guarantee
SOCIÉTÉ BIC	BIC UKRAINE	JSCB Raiffeisenbank	Sep. 8, 03	Sept. 8, 04	USD	1,500,000	1,500,000 USD term loan guarantee
SOCIÉTÉ BIC	BIC GBA	Maybank	Dec. 3, 03	Dec. 3, 04	MYR	10,000,000	10 million MYR credit line guarantee
BIC BALLOGRAF AB	BIC BALLOGRAF AB	Handelsbanken	Jul. 8, 02		SEK	3,000,000	Security of 3,000,000 SEK for a credit line
BIC ITALIA SPA	BIC ITALIA SPA	Comit	Jul. 7, 92		EUR	113,203	Security of 113,203 EUR for a credit line

Guaranty received

GUARANTOR	GUARANTEE	BENEFICIARY	ISSUING DATE	MATURITY DATE	CURRENCY	AMOUNT	PURPOSE
Natexis banques populaires	BJ 75	Préfecture d'Ille-et-Vilaine	Aug. 27, 01	Aug. 28, 06	EUR	137,204	Environmental guarantee
Société Générale	Conte	Dunkerque customs	June 1, 97	Tacitly tacitement	EUR	60,979	Deposit of 60,979 EUR that allows CONTE to buy ethyl alcohol
BANCA INTESA	BIC ITALIA SPA	BIC ITALIA SPA	Dec. 12, 03	Feb. 29, 04	EUR	9,034,247	Guarantee deposit for merge BIC ITALIA SPA & CO-STAMPI SRL
BANCA INTESA	BIC ITALIA SPA	Ministry of Finance	From Jun. 8, 98		EUR	477,434	Commercial guarantee
BANCA INTESA	BIC ITALIA SPA	Ministry of Finance	Jun. 29, 98 Sep. 30, 99 Jun. 2, 00 Jul. 20, 01	Dec. 31, 03 Dec. 31, 04 Dec. 31, 05 Dec. 31, 05	EUR EUR EUR EUR	652,128 622,339 613,357 235,966	VAT reimbursement guarantee



NOTE 25 - OBLIGATIONS UNDER FINANCIAL LEASES

Finance leases represent an insignificant portion of the Group's Property, Plant and Equipment (less than 1%).

The fair value of the Group's lease obligations approximates to their carrying amount.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

While the ultimate liability with respect to the above matters, including any additional liability not provided for, is not presently determinable, it is the opinion of management, after consultation with counsel to the Corporation, that any liabilities resulting therefrom will not have an adverse material effect on the Corporation's consolidated financial position or on its results of operations.

Other BIC Group companies

As of December 31, 2003, neither SOCIÉTÉ BIC nor its other subsidiaries had any significant pending litigation, claims or disputes which, in the opinion of management, after consultation with their advisors, would have a material adverse impact on the consolidated financial statements.

NOTE 26 - CONTINGENT LIABILITIES BIC CORPORATION U.S.A

BIC CORPORATION has significant contingent liabilities with respect to pending litigation, claims and disputes, principally relating to its lighters, which arise in the ordinary course of business.

NOTE 27 - IMPORTANT CUSTOMERS AND SUPPLIERS

Only one external important customer represents more than 5% of the total BIC Group Net Sales (70 million euro):

IN EURO MILLIONS	DEC 31, 2002	DEC 31, 2003
Wall Mart	64	75

We have no suppliers which represent more than 5% of the BIC Group purchases (35 million euro).

NOTE 28 - OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group had outstanding commitments under non cancellable operating leases which fall due as follows:

IN EURO THOUSANDS	DEC 31, 2001	DEC 31, 2002	DEC 31, 2003
Within one year	4,397	4,460	4,980
In the second to fifth years inclusive	10,992	10,508	11,038
After five years	7,509	5,093	3,088
TOTAL	22,898	20,061	19,106

(Operating lease payments primarily represent rentals payable by the Group for certain of its office properties.)

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NOTE 29 - DIRECTORS' REMUNERATION

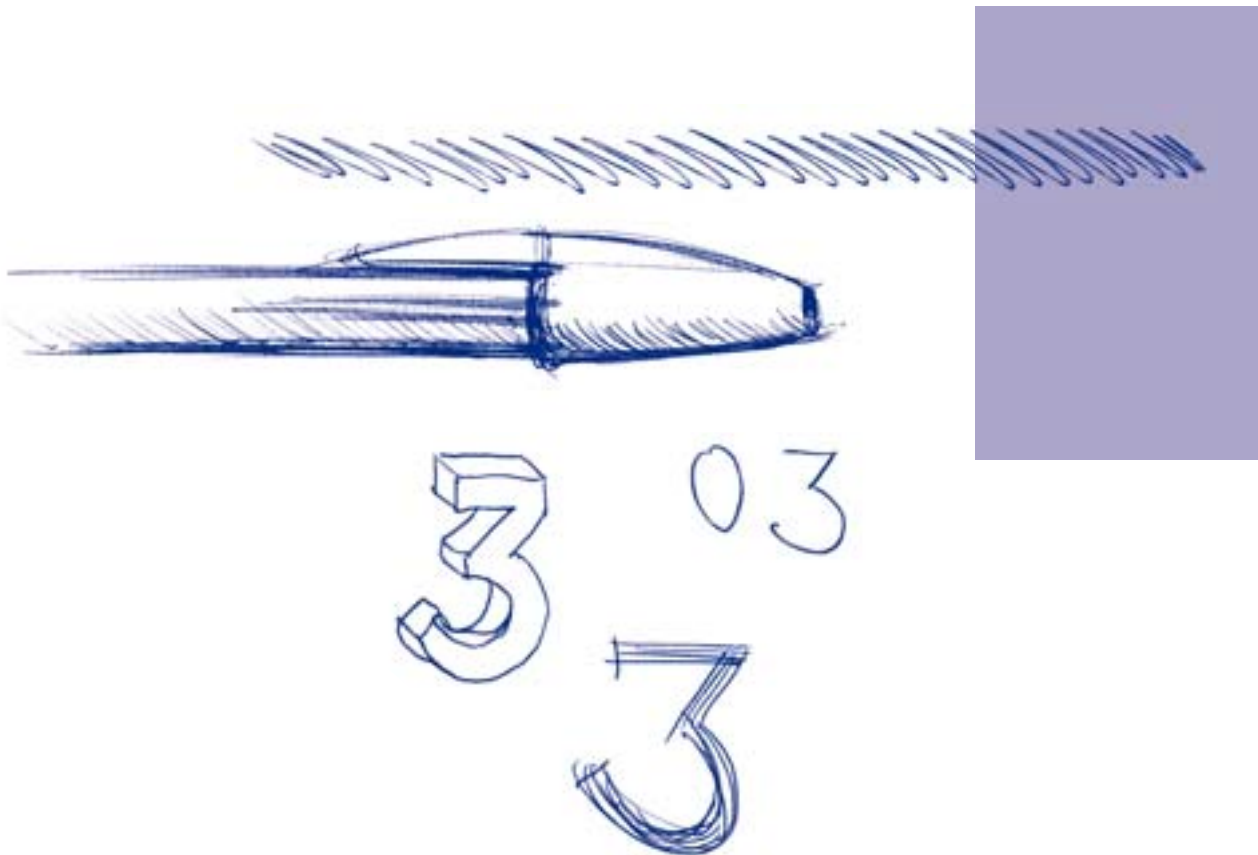
Remuneration paid in 2003 to the Board of Directors and Officers of SOCIÉTÉ BIC with respect to their functions within the Group during the year was as follows:

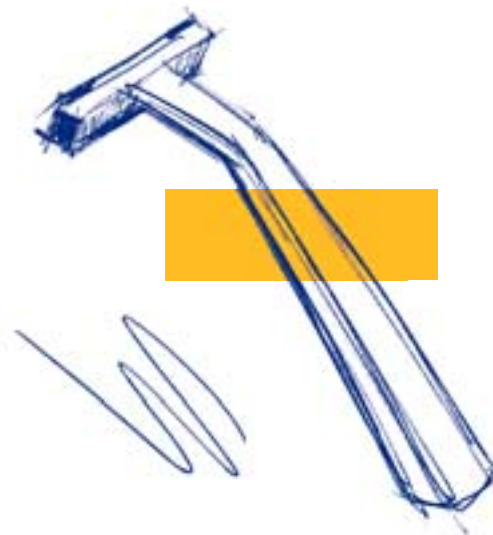
IN EURO THOUSANDS	DEC 31, 2002	DEC 31, 2003
	2,784	2,518

NOTE 30 - EVENTS POST CLOSING

In an effort to consolidate worldwide operations, the Group BIC is seriously considering closure of its BIC® ballpoint pen and BIC® shaver manufacturing operations in Milford, Connecticut, USA, and its SHEAFFER® manufacturing facility in Fort Madison, Iowa, USA. The shutdown of these manufacturing operations, which

could be completed by the end of 2006, would impact approximately 400 positions. The estimated costs to BIC Group for this proposed restructuring would be approximately 90 million US Dollar, including non-cash 60 million US Dollar, with an estimated annual savings of 25 million US Dollar. The Group would expect to begin realizing savings as early as 2005..





STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2003

In accordance with our appointment as statutory auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of SOCIÉTÉ BIC for the year ended December 31, 2003, as shown on pages 23 to 52.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as at December 31, 2003 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

Without qualifying our opinion, we would draw your attention to the post balance sheet events disclosed in Note 30 of the notes to the consolidated financial statements.

Justification of our assessments

In accordance with Article L.225-235 of the French Commercial Code governing the justification of our assessments, which apply for the first time this year, we hereby report on the following:

As mentioned in the first part of this report, Note 30 of the notes to the consolidated financial statements indicates that subsequent to the balance sheet date, the BIC Group is seriously considering shutting down certain manufacturing operations in the United States.

As part of our audit procedures on the overall presentation of the financial statements, we reviewed data and assumptions used to calculate costs and savings estimated by the Group. Based on these procedures, we estimated that the resulting valuations were reasonable.

These assessments are part of our audit approach to the consolidated financial statements taken as a whole and therefore contribute to the expression of the unqualified opinion given in the first part of this report.

Specific procedures and disclosures

We have also verified the information given in the Group's management report. We have no comment to make as to the fair presentation of this information nor its consistency with the consolidated financial statements.

Paris – Neuilly-sur-Seine, March 15, 2004

The Statutory Auditors

Alain Lainé

DELOITTE TOUCHE TOHMATSU

Thierry Benoit

This is a free translation into English of the statutory auditors' reports issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes for the information of the reader, as required under French law in any auditor's report, whether qualified or not, explanatory paragraphs separate from and presented below the audit opinion discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account caption or on information taken outside of the consolidated financial statements. Such report, together with the statutory auditors' report addressing financial reporting in management's report on internal control, should be read in conjunction and construed in accordance with French law and French auditing professional standards.

A B C D E F
G H I J K L





STATUTORY ACCOUNTS

INCOME STATEMENT

NOTE	IN EURO THOUSANDS	DEC. 31, 2001	DEC. 31, 2002	DEC. 31, 2003
12	Net sales	347,442	378,852	363,711
	Change in stocks of finished goods and work in progress	(9,666)	(1,769)	(604)
	Write-back of depreciation and provision, transfer of charges	0	1,563	7,376
13	Other income	26,022	20,173	44,738
	TOTAL OPERATING REVENUES	363,798	398,819	415,221
	Purchases of goods for resale and changes in stocks	130,209	197,545	229,417
	Purchases for raw materials, other consumables and changes in stocks	65,320	37,045	6,454
	Other purchases and external charges	111,974	115,842	124,819
	Taxes and similar levies	1,659	1,673	1,468
14	Personnel costs	1,572	1,898	1,683
	Depreciations and provisions	11,524	9,718	17,453
	Other expenses	43	78	151
	TOTAL OPERATING EXPENSES	322,301	363,798	381,445
15	NET OPERATING INCOME	41,497	35,021	33,776
16	NET FINANCIAL INCOME	82,867	111,051	116,888
17	NON RECURRING INCOME (EXPENSE)	(18,070)	(5,431)	(7,669)
18 to 20	Income tax	11,169	15,384	15,898
	NET INCOME	95,125	125,257	127,097

In order to improve the financial information, the income statement is henceforth presented according to the French "Plan Comptable Général" model.

A reconciliation of net sales, net operating income and net financial income as published in 2002 with the new presentation is made in notes 12, 15 and 16.



LIABILITIES & STOCKHOLDERS' EQUITY

NOTE	IN EURO THOUSANDS	AFTER APPROPRIATION OF EARNINGS			BEFORE APPROPRIATION OF EARNINGS
		DEC.31, 2001	DEC.31, 2002	DEC.31, 2003	DEC.31, 2003
	STOCKHOLDER'S EQUITY				
	Common stock	211,231	218,517	205,953	205,953
	Additional paid-in capital	195	70,468	1,663	1,663
	Legal reserve	21,123	22,410	22,410	22,410
	General reserve	295,305	295,305	295,305	295,305
	Retained earnings	59,571	140,996	206,380	122,189
	NET INCOME FOR THE YEAR	0	0	0	127,097
	Regulated provisions	0	0	0	0
10	TOTAL	587,425	747,697	731,711	774,617
	PROVISIONS FOR CONTINGENCIES AND LOSSES				
11	Provisions for contingencies	3,812	9,418	11,114	11,114
	TOTAL	3,812	9,418	11,114	11,114
	LIABILITIES				
6	Bank borrowings	12,287	9,083	4,977	4,977
6	Other borrowings	46,695	96,162	130,897	130,897
	TOTAL LONG-TERM BORROWINGS	58,982	105,245	135,874	135,874
6-7	Trade payables and related accounts	64,241	70,919	62,325	62,325
6	Tax and employee-related liabilities	41,655	49,877	48,735	5,829
6	Other liabilities	4,030	5,497	7,461	7,461
	Deferred income			105	105
	TOTAL OPERATING LIABILITIES	109,926	126,293	118,626	75,720
	ACCRUALS AND DEFERRED INCOME				
	Unrealized exchange rate gains	1,773	2,740	8,383	8,383
	TOTAL	170,681	234,278	262,883	219,977
	TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	761,917	991,393	1,005,708	1,005,708



CASH FLOW STATEMENT

NOTE	IN EURO THOUSANDS	DEC. 31, 2001	DEC. 31, 2002	DEC. 31, 2003
	OPERATING ACTIVITIES			
	Net income	95,125	125,257	127,097
	Amortization and provision	(93,686)	34,404	18,980
	(Gain) Loss from disposal of fixed assets	5,192	4,183	5,681
	CASH FLOW	6,631	163,844	151,758
	(Increase) Decrease in net current working capital	11,915	(88,381)	(123,901)
	NET OPERATING CASH FLOWS	18,546	75,463	27,857
	INVESTING ACTIVITIES			
16	Dividends received from subsidiaries	75,623	110,103	112,649
3	Proceeds on disposals of PP&E	6,192	14,275	6,454
3	Acquisition of PP&E	(7,565)	(13,170)	(3,776)
3	Acquisition of intangible assets	(8,386)	(30,829)	(5,774)
	Acquisition of treasury shares		(66,425)	(71,160)
	Other investing expenses	27	92	77
25-2	Acquisition of subsidiaries	(6,529)	(32,545)	(8,924)
	INVESTING CASH FLOWS	59,362	(18,499)	29,546
	FINANCING ACTIVITIES			
	Dividends paid	(31,726)	(35,555)	(43,256)
	Repayments of borrowings	18,478	(3,962)	(4,100)
	New intercompany loans raised	(10,506)	(735)	8,193
	Movement in netting account		21,300	40,894
	FINANCING CASH FLOWS	(23,754)	(18,952)	1,731
	Net increase/decrease in cash	54,154	38,012	59,134
	Cash and cash equivalent - opening	(19,236)	34,918	72,930
	CASH AND CASH EQUIVALENT - CLOSING	34,918	72,930	132,064

In order to improve the financial information, the cash flow statement is henceforth display as the consolidated cash flow statement model.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1 - SIGNIFICANT EVENTS OF THE YEAR

In 2003, the companies P.P.A. S.A.R.L., OSMIOR S.A.R.L. and Décolletage Plastique S.A.R.L., with no significant business, have been merged into SOCIÉTÉ BIC.

2 - ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared in accordance with French accounting regulations applicable for the year ended December 31, 2003.

They have been drawn up in accordance with the basic accounting principles of:

- going concern,
- consistency,
- appropriate cut-off.

However, for better financial information, the following statements have been modified compared with previous annual report:

- The income statement is henceforth presented according to the French "Plan comptable général" model and not with income and expenses broken down by destination. A reconciliation of net sales, net operating income and net financial income between annual report 2003 and annual report 2002 is made in notes 12, 15 and 16;
- The cash flow statement is presented in accordance with the model used in the consolidated financial statements.

According to the French regulation n°2002-10 by the "Comité de la Réglementation Comptable" on the amortization and impairment of assets, which have to be implemented for January 1, 2005, an early implementation was possible. SOCIÉTÉ BIC has not implemented it by anticipation in the Financial Statements as of December 31, 2003.

The items presented in the accounts are valued on a historical cost basis, with the exception of those items detailed in d) below.

The main accounting rules and methods adopted are as follows:

► A) INTANGIBLE ASSETS

To enable a more true representation, research and development expenditures are capitalized where major applied research and development projects in progress (above 500 000 euro) can be clearly defined, costs separately identified and reliably measured, and the project has a significant chance of commercial profitabil-

ity. Capitalized research and development expenditures are amortized on a straight-line basis over a period of 3 to 5 years from the production date. Research and development expenditures not satisfying these criteria are capitalized and amortized in the fiscal year.

Patents and technical processes recorded in this heading are amortized over their period of protection or use.

Advertising expenditures are expensed in the fiscal year incurred.

► B) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is valued at purchase price or production cost.

Depreciation is calculated on a straight-line basis over periods depending on the asset type:

– Buildings	20 years
– Fixtures and fittings	8 to 10 years
– Industrial plant, machinery and fittings	2 to 8 years
– Vehicles	4 years
– Office and IT equipment, furniture	3 to 6 years

► C) FIXED ASSETS EVALUATION

Each year, SOCIÉTÉ BIC checks on the net realizable value of its assets.

If the carrying amount of fixed assets exceeds their net realizable value, an impairment charge is recorded.

► D) LONG-TERM INVESTMENTS

Long-term investments are recorded at the value they were brought into assets, except for equity investments purchased prior to December 31, 1976 which have been revalued in accordance with legislation (note n°5).

A provision for impairment is booked where the current value of an investment is less than its purchase costs.

The current value is determined with reference to stockholders' equity of the relevant investment, adjusted to take account of the importance of the company to the Group and its development and profit perspectives.

In addition, in accordance with the authorization granted by the Stockholders' Meeting of May 4, 1999 and subject to the maximum of 30 490 000 euro set by the Board of Directors Meeting of December 16, 1999, BIC shares purchased pursuant to article L. 225-209 of the French "code de commerce", not intended exclusively for stock option plans or in order to regulate the stock market price, are recorded within long-term investments. Treasury stocks are valued at purchase cost and an impairment provision booked at year-end where the probable trading value (based on



the average stock market price during the last month of the fiscal year or the exercise price of the options for which they were purchased) is less than purchase cost.

► E) INVENTORY AND WORK-IN-PROCESS

Consumables are valued at purchase cost, including incidental expenses, in accordance with the weighted-average unit price method.

Inventory provisions are booked where necessary to reduce values to the lower of cost and market value.

► F) RECEIVABLES AND PAYABLES

Receivables and payables are recorded at nominal value.

Receivables are written down by way of provision, where appropriate, to take account of recovery risks.

Foreign currency denominated receivables and payables are translated at the closing exchange rate.

Estimated unrealized exchange rate losses are recorded in provisions for risks.

► G) FINANCIAL INVESTMENTS

Financial investments comprise demand deposits and notes, including accrued interest, and Bic shares purchased for distribution under stock option plans or in order to regulate the stock market price in accordance with article L. 225-208 and L. 225-209 of the French "code de commerce". Treasury stocks are valued at purchase cost and an impairment provision booked at year-end where the probable trading value (based on the average stock market price during the last month of the fiscal year or the exercise price of the options for which they were purchased) is less than purchase cost.

► H) PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are liabilities for which maturity or amounts are not valued precisely. The provisions for risks and charges are calculated with the best estimation based on the cash needed to close the liability.

NOTES TO THE BALANCE SHEET

3 - NON-CURRENT ASSETS

IN EURO THOUSANDS	GROSS VALUE AS OF DEC. 31, 2002	ADDITIONS	DISPOSALS	GROSS VALUE AS OF DEC. 31, 2003
Research and development expenditure	7,596			7,596
Other intangible assets ⁽¹⁾	38,132	5,774	69	43,837
TOTAL INTANGIBLE ASSETS	45,728	5,774	69	51,433
Land	2,033		353	1,680
Buildings	15,012	130	1,044	14,098
Industrial and technical plant	27,086	1,122	1,288	26,920
Other tangible assets	11,117	380	695	10,802
PP&E under construction	5,933	3,740	6,002	3,671
Advances and part payments	473	372	740	105
TOTAL TANGIBLE ASSETS	61,654	5,744	10,122	57,276
Investments ⁽²⁾	631,723	8,117	2,732	637,108
Loans to equity investments	11,736	1,026	9,813	2,949
Other long-term investment securities	251			251
BIC Share ⁽³⁾	30,898		30,898	0
Loans and other long-term investments	698		326	372
TOTAL LONG-TERM INVESTMENTS	675,306	9,143	43,769	640,680

(1) The increase of intangible assets is due to intangible assets under construction.

(2) Investments are detailed in note 25.

(3) The 945,885 BIC share booked in long-term investments as of December 31, 2002 have been cancelled in 2003.

4 - DEPRECIATION AND AMORTIZATION

IN EURO THOUSANDS	DEPREC. AND AMORT. AS OF JAN. 1, 2003	CHARGE FOR THE YEAR	RELEASES DURING THE YEAR	DEPREC. AND AMORT. AS OF DEC. 31, 2003
Research and development expenditure	1,049	1,252		2,301
Concessions, patents and similar rights	5,870	5,406	69	11,207
TOTAL INTANGIBLE ASSETS	6,919	6,658	69	13,508
Buildings	10,562	670	1,008	10,224
Industrial and technical plant	24,178	3,878	1,269	26,787
Other PP&E	6,762	681	599	6,844
TOTAL PP&E	41,502	5,229	2,876	43,855

5 - REVALUATION DIFFERENCES

IN EURO THOUSANDS	ASSET REVALUATIONS					AMOUNT INCLUDED IN CAPITAL
	GROSS	PRIOR YEAR DEPRECIATION	CURRENT YEAR DEPRECIATION	DEPRECIATION AT THE YEAR END		
Equity investments	32,743	0	0	0	0	32,743
TOTAL	32,743	0	0	0	0	32,743

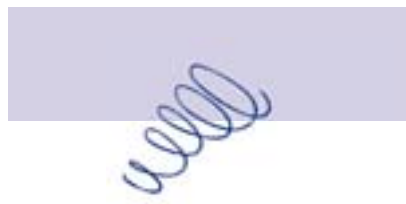
6 - DEBT MATURITY ANALYSIS

A - ASSETS

IN EURO THOUSANDS	GROSS	1 YEAR OR LESS	MORE THAN 1 YEAR	NOTES RECEIV.	INCL. ASSOC. UNDERTAKINGS
Loans to equity investments	2,949		2,949		2,949
Other long-term investments	372		372		
Trade receivables and related accounts	95,339	95,339		9,980	46,596
Other receivables	106,691	106,691			94,942
Prepayments	3,231	3,231			
TOTAL	208,582	205,261	3,321	9,980	144,487

B - LIABILITIES

IN EURO THOUSANDS	GROSS	1 YEAR OR LESS	MORE THAN 1 YEAR	NOTES RECEIV.	INCL. ASSOC. UNDERTAKINGS
Bank borrowings	4,977	4,977			
Other borrowings	130,897	130,897			130,035
Trade payables and related accounts	62,325	62,325		533	32,724
Tax and employee-related liabilities	5,829	5,829			
Other liabilities	7,566	7,566			
TOTAL	211,594	211,594	0	533	162,759



7 - ASSOCIATED UNDERTAKINGS

IN EURO THOUSANDS	ASSOCIATED UNDERTAKINGS
ASSETS	
Equity investments	637,108
Loans to equity investments	2,949
Trade receivables and related accounts	46,596
Other receivables	94,942
LIABILITIES	
Other borrowings	130,035
Trade payables and related accounts	32,724

8 - FINANCIAL INVESTMENTS

NET VALUE	AS OF DEC.31, 2003
IN EURO THOUSANDS	
PLACEMENT	
BIC shares	10,270
Securities ⁽¹⁾	123,404
TOTAL	133,674

(1) Corresponding to low-risk short term securities.

9 - TRANSLATION ADJUSTMENTS

Estimated unrealized exchange rate losses is recorded in provisions for risks (4,412 thousand euro).

10 - STOCKHOLDER'S EQUITY

▶ 10.1 - COMMON STOCK

The share capital is 205,953 euro thousands divided into 53,914,276 shares of 3.82 euro each, the par value. The registered shares held for more than two years carry double voting rights.

In the knowledge of the company, as of December 31, 2003, the shareholders know to hold more than two thirds, one half, one third, twenty percent, ten percent or five percent of the share capital and/or of the voting rights of the company were as follows:

	% OF SHARES (APPROX.)	% VOTING RIGHTS (APPROX.)
Bich Family including MBD	40.4%	54.0%
Mrs Édouard Buffard	4.1%	6.0%
AIM TRIMARK	8.1%	5.9%
SILCHESTER INTERNATIONAL INVESTORS	8.0%	5.9%
FRANKLIN TEMPLETON	7.6%	5.5%
CDC IXIS	5.4%	3.9%

As of December 31, 2003, SOCIÉTÉ BIC held 281,300 treasury shares booked in financial investment.



10.2 - MOVEMENTS IN STOCKHOLDERS' EQUITY

IN EURO THOUSANDS	
STOCKHOLDERS' EQUITY AS OF DECEMBER 31, 2002 (BEFORE APPROPRIATION)	791,529
Dividend distribution with respect to fiscal year 2002	43,832
STOCKHOLDERS' EQUITY AS OF DECEMBER 31, 2002 (AFTER APPROPRIATION)	747,697
Share capital's reduction ⁽¹⁾	(12,564)
Increase in the general reserve ⁽¹⁾	(68,805)
Increase in the legal reserve ⁽¹⁾	(18,808)
Net income for the year	127,097
STOCKHOLDERS' EQUITY AS OF DECEMBER 31, 2003 (BEFORE APPROPRIATION)	774,617

(1) During 2003, the Board of Directors of SOCIÉTÉ BIC decided to cancel 3,289,121 shares. Following this operation, the issued capital is 53,914,276 shares with a nominal value of 3.82 euro.

11 - PROVISIONS

IN EURO THOUSANDS	AS OF JAN. 1, 2003	CHARGE FOR THE YEAR	RELEASES DURING		AS OF DEC. 31, 2003
			THE YEAR (USED)	THE YEAR (NOT USED)	
Risk Iran	603	410			1,013
Risk Cuba	0	2,500			2,500
F/X losses	5,262	4,412	5,262		4,412
SHEAFFER Hong Kong	2,500				2,500
Other provisions for contingencies	1,053	589	860	93	689
PROVISIONS FOR RISKS AND CHARGES	9,418	7,911	6,122	93	11,114

IN EURO THOUSANDS	AS OF JAN. 1, 2003	CHARGE FOR THE YEAR	RELEASES		AS OF DEC. 31, 2003
			DURING THE YEAR		
Investments	35,842	11,587	2,552		44,877
Loans and other long-term investments	3,517		3,517		0
Other long-term investment securities	132	1			133
Work-in-process - goods	1,075		283		792
Consumables	1,269	2,516	1,269		2,516
Trade receivables	6,174	3,050	5,824		3,400
Other trade receivables	14,371	555	3,384		11,542
Other provisions for write-down	3,306		1,004		2,302
PROVISIONS FOR DEPRECIATION	65,686	17,709	17,833		65,562



NOTES TO THE INCOME STATEMENT

12 - SALES ANALYSIS

The net sales can be analyzed as follows:

IN EURO THOUSANDS	2001 ⁽¹⁾			2002 ⁽¹⁾			2003		
	FRANCE	EXPORT	TOTAL	FRANCE	EXPORT	TOTAL	FRANCE	EXPORT	TOTAL
Stationery products	74,625	100,102	174,726	78,499	109,098	187,597	80,462	117,521	197,983
Lighters	24,846	70,080	94,925	32,538	69,631	102,169	19,431	74,562	93,993
Shavers	24,498	42,040	66,539	25,763	51,395	77,158	27,729	37,850	65,579
Other	578	10,674	11,252	247	11,681	11,928	81	6,075	6,156
TOTAL	124,546	222,896	347,442	137,047	241,805	378,852	127,703	236,008	363,711

(1) Data restated to take into account changes in the presentation of the income statement.

As result of the modification to the income statement, the following table shows the reconciliation between the net sales 2002/2001 presented in the annual report 2003 and the previous annual report:

IN EURO THOUSANDS	CLASSIFICATION	IN ANNUAL REPORT 2002	2001	2002
NET SALES (ANNUAL REPORT 2003)			347,442	378,852
Stock sold to BJ75	Cost of goods sold			(10,377)
Manufacturing fees	Net sales		4,742	5,963
Discounts granted	Other expenses		586	745
NET SALES (ANNUAL REPORT 2002)			352,770	375,183

13 - OTHER INCOME

Royalties (21,569 thousand euro) and management fees (16,374 thousand euro) invoiced to affiliates are mainly booked in other income.

14 - MANAGEMENT COMPENSATION

COMPENSATION	2002	2003
Administrative bodies	78	80
Management bodies	1,169	1,206

Note: SOCIÉTÉ BIC has no salaried employees as of December 31, 2003.

The members of the management bodies have the same additional retirement plan as the BIC managers in France.



15 - OPERATING INCOME

The following table reconcile operating income 2002 and 2001 included in annual report 2003 and 2002:

IN EURO THOUSANDS	CLASSIFICATION	IN ANNUAL REPORT 2002	2001	2002
OPERATING INCOME (ANNUAL REPORT 2003)			41,497	35,021
Discounts granted	Other expenses		586	745
Royalties	Other income			(1,469)
Exceptional depreciation	Cost of goods sold		2,129	
OPERATING INCOME (ANNUAL REPORT 2002)			44,212	34,297

16 - FINANCIAL INCOME

Net financial income amount to 116,888 thousand euro (included 112,582 thousand euro from affiliates) and is detailed as follows:

IN EURO THOUSANDS	2001 ⁽¹⁾	2002 ⁽¹⁾	2003
Dividends received	75,623	110,103	112,649
Interest income	14,364	8,214	3,085
Net reversal of provision	87,871	(14,265)	(836)
Effect of exchange rate changes	1,527	8,447	4,082
Net profit on disposal of securities	(93,224)	(522)	0
Other	(3,294)	(926)	(2,092)
FINANCIAL INCOME	82,867	111,051	116,888

(1) Data restated to take into account changes in the presentation of the income statement.

The following table provides a reconciliation of the financial income 2002 and 2001 between annual report 2003 and 2002:

IN EURO THOUSANDS	CLASSIFICATION	IN ANNUAL REPORT 2002	2001	2002
FINANCIAL INCOME (ANNUAL REPORT 2003)			82,867	111,051
Dividends received	Other income		(75,623)	(110,103)
Foreign exchange gains (net of losses)	Other income		(4,074)	(4,432)
Provision for investments	Other expenses		16,410	10,772
Discounts received	Other income		(163)	(115)
Loan provision (net value)	Other expenses		(8,918)	3,292
Provision for BIC share	Other expenses		2,177	(3,124)
Capital gain on the disposal of Guy Laroche securities	Other income		(1,768)	522
Other				(690)
FINANCIAL INCOME (ANNUAL REPORT 2002)			10,908	7,173

17 - NON RECURRING INCOME AND EXPENSE

The non recurring income and expense breaks down as follows:

IN EURO THOUSANDS	2001	2002	2003
Capital gains on asset disposals ⁽¹⁾	(352)	4,182	5,697
Provision for contingencies (net of reversal) ⁽²⁾	3,264	(2,500)	(2,546)
Guy Laroche contingency provision	(1,637)		
Debt waiver ⁽³⁾	(12,922)	(2,975)	(7,376)
Cancellation BIC shares		(2,160)	
Loss on absorption	(225)	(245)	
Restructuring costs	(6,823)	(52)	
Contrat breaking of compensation			(3,343)
Other	625	(1,681)	(101)
NON RECURRING INCOME AND EXPENSE	(18,070)	(5,431)	(7,669)

(1) Capital gains on disposal of historical plant "Impasse des Cailloux"

(2) Included a provision of 2,500 thousand euros to cover risk Cuba

(3) During the year 2003, debt waiver mainly concerned BIC PRODUCT (ASIA) (2,523 thousand euro), BIC STATIONERY (SHANGHAI) (1,017 thousand euro), BIC GBA SDN BHD (1,005 thousand euro) et BIC PRODUCT (KOREA) (973 thousand euro).

Any non recurring income and expense was presented in the annual report 2002 because it was broken down by destination.

18 - INCOME TAX

IN EURO THOUSANDS	NET INCOME BEFORE TAX	TAX CHARGES	NET INCOME AFTER TAX
Income before tax and non recurring operations	150,664	(17,863)	132,801
Non recurring income and expense	(7,669)	1,965	(5,704)
TOTAL	142,995	(15,898)	127,097

19 - TAX GROUPING

SOCIÉTÉ BIC is the parent company of a tax group comprising the following companies as of December 31, 2003: BIC SPORT, BIMA 83, BIC ECRITURE 2000, BIC SERVICES, BIC RASOIRS, BIC GRAPHIC FRANCE, CONTÉ, S.I. BIC CLICHY, S.I. VALITON GESNOUIN, SOCIÉTÉ DU BRIQUET JETABLE 75, BIC TECHNOLOGIES, FRAGANCES DIFFUSION and BIC ASSEMBLAGE.

The gain for SOCIÉTÉ BIC resulting from the tax consolidation is 1,411,693 euro.

Financial year which are opened to tax investigation are 2001, 2002 and 2003.

20 - MAIN INCREASES/DECREASES IN THE DEFERRED TAX BASE

IN EURO THOUSANDS	AS OF DEC. 31, 2003
Organic	552
Provisions for contingencies	3,599
Trade receivables	1,816
F/X losses	4,515
Others	3,255
TOTAL	13,737
DECREASE IN DEFERRED TAX LIABILITIES	(4,863)



NOTES TO THE OFF BALANCE SHEET COMMITMENTS

21 - OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The following are SOCIÉTÉ BIC main off-balance sheet financial instruments:

CURRENCY DERIVATIVES

As of December 31, 2003, SOCIÉTÉ BIC had contracted:

- forwards contracts, maturing in 2004, for an equivalent of 111 million euro. These contracts hedge the dividends to be received from the group subsidiaries in 2004. The fair market value of these contracts at December 31, 2003 amounts to 11 million euro;
- forward contract, maturing in 2004 for an equivalent of 178 million euro. These contracts hedge, on the basis of forecasted cash flows, the Group foreign currency transactions risks. The foreign currency transactions are denominated in US dollar, British

Pound, Canadian dollar, Australian Dollar, New Zealand dollar, Japanese Yen, Swiss Franc, Swedish Crone, Polish Zloty, South African Rand and Brazilian Real. The fair market value of these contracts amounts to 7.1 million euro;

- Currency swaps for an equivalent of 1.1 million euro, in connection with the intercompany debt and deposit. The fair market value of these contracts amounts to 11 thousand euro.

The EUR/USD hedging amounts to 70% of the total hedging; For the year 2004, the foreign currency exposure transaction is hedged with a ratio above 95%.

INTEREST RATE DERIVATIVES

As of December 31, 2003 the outstanding amount of interest rate swap was equal to 4 million euro, expiring October 2004.

22 - COMMITMENTS

GUARANTOR	GUARANTEE	BENEFICIARY	ISSUING DATE	MATURITY DATE	CURRENCY	AMOUNT	PURPOSE OF THE GUARANTY
GUARANTEES GIVEN							
SOCIÉTÉ BIC	BIC CIS	Société Générale	Dec 11, 02	Jun 11, 04	USD	4,200,000	Collateralization of loan granted to BIC CIS
SOCIÉTÉ BIC	BIC CORPORATION	State of Connecticut worker's compensation commission	Jan 19, 00	Advance notice of 2 months before cancellation of the guarantee	USD	450,000	Social security payment guarantee
SOCIÉTÉ BIC	BIC CORPORATION	68o fifth avenue associates LP	Mar 03, 00		USD	720,000	New York Office lease guarantee
SOCIÉTÉ BIC	BIC POLSKA SP ZOO	BNP Paribas	Dec 01, 03	Dec 01, 04	PLN	350,000	350,000 PLN credit line guarantee
SOCIÉTÉ BIC	BIC UKRAINE	JSCB Raiffeisenbank	Sep 08, 03	Sep 08, 04	USD	1,500,000	1,500,000 USD term loan guarantee
SOCIÉTÉ BIC	BIC GBA SDN BHD	Maybank	Dec 03, 03	Dec 03, 04	MYR	10,000,000	10 million MYR credit line guarantee
GUARANTEES RECEIVED							
Natexis banque populaire	BJ 75	Préfecture d'Ille-et-Vilaine	Aug 27, 01	Aug 27, 06	EUR	137,204	Environmental guarantee

In addition, no asset of SOCIÉTÉ BIC was lodged as security.

OTHER INFORMATION

23 - STOCK MARKET PRICE

IN EUROS	DECEMBER 31, 2002	DECEMBER 31, 2003
BIC shares	32.94	36.64

24 - STOCK OPTION PLANS

Using the authorization granted by the Stockholders' Meeting of May 28, 2003, the Board of Directors in its meeting of December 17, 2003 granted subscription options to 555 senior management and employees of BIC and its subsidiaries entitling them to subscribe for 377,550 shares at a price of 36.96 euro. These options may not be exercised until expiry of a three year period following allotment.

	1998	1999	2000	2001	2002	2003
Date of the general meeting	May 12, 1998	May 12, 1998	May 12, 1998	May 12, 1998	May 12, 1998	May 28, 2003
Date of the board meeting	Dec. 16, 1998	Dec. 16, 1999	Dec. 18, 2000	Dec. 13, 2001	Dec. 10, 2002	Dec. 17, 2003
Award date	Dec. 16, 1998	Dec. 16, 1999	Dec. 18, 2000	Dec. 13, 2001	Dec. 10, 2002	Dec. 17, 2003
Number of beneficiaries	148	223	539	551	564	555
Number of options for buying existing shares	173,800	180,350	–			
Number of options for subscribing for new shares			376,150	367,700	375,000	377,550
Among which, number of shares available to be subscribed or purchased by current members of the management team as of December 31, 2003	17,650	23,200	40,600	41,100	46,100	59,000
First exercisable date	Dec. 17, 2001	Dec. 17, 2002	Dec. 19, 2003	Dec. 14, 2004	Dec. 11, 2005	Dec. 18, 2006
Option expiration date	Dec. 16, 2008	Dec. 16, 2009	Dec. 17, 2010	Dec. 12, 2011	Dec. 9, 2012	Dec. 16, 2013
Exercise price (in euro)*	51.13	40.83	41.03	36.57	30.93	36.96
Number of options exercised at December 31, 2003	0	0	0	0	0	0
Number of options for buying existing shares or subscribing for new shares cancelled as of December 31, 2003	60,200	55,500	80,850	47,800	21,600	0
Number of last options for buying existing shares or subscribing for new shares as of December 31, 2003	113,600	124,850	295,300	319,900	353,400	377,550

Mr. Bruno and François Bich were not allotted any options under the above stock option plans. As of December 31, 2003, members of administrative and management bodies held stock subscription and purchase options entitling them to a total of 227,650 shares.



25 - EQUITY INVESTMENTS

► 25.1 - SUBSIDIARIES AND PARTICIPATING INTERESTS

1 - FRENCH SUBSIDIARIES

SUBSIDIARIES AND PARTICIPATING INTERESTS (IN EUROS)	NUMBER OF SHARES S: SHARES P: PARTS	% INTEREST	NET	NET	COMMON STOCK
			BOOK VALUE	LOANS	
COMPAGNIE DE MOULAGES S.A.R.L.	65,000 P	100	1,478,761	0	990,600 EUR
BIC ASSEMBLAGE S.A.R.L.	1,000 P	100	15,245	0	15,240 EUR
FRAGANCES DIFFUSION S.A.R.L.	28,500 P	100	0	0	434,480 EUR
BIC SERVICES S.A.	69,541 S	99	1,042,612	0	1,061,085 EUR
BIMA 83 S.A.S.U.	23,689 S	100	5,550,661	0	355,335 EUR
BIC TECHNOLOGIES S.A. (ex-SO.BI.TU. SA)	69,944 S	99	2,743,988	0	2,134,300 EUR
BIC RASOIRS S.A.S.U. (ex-C.G.P.A. S.A.)	8,750 S	100	528,373	0	399,875 EUR
ÉLECTRO-CENTRE S.A.S	3,708 S	92	636,475	0	60,960 EUR
SOCIÉTÉ DU BRIQUET JETABLE 75 S.A.S	2,948,200 S	98	40,418,296	0	45,028,104 EUR
BIC SPORT S.A.S.U.	489,750 S	100	5,701,593	0	1,812,075 EUR
VOILES GATEFF S.A.S	2,250 S	90	0	0	38,100 EUR
BIC GRAPHIC FRANCE S.A.S.U.	5,000 S	100	315,904	0	76,200 EUR
CONTÉ S.A.S.U.	5,465,181 S	100	34,270,085	0	27,325,905 EUR
BIC ÉCRITURE 2000 S.A.S.U.	3,202,500 S	100	51,302,021	0	39,198,600 EUR
S.I. BIC CLICHY S.A.S.U.	65,595 S	100	2,498,167	0	997,044 EUR
S.I. VALITON GESNOUIN S.A.S.U.	748,440 S	100	18,777,264	0	14,295,204 EUR
DAPE 74 DISTRIBUTION	70,000 S	100	910,000	0	1,070,000 EUR
TOTAL			166,189,445	0	

2 - FOREIGN SUBSIDIARIES

SUBSIDIARIES AND PARTICIPATING INTERESTS (IN EUROS)	NUMBER OF SHARES S: SHARES P: PARTS	% INTEREST	NET	NET	COMMON STOCK
			BOOK VALUE	LOANS	
BIC BELGIUM SPRL - Belgium	2,778 S	99	1,657,805	0	2,550,000 EUR
BALLOGRAF BIC AUSTRIA VERTRIEBS GMBH - Austria	—	100	381,123	0	109,009 EUR
BIC ERZEUGNISSE GMBH - Germany	2 P	100	0	0	664,679 EUR
BIC BETEILIGUNGS GMBH - Germany	2 P	100	0	0	25,565 EUR
BIC VERWALTUNGS GMBH - Germany	2 P	100	0	0	25,565 EUR
BIC GMBH - Germany	1 P	100	0	0	25,565 EUR
SOCIÉTÉ BIC (SUISSE) S.A. - Switzerland	2,000 S	100	558,573	0	2,000,000 CHF
BIC UK LTD. - England	11,999,998 S	99	7,759,655	0	1,500,000 GBP
BIC IBERIA S.A. - Spain	2,052,145 S	100	50,962,254	0	12,333,391 EUR

2 - FOREIGN SUBSIDIARIES

SUBSIDIARIES AND PARTICIPATING INTERESTS (IN EUROS)	NUMBER OF SHARES S: SHARES P: PARTS	% INTEREST	NET		COMMON STOCK
			BOOK VALUE	NET LOANS	
BIC PORTUGAL S.A. - Portugal	464,675 S	99	3,074,586	0	2,323,575 EUR
BIC ITALIA SPA - Italy	4,999,583 S	99	4,055,129	0	5,150,000 EUR
VIOLEX-BIC S.A. - Greece	13,895,505 S	50.5	13,692,742	0	16,225,000 EUR
BIC CORPORATION - United States	22,769,073 S	100	318,192,046	0	5,774,578 USD
BIC INTERNATIONAL CORP. - United States	100 S	100	1	0	1 USD
BIC BRASIL S.A. - Brazil	244,009,942 S	100	12,909,900	0	130,366,354 BR
BIC ARGENTINA S.A. - Argentina	9,000 S	60	1,670,288	0	15,000 ARS
BIC POLSKA SP ZOO - Poland	485,430 P	100	830,667	0	24,271,500 PLN
BIC CIS - Russia	410,000 S	100	0	0	4,305,000 RUR
SHEAFFER (HONG-KONG) Co LTD. - China	7,799,999 P	100	0	2,948,681	7,800,000 HKD
BIC STATIONERY SHANGHAI Co LTD. - China	-	100	223,039	0	200,000 USD
BIC PHILIPPINES INC. - Philippines	149,995 S	99	0	0	60,000,000 PHP
BIC PRODUCT (SINGAPORE) PTE LTD. - Singapore	225,000 S	75	0	0	300,000 SGD
BIC PRODUCT (ASIA) PTE LTD. - Singapore	20,002 S	100	2,298,122	0	20,002 SGD
NIHON BIC - Japan	8,926 S	89	1,003,999	0	100,000,000 JPY
BIC INDIA PVT LTD. - India	6,415,795 S	99	0	0	64,157,960 RPS
BALL POINT MANUFACTURING Co. - Iran	90 S	45	0	0	16,000,000 IRR
BIC PRODUCT (KOREA) LTD. - South Korea	345,320 S	100	342,247	0	1,726,600,000 KRW
BIC PRODUCT (THAILAND) LTD. - Thailand	999,993 S	100	0	0	100,000,000 BHT
PT BIC - Indonesia	289,999 S	100	919,409	0	29,000,000,000 IDR
MONDIAL SDN BHD - Malaysia	1,140,000 S	30	339,901	0	3,800,000 MYR
BIC GBA SDN BHD - Malaysia	1,195,000 S	95	0	0	1,260,000 MYR
TOTAL			420,871,486	2,948,681	

3 - FOREIGN PARTICIPATING INTERESTS

SUBSIDIARIES AND PARTICIPATING INTERESTS (IN EUROS)	NUMBER OF SHARES S: SHARES P: PARTS	% INTEREST	NET		COMMON STOCK
			BOOK VALUE	NET LOANS	
BIC AMAZONIA S.A. - Brazil	60,013,997 S	29	4,948,857	0	88,263,000 BR
BIC BALLOGRAF A.B. - Sweden	18,000 S	16	220,990	0	11,029,500 SEK
TOTAL			5,169,847	0	
TOTAL			592,230,778	2,948,681	

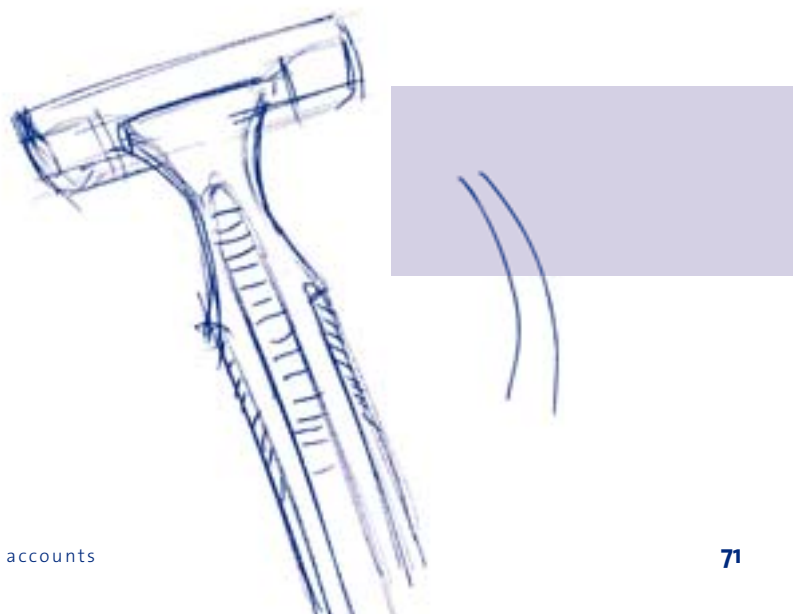
Net sales, net income and stockholder's equity other than common stock of subsidiaries are not provided for commercial and industrial strategic reasons.

► 25.2 - ANALYSIS OF MOVEMENTS IN EQUITY INVESTMENTS

IN EURO THOUSANDS

EQUITY INVESTMENTS (NET) AS OF DECEMBER 31, 2002	595,880
Acquisitions, stock issues, creations and disposals in 2003	
BIC PRODUCT (ASIA) PTE LTD. - Singapore	2,991
PT BIC - Indonesia	2,396
BIC PRODUCT (KOREA) LTD. - South Korea	1,195
Purchase of DAPE 74 DISTRIBUTION - France	910
BIC PRODUCT (THAILAND) LTD. - Thailand	379
BIC GBA SDN BHD - Malaysia	246
Merge P.P.A. S.A.R.L., DÉCOLLETAGE PLASTIQUE S.A.R.L. and OSMIOR S.A.R.L.	(2,732)
CHARGES TO/(RELEASES OF) PROVISIONS IN 2003	
BIC ERZEUGNISSE GMBH - Germany	4,116
PT BIC - Indonesia	2,196
BIC POLSKA SP ZOO - Poland	1,795
BIC PRODUCT (KOREA) LTD. - South Korea	1,287
BIC PRODUCT (THAILAND) LTD. - Thailand	700
BIC PRODUCT (ASIA) PTE LTD. - Singapore	693
BIC INDIA PVT LTD. - India	282
MONDIAL SDN BHD - Malaysia	246
BIC Cis - Russia	150
BIC PRODUCT (SINGAPORE) PTE LTD. - Singapore	121
BIC STATIONERY (SHANGHAI) Co. LTD. - China	(223)
BIC GBA SDN BHD - Malaysia	(340)
BIC ARGENTINA S.A. - Argentina	(389)
BIC BELGIUM SPRL - Belgium	(1,600)
EQUITY INVESTMENTS (NET) AS OF DECEMBER 31, 2003	592,231

The companies PPA S.A.R.L., OSMIOR S.A.R.L and Décolletage Plastique S.A.R.L. have been merged into SOCIÉTÉ BIC in 2003. The operation have generated a profit of 1,305 thousand euro.

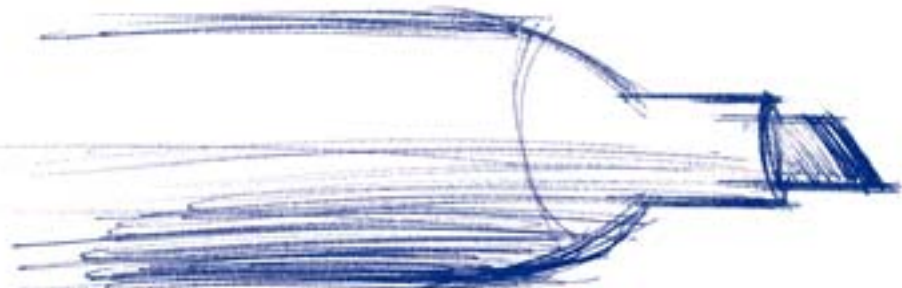




ADDITIONAL INFORMATION ON THE COMPANY FINANCIAL STATEMENTS

FIVE YEAR FINANCIAL SUMMARY OF SOCIÉTÉ BIC

(IN EUROS)	1999	2000	2001	2002	2003
1 - STOCKHOLDERS' EQUITY AS OF DECEMBER 31, 2003					
Common stock	211,230,720	211,230,720	211,230,720	218,516,977	205,952,534
Number of shares outstandings	55,296,000	55,296,000	55,296,000	57,203,397	53,914,276
Number of bonds convertible into stock	-	-	-	-	-
2 - NET RESULTS					
Net sales	299,640,263	325,735,415	347,441,528	378,852,148	363,711,216
Net income before tax, deprec., amort. and provisions	126,140,512	105,036,988	21,616,149	166,437,693	153,850,894
Income tax	1,768,511	10,250,006	11,168,570	15,383,543	15,897,865
Net income after tax, deprec., amort. and provisions	72,865,724	114,601,379	95,125,385	125,256,748	127,097,242
Dividend distribution	26,255,797	31,725,755	35,554,725	43,830,989	42,906,381
3 - PER SHARE DATA					
Net income after tax, but before deprec., amort. and provisions	2.25	1.71	0.19	2.64	2.56
Net income after tax, deprec., amort. and provisions	1.32	2.07	1.72	2.19	2.36
Dividend per share	0.48	0.58	0.65	0.80	0.80
4 - EMPLOYEES					
Non-salaried employees	3	3	3	3	3
Total payroll	1,078,242	1,005,354	1,148,242	1,364,687	1,215,348
Social welfare benefits (social security, social works)	418,477	370,325	423,750	533,001	467,405





STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Year ended December 31, 2003

In accordance with our appointment as statutory auditors by your Annual General Meeting, we hereby report to you for the year ended December 31, 2003, on:

- the audit of the accompanying financial statements of SOCIÉTÉ BIC, as shown on pages 55 to 71,
- the justification of our assessments,
- the specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

Opinion on the financial statements

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

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as at December 31, 2003 and the results of its operations for the year ended in accordance with accounting principles generally accepted in France.

Without qualifying our opinion, we would draw your attention to the matter disclosed in Note 2 of the notes to the financial statements relating to the changes in presentation of the income statement and cash flow statement.

This is a free translation into English of the statutory auditors' reports issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes for the information of the reader, as required under French law in any auditor's report, whether qualified or not, explanatory paragraphs separate from and presented below the audit opinion discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Annual financial statements taken as a whole and not to provide separate assurance on individual account caption or on information taken outside of the Annual financial statements. Such report, together with the statutory auditors' report addressing financial reporting in management's report on internal control, should be read in conjunction and construed in accordance with French law and French auditing professional standards.

Justification of our assessments

In accordance with Article L.225-235 of the French Commercial Code governing the justification of our assessments, which apply for the first time this year, we hereby report on the following :

As mentioned in the first part of this report, Note 2 of the notes to the financial statements indicates the changes in presentation of the income statement and cash flow statement.

As part of our assessment of accounting policies and of the overall financial statement presentation, we have reviewed Notes 12, 15 and 16 of the notes to the financial statements prepared by your Company for reconciling the financial statements.

We verified the validity of these changes and their resulting presentation.

These assessments are part of our audit approach to the annual financial statements taken as a whole and therefore contribute to the expression of the unqualified opinion given in the first part of this report.

Specific procedures and disclosures

We have also performed the other procedures required by law in accordance with professional standards applicable in France.

We have no comments to make as to the fair presentation of this information and consistency with the financial statements of the information given in the report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Paris – Neuilly-sur-Seine, March 15, 2004

The Statutory Auditors

Alain Lainé

DELOITTE TOUCHE TOHMATSU

Thierry Benoit

AUDITORS' SPECIAL REPORT TO THE SHAREHOLDERS

ON AGREEMENTS INVOLVING DIRECTORS OF THE COMPANY

Year ended December 31, 2003

In accordance with our appointment as statutory auditors of your Company, we hereby report on the agreements involving members of the Board of Directors of the Company.

Pursuant to Article L.225-40 of the French Commercial Code, the following agreements, previously authorized by the Board of Directors of your Company on March 19, 2003, have been brought to our attention.

The terms of our engagement do not require us to identify such other agreements, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article 92 of the decree of March 23, 1967, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

We conducted our procedures in accordance with professional standards applicable in France; those standards require that we agree the information provided to us with the relevant source documents.

March 19, 2003 Board of Directors Meeting

Director involved: Mr. Bruno Bich

1/ BIC PRODUCT (KOREA) debt waived by SOCIÉTÉ BIC in the amount of USD 0.5 million and EUR 0.5 Million;

2/ BIC GBA SDN BHD debt waived by SOCIÉTÉ BIC in the amount of EUR 1 million.

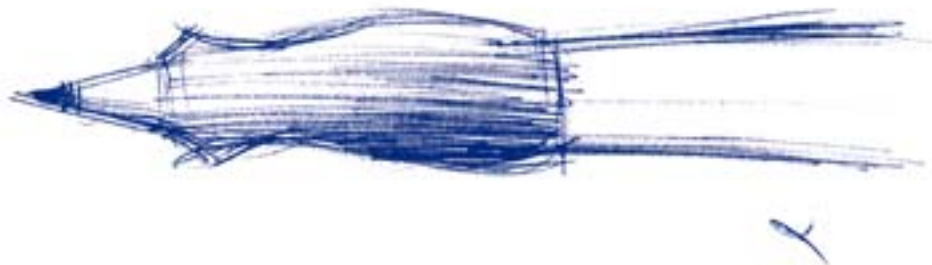
Paris - Neuilly-sur-Seine, March 15, 2004

The Statutory Auditors

Alain Lainé

DELOITTE TOUCHE TOHMATSU

Thierry Benoit



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

AUDITORS' SPECIAL REPORT TO THE SHAREHOLDERS ON THE DECREASE IN COMMON STOCK

BY CANCELING SHARES PURCHASED

In accordance with our appointment as statutory auditors of SOCIÉTÉ BIC and pursuant to paragraph 4 of Article L.225-209 of the French Commercial Code concerning common stock decreases by canceling shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed common stock decrease.

We conducted our review in accordance with professional standards applicable in France. Those standards require that we plan and perform the review in order to examine the fairness of the reasons for and the terms and conditions of the proposed common stock decrease.

This transaction involves the purchase by the Company of its own shares, up to a maximum of 10% of the common stock, pursuant to the terms and conditions set forth in paragraph 4 of Article L.225-209 of the French Commercial Code. This purchase authorization to be granted for a period which extends to the end of the Annual General Meeting held to approve the financial statements

for the period ended December 31, 2004, is subject to adoption by shareholders.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of one year, to cancel the shares purchased by the Company pursuant to the share purchase authorization, up a maximum of 10% of the common stock by 24-month period.

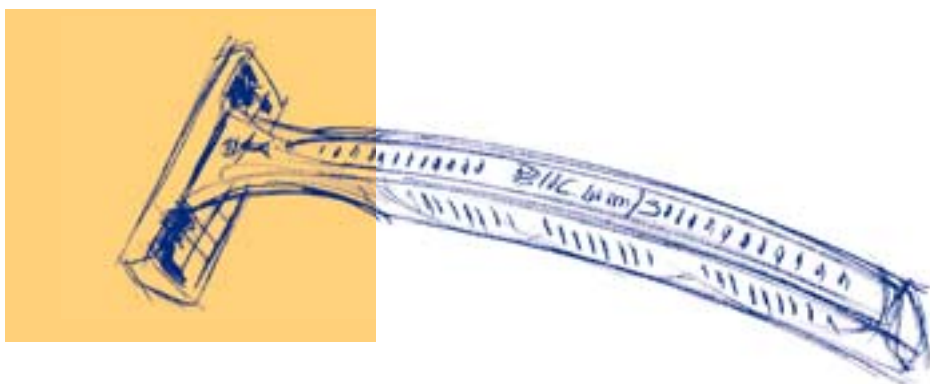
We have no comments on the reasons for or the terms and conditions of the proposed common stock decrease, which you are reminded may only be performed subject to the prior approval by the General Meeting of the purchase by the Company of its own shares.

Paris - Neuilly-sur-Seine, March 15, 2004

The Statutory Auditors

Alain Lainé

DELOITTE TOUCHE TOHMATSU
Thierry Benoit



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



AUDITOR'S SPECIAL REPORT TO THE SHAREHOLDERS

ON THE GRANTING OF STOCK SUBSCRIPTION AND STOCK PURCHASE OPTIONS TO EMPLOYEES

In accordance with our appointment as statutory auditors of your Company and the terms of our engagement pursuant to Article L.225-177 of the French Commercial Code and Article 174-19 of the decree of March 23, 1967, we hereby report on the granting of stock subscription and stock purchase options to all or certain employees and corporate officers of the Company and affiliated companies and entities.

It is the responsibility of the Board of Directors to report on the reasons for the granting of stock subscription and stock purchase options and the procedures proposed for determining the stock subscription and purchase prices. Our role is to express an opinion on the procedures proposed for determining the stock subscription and purchase prices.

We conducted our procedures in accordance with professional standards applicable in France. Those standards require that we

plan and perform our review in order to verify that the procedures proposed for determining the stock subscription and purchase prices are presented in the Board of Director's report, that they are in accordance with the provisions laid down by law, so as to inform shareholders, and that they do not appear manifestly inappropriate.

We have no comments on the proposed procedures.

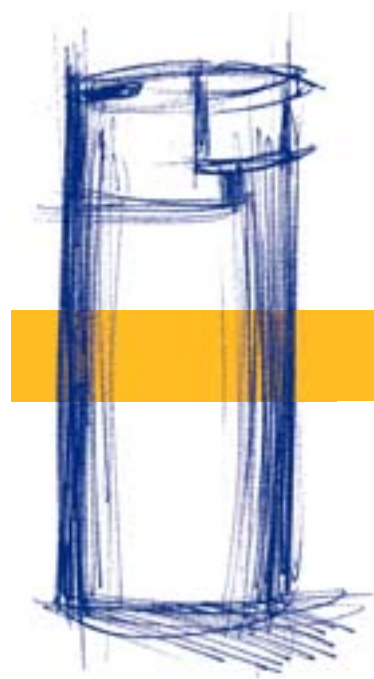
Paris - Neuilly-sur-Seine, March 15, 2004

The Statutory Auditors

Alain Lainé

DELOITTE TOUCHE TOHMATSU

Thierry Benoit



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



GENERAL INFORMATION

1 - PERSONS RESPONSIBLE FOR THE PROSPECTUS AND PERSONS RESPONSIBLE FOR AUDITING THE ACCOUNTS

▶ 1.1 - NAME AND FUNCTION

Bruno Bich
Chairman of the Board of Directors
and Chief Executive Officer

▶ 1.2 - STATEMENT BY RESPONSIBLE PERSON

“To the best of our knowledge, the data provided in this prospectus is accurate; it includes all information that investors would need to form an opinion on the assets, the activity, the financial situation, the results and the prospects of the issuer; nothing has been omitted that would in anyway alter the scope thereof”.

Bruno Bich
Chairman of the Board of Directors
and Chief Executive Officer

▶ 1.3 - NAME, ADDRESS AND STATUS OF THE STATUTORY AUDITORS

The statutory and consolidated accounts for SOCIÉTÉ BIC represented in reports by the accounting firm of and partner:

Société DELOITTE TOUCHE TOHMATSU

Represented by Mr. Thierry Benoit
185, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine
Tel: + 33 1/40.88.28.00

Société DELOITTE TOUCHE TOHMATSU was appointed as statutory auditor for SOCIÉTÉ BIC for the first time at the Extraordinary General Meeting of shareholders on May 4, 1999.

The mandate of Société DELOITTE TOUCHE TOHMATSU as statutory auditors, is in place for a period of six fiscal years and will expire in 2005, at the General shareholders meeting confirming the accounts for fiscal year 2004, which close December 31, 2004.

Monsieur Alain Lainé

2, rue du Colonel Moll
75017 Paris
Tel: +33/1.53.81.93.00

Mr. Alain Lainé was appointed as statutory auditor for SOCIÉTÉ BIC for the first time at the Extraordinary General Meeting of shareholders on May 4, 1999.

The mandate of Mr. Alain Lainé as statutory auditor, is in place for a period of six fiscal years and will expire in 2005, at the General shareholders meeting confirming the accounts for fiscal year 2004, which close December 31, 2004.

Substitute auditors:

Société BEAS, was appointed as substitute auditor for the first time at the Extraordinary General Meeting of shareholders on May 4, 1999. The mandate will continue for the same period as that of Société DELOITTE TOUCHE TOHMATSU.

Société PROXIMA, was appointed as substitute auditor for the first time at the Extraordinary General Meeting of shareholders on May 4, 1999. The mandate will continue for the same period as that of Mr. Alain Lainé.

Auditors' attestation on the reference document for fiscal year 2003

The following is a free translation of a French language original for convenience purposes only. Accounting principles and auditing standards and their application in practice vary among nations. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in coun-

tries other than France. In addition, the procedures and practices utilized by the statutory auditors in France with respect to such financial statements included in a prospectus may differ from those generally accepted and applied by auditors in other countries. Accordingly, the French financial statements and the auditors' report of which a translation for convenience purposes only is presented in this document are for use by those knowledgeable about French accounting procedures, auditing standards and their application in practice.

"As statutory auditors of SOCIÉTÉ BIC and in accordance with Regulation No. 98-01 of the "Commission des Opérations de Bourse" (COB) and professional standards applicable in France, we have performed procedures on the information contained in the "reference document" relating to the financial position and historical financial statements of the company.

Mr. Bruno Bich, Chairman of the Board of Directors, is responsible for the preparation of the "reference document". Our responsibility is to report on the fairness of the information presented in the "reference document" relating to the financial situation and the financial statements.

We have performed our work in accordance with professional standards applicable in France. Those standards require that we assess the fairness of the information presented relating to the financial position and the financial statements and verify the consistency of the information presented with the financial statements in respect of which an opinion has been issued. Our procedures also include reading the other information contained in the "reference document" in order to identify material inconsistencies with the information relating to the financial position and financial statements and to report any apparent material misstatement of facts that we may have uncovered in reading the other information based on our general knowledge of the Company obtained during the course of our engagement.

As this "reference document" does not contain selected prospective data resulting from an organized process, our procedures did not include a reading of management's assumptions and the resulting figures.

We have audited, in accordance with professional standards applicable in France, the Company and consolidated financial statements for each of the years ended December 31, 2001, 2002 and 2003, approved by the Board of Directors.

We expressed an unqualified opinion on the Company and consolidated financial statements for the year ended December 31, 2001.

We expressed an unqualified opinion on the Company and consolidated financial statement for the years ended December 31, 2002 and 2003, but included an observation drawing attention to:

In 2002: changes in the presentation of the consolidated financial statements as disclosed in Note 1 of the consolidated financial statements;

In 2003: changes in income statement and cash flow statement presentation as disclosed in Note 2 of the company financial statements;

In 2003: post balance sheet events as disclosed in Note 30 of the consolidated financial statements.

In accordance with Article L. 225-235 of the French Commercial Code governing the justification of our assessments, introduced in France by the Financial Security Act of August 1, 2003, and applicable for the first time this year, we draw your attention to the following matters.

In the company financial statements:

As mentioned above, Note 2 of the notes to the financial statements indicates the changes in presentation of the income statement and cash flow statement. As part of our assessment on accounting policies and on the overall financial statement presentation, we have reviewed Notes 12, 15 and 16 of the notes to the financial statements prepared by your company for reconciling the financial statements.

In the consolidated financial statements:

As mentioned above, Note 30 of the consolidated financial statements indicates as a post balance sheet event that the BIC Group is seriously considering shutting down some manufacturing operations in the United States. As part of our audit procedures on the overall presentation of financial statements, we reviewed data and assumptions used to calculate costs and savings estimated by the Group. Based on these procedures, we estimated that the resulting valuations were reasonable.

These observations drawing attention to these matters are part of our audit approach to the consolidated financial statements taken as a whole and therefore contribute to the expression of the unqualified opinion given in the first part of this report.

Based on procedures performed, we have no other matters to report regarding the fairness of the information relating to the financial statements presented in the "reference document".

Paris – Neuilly-sur-Seine, April 2, 2004

The Statutory Auditors

Alain Lainé

DELOITTE TOUCHE TOHMATSU

Thierry Benoit

► 1.4 - NOTIFICATIONS POLICY

Financial Communications Manager

Ms. Carole Imbert

Tel: 01.45.19.55.28

Shareholder and general financial and economic information regarding SOCIÉTÉ BIC is available via the Company's internet web-site:

<http://www.bicworld.com>

or by addressing an e-mail to investors.info@bicworld.com



2004 Financial Information calendar:

January 22, 2004	Fourth Quarter Net Sales, 2003
March 11, 2004	Full Year Earnings, 2003
April 22, 2004	First Quarter Net Sales, 2004
June 3, 2004	Combined Annual and Extraordinary Shareholders' Meeting
July 22, 2004	Second Quarter Net Sales, 2004
September 9, 2004	First Half Earnings, 2004
October 21, 2004	Third Quarter Net Sales, 2004

SOCIÉTÉ BIC issues financial press releases six times per year:

- Four for Quarterly Sales Results
- Two for Earnings: Half Year and Full Year

The Company purchases advertising space in several French economic and financial publications to ensure the largest possible distribution of its financial information.

The Chairman and Chief Executive Officer accompanied by the Chief Financial Officer present the company full year and half year earnings to the financial community represented by financial analysts and journalists.

2 - GENERAL INFORMATION ON THE ISSUER AND THE ISSUER'S STATED CAPITAL

► 2.1 - GENERAL INFORMATION ON THE ISSUER

2.1.1 - Issuer Company

Name: SOCIÉTÉ BIC
Headquarters: 14, rue Jeanne d'Asnières
92110 Clichy

2.1.2 - Legal structure of issuer: Société anonyme

2.1.3 - Legislation governing the issuer

"Société anonyme" governed by French law, subject to the French commercial code and in particular by the "Code de commerce" and the Decree n° 67-236 dated March 23, 1967.

2.1.4 - Date of incorporation: March 3, 1953

Date of expiration: March 2, 2052

Unless dissolution occurs prior to or decided at an Extraordinary Shareholders Meeting.

2.1.5 - Statement of Company objectives

Extract (Article Three) – "Object"

"The Company's object, in all countries, is the purchase, sale, commissioning, brokerage, representation, importing & exporting of all products, and in particular of all which is used for writing.

And generally speaking all personal, real estate, financial, industrial or commercial operations pertaining directly or indirectly to the

foregoing object or to all similar or related products or to products apt to further the extension or development thereof.

The company may carry out all operations falling within its object, either alone and for its own account, or for the account of third parties, as representative, licensee or intermediary, for the commissioning, brokerage, subcontracting, as lessee, farmer, manager, or in a joint venture or partnership, in any form whatsoever."

2.1.6 - Name of business register (RCS)

552 008 443 Nanterre (1980 B 00863)

Registration number APE code

741 J Administration d'entreprise
366 E Autres activités manufacturières n.c.a.

2.1.7 - Address of premises where legal documents pertaining to the issuer may be consulted

Legal documents and information relating to the company are available for review at the headquarters offices located at 14, rue Jeanne d'Asnières - 92110 Clichy, France

2.1.8 - Financial year

January 1 to December 31 (1-year).

2.1.9 - Profit sharing as provided for in the bylaws

Extract (Article Sixteen) – "Company accounts"

"The Company year begins on January 1 and ends on December 31.

I. The net profits are made up of the year's net profits such as they are recorded on the annual balance sheet, after deducting overhead costs and other company costs, amortizations of fixed assets and all provisions for commercial and industrial risks, as the case may be. From these net profits for the year, after deducting previous losses as the case may be, 5% is levied to create what is known as the "Legal Reserve". This levy ceases to be mandatory when the reserve fund amounts to one tenth of the share capital. It is resumed when this reserve falls below the legal minimum.

II. The net profits, after deducting previous losses and the levy stipulated in the foregoing paragraph, plus the profits carried forward, constitute the profit available for distribution.

Furthermore, the annual Ordinary Meeting of the Shareholders may decide to distribute sums levied from the reserves at its disposal, specifying the reserve items from which the sums distributed are levied.

III. From the profit available for distribution, as established at the Shareholders Meeting, after approval of the accounts, the following sums are levied successively:

- 1. The sum necessary for providing to the shares, as an initial dividend, 6% of the sums paid-up on them and not amortized, including the fraction of the face value of the shares corresponding to reserves incorporated into the capital, without its being possible,*

if the profits of a given year do not permit this payment, that the shareholders can claim it from the profits of subsequent years, unless the Shareholders Meeting has the right to place on reserve or carry forward all or a portion of said sum;

2. The sums which the Ordinary Meeting of the Shareholders decides either to carry forward or to earmark for all general or special reserves;

3. The balance is distributed among the shares.”

2.1.10 - a) General meetings (convening, rules for admission, rules for exercising voting rights)

Extract (Article 15) – “Shareholders Meetings”

“Shareholders Meetings are convened, and deliberate on the conditions stipulated by law and the enactments in force.

Any shareholder may take part, personally or by proxy, in the Shareholders Meetings, upon presenting proof of his identity and of the ownership of his shares, in the form either of a nominative registration, or the depositing of his bearer shares in the places mentioned in the notice of the meeting. The period during which these formalities must be performed expires five days prior to the date on which the Meeting is scheduled to convene.”

2.1.10 - b) Conditions for acquisition of voting rights

Double voting rights

(this article was introduced in the articles of association at the Extraordinary shareholders meeting of June 26, 1972)

“A voting right which is double the right conferred on the other shares, in light of the portion of the share capital they represent, is attributed to all the fully paid-up shares for which proof is provided of a nominative registration for at least two years in the name of the same shareholder.

Any share converted to a bearer share or the ownership of which is transferred loses the aforementioned double voting right. Nonetheless, a transfer following death, the liquidation of the community estate of two spouses or a donation among the living in favor of a spouse or a relative entitled to inherit does not cause the loss of the right acquired and does not interrupt the two-year period referred to above.

Furthermore, in the event of a capital increase, through the incorporation of reserves, profits or share premiums, the double voting right may be conferred, at the time of issue, upon the nominative shares allotted to a shareholder at no charge due to former shares for which he enjoys this right.”

Extract from “articles of association” (Article 8 bis) – “Ownership Threshold”

(article introduced into the articles of association at the Ordinary and Extraordinary General Shareholders meeting on May 12, 1998)

“Any individual or company holding either a share of the capital or of the voting rights equal or superior to 2% and, from this threshold, any additional holding which is a multiple of 1%, shall notify to the company the number of shares said individual or company has, by registered mail with return receipt requested. This notification shall be made within the two weeks a threshold is met.

This requirement applies as well, in the same conditions and timing, when the holding in the share capital decreases and becomes inferior to a threshold percentage indicated above.

In case of non-compliance with this provision, and upon a request, duly registered in the minutes of the Shareholders’ Meeting, from one or more shareholders holding at least 2% of the share capital of the company and/or of its voting rights, all the shares exceeding the threshold which should have been declared will be deprived of their voting rights at any shareholders’ meeting until notification of compliance.

Declaration upon attaining ownership threshold must take into consideration the sum total of shares owned by companies holding more than 50% directly or indirectly, of the declaring company.”

2.1.11 - Other: purchase of its own shares, identifiable bearer shares

Extract (Article Sixteen bis) – “Identification of shareholders”

(article introduced into the articles of association at the Ordinary and Extraordinary General Shareholders meeting on May 4, 1999)

The company is entitled, on the legal and regulatory conditions in force, to request, against remuneration to be paid by it, of the organization responsible for clearing the shares, the name or, in the case of a legal entity, the company name, nationality, year of birth or, in the event of a legal entity, the year of creation, and the address of the owners of the shares conferring immediately or in the future the voting right in its own shareholders meetings, as well as the number of shares owned by each of them and, as the case may be, the restrictions which may encumber these shares.

(Cf. note 17 of the Consolidated Financial Statements)

▶ 2.2 - GENERAL INFORMATION ON THE ISSUER’S STATED CAPITAL

2.2.1 - Amount of share capital subscribed, number and class of financial instruments it represents and main characteristics thereof

Capital under subscription:

The total amount of capital under subscription on December 31, 2003 is 205,952,534.32 euro.

It is divided into 53,914,276 shares at 3.82 euro each.

2.2.2 - Amount of authorized non-issued capital and if applicable, expiry of authorization

Not Applicable.

2.2.3 - Table showing evolution of capital. Description of evolution of the company's capital over the course of the last five years

SHARE CAPITAL EVOLUTION FOR THE PAST FIVE YEARS

DATE	OPERATION	AMOUNT (IN EURO)	TOTAL SHARE CAPITAL (IN EURO)	SHARES OUTSTANDING AT CONCLUSION OF THE OPERATION
1999 (May 4 AGM)	Conversion of share capital in euros; deducted from general reserves	485,198.57	211,230,720	55,296,000
2000			211,230,720	55,296,000
2001			211,230,720	55,296,000
2002 (May 28 EGM)	Capital increase	12,872,208.16	224,102,928.16	58,665,688
2002 (Dec. 10 Board Meeting)	Cancellation of treasury shares, as authorized by EGM of May 28, 2002	(5,585,951.62)	218,516,976.54	57,203,397
2003 (Jan. 13 Board Meeting)	Cancellation of treasury shares, as authorized by EGM of May 28, 2002	(3,613,280.70)	214,903,695.84	56,257,512
2003 (Mar. 19 Board Meeting)	Cancellation of treasury shares, as authorized by EGM of May 28, 2002	(5,610,724.32)	209,292,971.52	54,788,736
2003 (May 28 Board Meeting)	Cancellation of treasury shares, as authorized by EGM of May 28, 2003	(1,672,468.58)	207,620,502.94	54,350,917
2003 (Sep. 10 Board Meeting)	Cancellation of treasury shares, as authorized by EGM of May 28, 2003	(1,667,968.62)	205,952,534.32	53,914,276

3 9 9



► 2.3 - CURRENT BREAKDOWN OF CAPITAL AND VOTING RIGHTS

2.3.1 - State, giving the date on which the information was acquired

– The total number of voting rights is 76,678,931 at December 31, 2003.

The total number of shareholders identified by are shareholder analysis dated January 15, 2003 was 12,945 (92% of Capital) at this date.

– Shareholders having declared reaching statutory ownership thresholds are the following:

AT DECEMBER 31, 2003

NAME	NUMBER OF SHARES	% OF SHARES (APPROXIMATELY)	% OF VOTING RIGHTS (APPROXIMATELY)
1. MBD (ex MBE)	12,000,000	22.3	32.4
2. Family Bich excl. MBD	9,783,959	18.2	21.6
3. Mrs Édouard Buffard	2,227,112	4.1	6.0
4. AIM TRIMARK	4,346,728	8.1	5.9
5. SILCHESTER INTERNATIONAL INVESTORS	4,331,320	8.0	5.9
6. FRANKLIN TEMPLETON	4,085,000	7.6	5.5
7. CDC Ixis	2,904,508	5.4	3.9

AT DECEMBER 31, 2002

NAME	NUMBER OF SHARES	% OF SHARES (APPROXIMATELY)	% OF VOTING RIGHTS (APPROXIMATELY)
8. MBE	12,000,000	21.0	31.3
9. Family Bich excl. MBE	10,007,936	17.5	21.6
10. Mrs Édouard Buffard	2,227,112	3.9	5.8
11. TEMPLETON INVESTMENT (ex-FRANKLIN RESOURCES)	4,535,223	7.9	5.9
12. AIM FUNDS MANAGEMENT (ex-TRIMARK INVESTMENT)	3,798,355	6.5	5.0
13. OPPENHEIMER FUNDS	2,860,077	5.0	3.7

AT DECEMBER 31, 2001

NAME	NUMBER OF SHARES	% OF SHARES (APPROXIMATELY)	% OF VOTING RIGHTS (APPROXIMATELY)
1. MBE	12,000,000	21.7	32
2. Family Bich excl. MBE	6,538,248	11.8	17
3. Mrs Édouard Buffard	2,227,112	4	6
4. FRANKLIN RESOURCES	4,283,113	8	6
5. AIM FUNDS MANAGEMENT	3,798,355	7	5
6. OPPENHEIMER FUNDS	3,100,000	6	4

At December 31, 2003

The only shareholder having declared statutory ownership thresholds is CDC Ixis (+5% of shares). In addition, Silchester International Investors, shareholder since several years, hold at December 31, 2003 8% of shares.

Since December 31, 2003, one statutory ownership threshold has been declared by Silchester International Investors (+9% of shares).

– Board members, senior managers or members of the supervisory board of SOCIÉTÉ BIC hold 9.32% of share capital and 10.18% of voting rights. This excludes the 22.30% of capital held by MBD (EX MBE) of which Mr Bruno and Mr François Bich, and Mrs Marie-Aimée Bich-Dufour, Mrs Marie-Henriette Poinot and Mrs Marie-Pauline Chandon-Moët have interests.

– The number of treasury shares purchased and held by the issuer or by an affiliated company with direct or indirect ownership exceeding 50% is 352,100 shares of which:

– 281,300 shares are held as treasury stock by SOCIÉTÉ BIC and;

– 70,800 shares were purchased by BIC CORPORATION, an affiliated company with direct or indirect ownership by the issuer exceeding 50%. These shares are held in order to cover the stock option program for this subsidiary.

– Percentages of capital and voting rights, if any, held by the staff directly or through specialized unit trusts
Not applicable.

– If provisions in agreements stipulate preferential terms for the sale or acquisition of shares that have been admitted to listing on a regulated market, or for which listing has been requested;

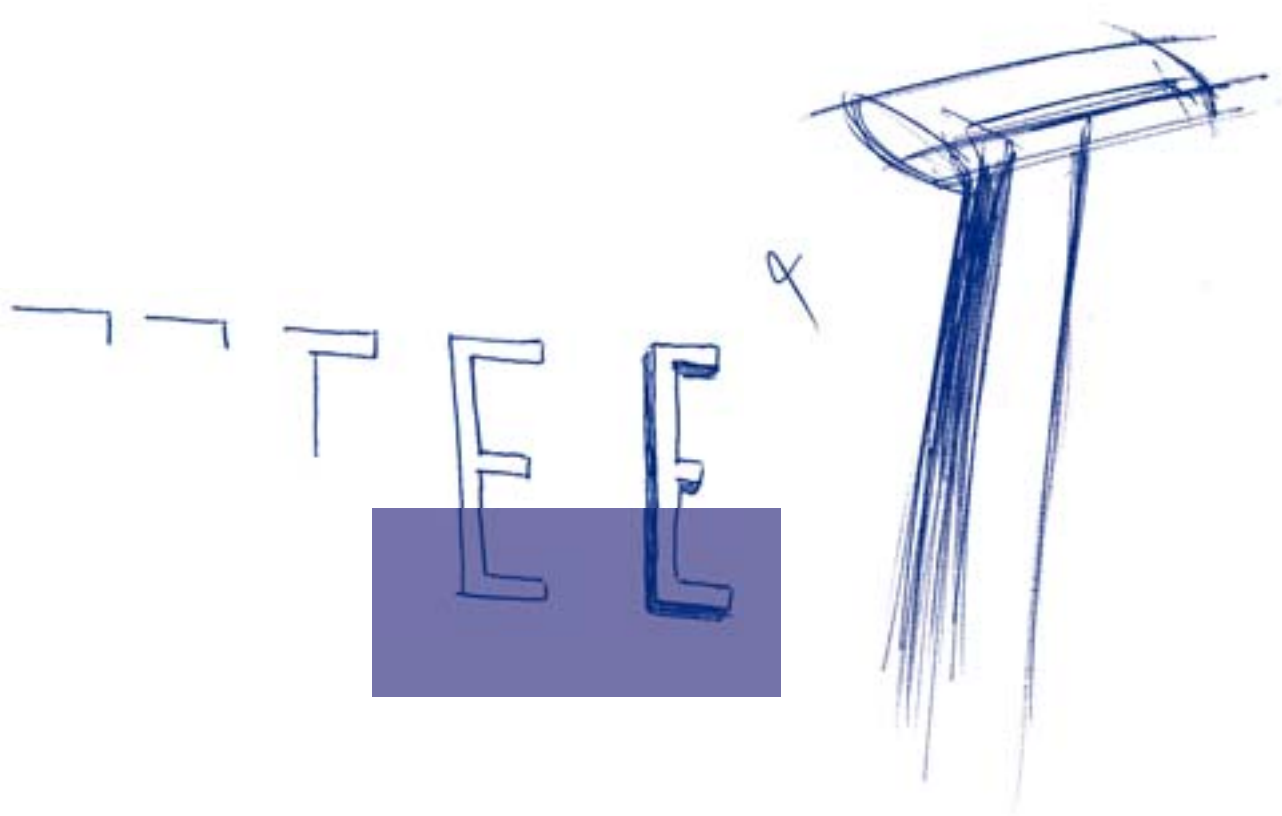
Company MBD (previously named MBE) concluded 24 agreements of conservation of titles relating to SOCIÉTÉ BIC shares, with various members of the Bich family as well as Mrs Édouard Buffard, so that the latter benefit by provisions of article 47 of the Law n°2003-721 dated August 1, 2003, codified at the article 885-1bis of the General Tax Code ("ISF" for 12 pacts) and by the provisions of article 787B of the same code (rights of transmission for 12 pacts).

2.3.2 - Changes in shareownership during the last three years

Cf.: 2.3.1 - State, giving the date on which the information was acquired.

2.3.3 - Names of persons and legal entities known by the issuer that exercise or may exercise control over the company

At December 31, 2003, the Bich Family, including MBD (previously named MBE), held approximately 40.41% of the company's share capital and 54% of the voting rights.



2.3.4 - PRINCIPAL OPERATING COMPANIES

(as of December 31, 2003)



SOCIÉTÉ BIC	WESTERN EUROPE
▶ 100%	FRANCE (Core businesses)*
▶ 100%	BIC Sport
▶ 90%	Voiles Gateff
	AUSTRIA
▶ 100%	Ballograf BIC Austria
	POLAND
▶ 100%	BIC Polska
	PORTUGAL
▶ 99.9%	BIC Portugal
	SWITZERLAND
▶ 100%	BIC Suisse SA
	CIS
▶ 100%	BIC CIS
	UKRAINE
▶ 100%	BIC Ukraine
	ITALY
▶ 99.9%	BIC Italia SPA
	SPAIN
▶ 100%	BIC Iberia
	BIC Graphic Europe SA
	BELGIUM
▶ 99%	BIC Belgium
	THE NETHERLANDS
▶ 100%	BIC Netherlands BV
	GREECE
▶ 51%	BIC Violex SA
	BIC Corporation
	▶ 49%
	▶ 100%
	BIC Romania Marketing & Distribution
	UNITED KINGDOM
▶ 99.9%	BIC UK
	SWEDEN
▶ 16%	▶ 84%
	BIC Ballograf AB
	IRELAND
	▶ 100%
	BIC Ireland
	GERMANY
▶ 100%	BIC Deutschland GmbH & Co.

SOCIÉTÉ BIC	NORTH & CENTRAL AMERICA
	UNITED STATES
▶ 100%	BIC International Co
	BIC Corporation
▶ 100%	
	CANADA
▶ 100%	BIC Inc (Canada)
	GUATEMALA
▶ 100%	BIC Guatemala
	MEXICO
▶ 94.36%	No sabe Fallar
	5.64%
	▶ 29%
▶ 71%	Industrial de Cuautitlan

SOCIÉTÉ BIC	SOUTH AMERICA
	ARGENTINA
▶ 60%	BIC Argentina SA
	BRAZIL
▶ 100%	BIC Brazil SA
	AMAZONIA
▶ 28.6%	▶ 71.4%
	BIC Amazonia
	CHILE
	▶ 100%
	BIC Chile SA
	URUGUAY
	▶ 100%
	BIC Uruguay
	VENEZUELA
	▶ 100%
	BIC de Venezuela
	ECUADOR
	▶ 100%
	BIC Ecuador (Ecuabic) SA
	COLOMBIA
	▶ 100%
	Industria y comercio BIC de Colombia SA

* cf. note 12 to the consolidated financial statements

A B C D E F
G H I J K L



M N O P Q R S
T U V W X Y Z

SOCIÉTÉ BIC	AFRICA & MIDDLE EAST
▶ 99.9%	UNITED KINGDOM BIC UK Ltd.
	SOUTH AFRICA ▶ 95% BIC Holdings Southern Africa Pty Ltd.
	SOUTH AFRICA ▶ 100% BIC (South Africa) Pty Ltd.
	MOZAMBIQUE ▶ 100% BIC Mozambique
	ZAMBIA ▶ 100% BIC Zambia Ltd.
	MALAWI ▶ 100% BIC Malawi Pty Ltd.
	BOTSWANA BIC Botswana Pty Ltd.
▶ 45%	IRAN Ball Point Manufacturing Co.

SOCIÉTÉ BIC	ASIA	
▶ 100%	CHINA BIC Stationery (Shanghai) Co. Ltd.	
	INDIA ▶ 100% BIC India Pvt. Ltd.	
	MALAYSIA ▶ 94,8% BIC GBA Sdn Bhd	
	SOUTH KOREA ▶ 100% BIC Product (Korea) Ltd.	
	SINGAPORE ▶ 75% BIC Product (Singapore) Pte Ltd.	
	SINGAPORE ▶ 100% BIC Product (Asia) Pte Ltd.	
	INDONESIA ▶ 100% PT Buana Inti Cakrawala (Indonesia)	
	THAILAND ▶ 100% BIC Product Thailand Ltd.	
	▶ 99.9%	UNITED KINGDOM BIC UK Ltd
	AUSTRALIA ▶ 100% BIC Australia Pty. Ltd.	
	NEW ZEALAND ▶ 100% BIC (NZ) Ltd.	





► 2.4 - MARKET OF THE ISSUER'S FINANCIAL INSTRUMENTS

BIC is quoted on the “premier marché – SRD” of Euronext Paris SA, Code EUROCLEAR 12096.

The number of outstanding shares as of December 31st, 2003 was 53,914,276.

EVOLUTION OF THE RATE AND VOLUME OF THE BIC SHARE

DATE	HIGH (MONTH TRADE)	LOW (MONTH TRADE)	CLOSE (LAST TRADE)	VOLUME (MONTH AVERAGE)	TRANSACTION VALUE IN € ⁽¹⁾
Jun-01	44.8	39.93	43	56,211	47,409,119
Jul-01	44.99	41.17	44	38,446	36,575,612
Aug-01	45.2	43	44.21	22,006	22,307,772
Sep-01	46.64	33.33	33.8	78,749	60,906,294
Oct-01	35.98	34	34.11	52,315	42,129,245
Nov-01	37.9	32.2	37	152,200	118,032,199
Dec-01	38.36	35.37	38.36	118,017	78,951,596
Jan-02	40.98	37.86	39.6	53,228	46,197,069
Feb-02	39.45	35.51	39	57,626	43,832,935
Mar-02	41.3	35.8	41	96,812	75,492,798
Apr-02	44.66	39.01	43.4	89,630	79,367,613
May-02	43.8	40	41.65	68,094	63,921,384
Jun-02	43	38.03	40.5	66,612	55,015,375
Jul-02	40.3	32.4	35.2	40,856	34,170,022
Aug-02	39	32.17	39	31,003	24,268,653
Sep-02	39.5	32.57	33.5	34,316	26,277,783
Oct-02	35	31	31.6	82,779	62,504,218
Nov-02	33.5	27.21	33.16	145,964	91,470,555
Dec-02	34	31.46	32.85	67,910	42,648,110
Jan-03	33.6	28.7	29.5	75,865	50,425,434
Feb-03	30.9	28.53	29.6	59,853	35,178,563
Mar-03	30.8	26.1	29.65	60,044	36,804,101
Apr-03	31.8	29.1	31.5	35,894	21,606,617
May-03	33.7	30.5	32.5	56,533	38,691,451
Jun-03	35.24	32	33.9	84,352	58,433,687
Jul-03	35.45	33	34.2	44,573	35,473,032
Aug-03	39.45	33.3	37.5	43,487	32,121,472
Sep-03	38.09	34.28	36.6	60,069	47,606,428
Oct-03	36.64	33.95	35.62	67,085	53,909,134
Nov-03	38.1	35.62	37.09	20,623	15,452,038
Dec-03	37.63	35.65	36.64	33,313	25,526,607
Jan-04	38.6	35.1	35.86	20,027	15,488,489
Feb-04	35.95	34	34.79	60,800	42,184,060

(1) The transactions values are expressed on the basis of the daily closing rate.

► 2.5 - DIVIDENDS

YEAR	NET DIVIDEND (IN EURO)	SHAREHOLDER TAX BENEFIT (IN EURO)	TOTAL (IN EURO)	NET DIVIDEND DIVIDED BY EARNINGS PER SHARE
2002	0.80	0.40	1.20	36%
2001	0.65	0.325	0.975	30%
2000	0.58	0.29	0.87	26%
1999	0.48	0.24	0.72	26%
1998	0.96	0.48	1.44	69%

The Board of Directors of SOCIÉTÉ BIC proposes the distribution of dividends primarily as a function of the company's earnings, its investment policy as well as comparisons with peer companies in the same sector. BIC does not foresee a material change in this distribution policy of dividends.

3 - INFORMATION ON THE ISSUER'S ACTIVITY

▶ 3.1 PRESENTATION OF THE COMPANY AND OF THE GROUP

3.1.1 - Brief history and development of the Group structure over the past few years

In 1950 in Clichy, Marcel BICH improves the process of a ball point pen invented by Hungarian Laslo BIRO. Associated since 1945 with Édouard BUFFARD in a company of penholders, he then decides to launch this product of revolutionary writing on the French market.

He names it "pointe BIC®" in a shortened and easily memorable version of its own name. In 1953, Marcel Bich and Édouard Buffard create SOCIÉTÉ BIC to manufacture and distribute the ball point pens BIC®.

As of the following year, SOCIÉTÉ BIC undertakes the conquest of the foreign markets: in 1954 in Italy, in 1956 in Brazil, 1957 in England and in all the sterling area. In 1958, the company repurchased the Waterman PEN Company and started the conquest of the North-American market, developing in parallel the Africa and the Middle East areas.

On November 15, 1972, SOCIÉTÉ BIC is quoted on the "Bourse de Paris" and in 1973, BIC diversifies its activities and launches the BIC® lighter with adjustable flame. Its reliability and its quality make an immediate success of them. After revolutionizing the

Stationery & Lighter market habits, BIC is the first to launch in 1975 a one piece shaver.

In 1981, the Group diversifies in the leisure's industry with its subsidiary company BIC SPORT, specialized in the windsurf boards.

To widen its range of stationeries, BIC purchases in 1992 the American brand of correction products WITE-OUT®, then in 1997 the brand TIPP-EX®, European leader of correction products. The same year, the Group also becomes purchaser of SHEAFFER®, the top range brand of writing instruments.

For the past few years, the BIC Group has been carrying out both a strategy of diversification of its ranges by launching new products, and a conquest of foreign markets by establishing in Central Europe, Eastern Europe and Asia.

3.1.2 - Description of the issuer's main activities

BIC is one of the world leaders in stationery products, lighters and shavers. BIC products are distributed in a variety of retail locations from local food and tobacco shops, stationery stores, supermarkets and large hypermarkets, to office retail outlets, superstores, mass merchandisers and warehouse clubs. In addition, BIC established BICLINK.com in order to expand its distribution network reaching new channels in the US through the latest business-to-business, Internet technology. BIC has a strong presence in many of the mature markets, as well as in emerging markets throughout the world. It is the company mission to offer consumers of the world affordably priced products to simplify their lives.

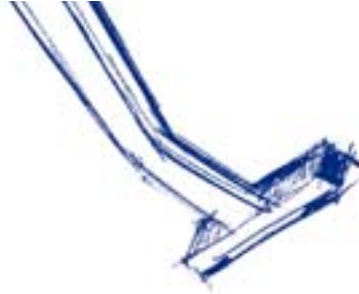
3.1.3 - Production volumes over the past three financial years

PRODUCTION TRENDS

IN BILLIONS OF UNITS	2001	2002	2003
Stationery products	4.694	4.864	4.646
Lighters	0.973	0.923	0.923
Shavers	2.348	2.398	2.164

Since 2001, the BIC Group has launched 135 new products, 110 of which are in the stationery category.





3.1.4 - Net Sales over the past three financial years

SALES BY GEOGRAPHY 2003

BIC GROUP IN EURO MILLIONS	2001	2002	2003	CHANGE 2003/2002
Western Europe	450	457	444	(2.7%)
North, Central America and Oceania	832	810	713	(12.0%)
South America	124	103	100	(2.7%)
Eastern Europe, Middle East, Africa and Asia	127	122	103	(15.4%)

SALES BY CATEGORY

IN EURO MILLIONS	2001	2002	2003	CHANGE 2003/2002
STATIONERY PRODUCTS				
Net Sales	800	791	711	(10.2%)
Income from operations	116	122	99	(18.8%)
LIGHTERS				
Net Sales	378	369	341	(7.6%)
Income from operations	96	90	87	(3.1%)
SHAVERS				
Net Sales	302	287	257	(10.7%)
Income from operations	49	43	24	(45%)

3.1.5 - Principal properties for the Group in France and the US

COUNTRY	Use	LOCATION	OWN/LEASE
USA	Offices	New York, NY	Lease
	Offices, Factory	Milford, CT	Own
		Fountain Inn, SC	Own
		Gaffney, SC	Own
	Offices, Factory	Fort Madison, IA	Own
	Factories	Clearwater, FL	Own
		St. Petersburg, FL	Own
	Warehouses	Charlotte, NC	Own
		Charlotte, NC	Lease
		Cerritos, CA	Lease
	Offices	Bentonville, AR	Lease
		Mission Viejo, CA	Lease
		Clearwater, FL	Lease
		Overland Park, KS	Lease
		Woodbury, NY	Lease
FRANCE	Offices	Clichy	Own
	Warehouses	St.-Ouen-L'Aumône	Lease
	Factories	Montévrain	Own
		Vannes	Own
		Cernay	Own
		Redon	Own
		Longueil-Sainte-Marie	Own
		Boulogne-sur-Mer	Own
Samer	Own		



3.1.6 - Principal intra-group transactions

SOCIÉTÉ BIC holds the majority of its principal operational subsidiaries with nearly 100%. These principal subsidiaries realize with SOCIÉTÉ BIC, and the BIC Group in general, a certain number of transactions usual inside a group. These transactions cover in particular the rebilling of various expense (Headquarter operating expense, expenses of industrial engineering, data-processing, insurance charges.), the purchase and the resale of finished goods, loans, conventions of treasury and current accounts.

None of these transactions are carried out under conditions different from those of the market.

3.1.7 - Exceptional events

Not Applicable.

▶ 3.2 - SUMMARY OF INFORMATION ON ANY DEPENDENCE OF THE ISSUER ON PATENTS AND LICENSES, SUPPLY CONTRACTS, INDUSTRIAL, COMMERCIAL OR FINANCIAL AGREEMENTS OR NEW MANUFACTURING PROCEDURES

Not Applicable.

▶ 3.3 - AVERAGE HEADCOUNT AND CHANGE IN HEADCOUNT OVER THE PAST THREE FINANCIAL YEARS AND INVESTMENT IN TRAINING

• Breakdown:

The BIC Group has 8,706 full-time employees, of which 18% are executive professionals.

In 2003, the breakdown of employees by geography is as follows:

Western Europe	3,815	43.8%
North and Central America and Oceania	3,026	34.8%
South America	1,106	12.7%
Eastern Europe, Middle East, Africa and Asia	759	8.7%

• Training:

The number of training days for year 2003 is: 7,710.

Training expenditures are done at the local country level in order to meet the needs of employees for careers specific to BIC as well as to allow for personal and professional development.

On a global level, BIC University, which is based in France, creates and develops training programs that are made available worldwide. These programs promote the BIC corporate culture and address the main themes of management and personal development.

• Social Audit:

Certain French subsidiaries conduct their own social audit in compliance with relevant laws. SOCIÉTÉ BIC does not conduct a social audit.

Cf: Management report of the Board of Director.

▶ 3.4 - INVESTMENT POLICY

3.4.1 - Details on the company or the Group research and development policy

Research and development function are organized by product category. In 2003 there were 146 employees located in Western Europe and North America in these functions. The research and development budget was approximately 2% of sales in 2003.

3.4.2 - Primary investments

For the past four years, the primary investment by the BIC Group were the following:

The BIC Group reorganized its manufacturing activities in two areas:

- First in continued quality improvement for each production line, including investments in manufacturing processes and new technologies.
- Secondly, in the specialization of focused production sites by product category. In the last three years, investments of this type have been made in Europe, with the increased production capacity of CONTÉ® manufacturing and the construction of a state-of-the-art stationery products facility which represents the



production of seven different factories. The total capital expenditure was 43 million euro.

In the area of financial investments, the BIC Group, via its subsidiary BIC CORPORATION acquired in 2001 51% of the share capital of BIC VIOLEX, of which SOCIÉTÉ BIC already held 49%. BIC VIOLEX is specialized in the design and manufacture of blades and shavers and is a critical center for technology, research and development for this product category.

The BIC Group's global ownership of BIC VIOLEX capital rose to 93% and the gross outlay for this transaction was 57 million euro.

This ownership rose to 100% in 2002 following the repurchase of BIC CORPORATION minority interest described as follows:

To simplify the Group structure, the Board of Directors of SOCIÉTÉ BIC, gathered on March 26, 2002, approved the repurchase of the 14% of the shares of its American subsidiary, BIC CORPORATION, which it did not still hold. This acquisition of minority interests, with members of the Bich family, was paid by the issue of 3,369,688 new shares of SOCIÉTÉ BIC and for 38.3 million euro. This operation was realized on the basis of an evaluation of BIC CORPORATION made by BNP PARIBAS, who delivered a certificate of equity, to which a discount of about 15% was applied. This deal was presented for to the approval of the shareholders during the General Assembly of SOCIÉTÉ BIC of May 28, 2002.

3.4.3 - Details of the main investments in the process of being made

Not Applicable.

3.4.4 - Details on issuer's main future investments

Not Applicable.

▶ 3.5 - INFORMATION ABOUT THE GROUP

Information previously provided above. Also see the corporate annual report for description of businesses.

▶ 3.6 - HISTORICAL BACKGROUND OF THE BUSINESS IS NOT REPRESENTATIVE OF THE ISSUER'S CURRENT SITUATION

Not applicable.

▶ 3.7 - ISSUER'S RISKS

3.7.1 - Market risks

Exchange rate risk management

cf. Management Report of the Board of Directors

During the budget process, Treasury Department consolidates the various Foreign exchange (FX) exposure reported by the subsidiaries and entities to build a centralized and net FX exposure for the Group. This net exposure is hedged on the market and mirrored with the subsidiaries through internal FX guarantee contract.

On a monthly closing basis, Treasury Department use to prepare a monthly reporting which shows the settlement of FX transactions and FX operations including the FX result for the period. This reporting is a tool to follow up the outstanding FX exposure and control the efficiency of FX rate achievement on the market with the one guaranteed to the subsidiaries. This FX exposure can be reviewed in the course of the year if necessary.

Management of interest rate exposure

cf. Management Report of the Board of Directors + Note 23 to the consolidated financial statements

3.7.2 - Legal risks

All information described below is understood as being likely to have, or to have had in the recent past, a substantial impact on the financial situation of the issuer, its business, its earnings, and where applicable, the group to which it belongs:

To the knowledge of the company, there is no dispute, of arbitrage or exceptional fact susceptible to have or having had in recent past a significant incidence on the financial situation, the result, the activity and the assets of the company and the Group.

3.7.3 - Environment-related risks

The main industrial and environmental risks are related on the storage and the use of dangerous, flammable and nonflammable products and substances. Among those, one can quote:

- Gas for lighters in France, Spain, the United States and Brazil;
- Solvents for correction fluids in the United States, for permanent markers and dry-wipe markers in France;
- Solvents chlorinated for the industrial cleaning processes.



SOCIÉTÉ BIC fully integrates the environment and security management in its daily activities.

1. A constant attention is paid to the protection and the security of the storage sections of gas and solvents. Suitable technical measurements and adapted equipment are selected according to the risk and of the physicochemical properties of the substances. A priority is given to the use of systems of fire prevention and suitable equipment of fire control.
2. Studies of risk are carried out in the Group factories; procedures are established to identify, evaluate, and prevent the incidents and the accidents.
3. The workforce is trained by taking into account the specific risks related to the activities.
4. SOCIÉTÉ BIC provides a continuous improvement of its installations, its equipment, its industrial processes and its procedures in order to control the risks generated by its activities.

The industrial activities of the BIC sites are subjected to the requirements of the local regulations relating to the environmental protection.

The compliance with these requirements is fully part of the daily management procedures of the sites.

In addition, BIC does not foresee any significant provisions for environmental risks. In any eventuality, BIC considers the costs related to reparations of this type should not have any material impact on the Group's accounts.

3.7.4 - Insurance – Coverage of any risks to which the issuer may be exposed

BIC is covered by:

- an insurance for “Civil Responsibility” including environmental risk related to gradual pollution and accidental pollution;
- an insurance for operational damages and loss that covers all the sites;

Management believes that coverage and limits of these policies are appropriate.

The objective of the Company's property and liability programs is to develop a uniformly high level of risk management and insurance protection for all of the BIC operating entities. This, in turn, will protect the corporate assets and earnings against insurable perils and controllable risks.

BIC believes in the risk management process as a means of protecting its assets from the adverse effects of accidental loss. That is, the practice of identification, analysis and management of all

risks in relation to its operations. This discipline is expected to be practiced at all levels of the organization.

In those areas where it is able to exercise effective loss prevention and loss control, BIC retains a portion of the risk. While BIC relies on its proactive philosophy of managing risk for the protection of its assets, it nonetheless purchases insurance to protect against catastrophic loss, or in some cases, the probable exposure to loss, when taking into account its risk control programs.

The global cost estimate of the BIC Group policy insurance amounts to around 6 million euro. The total amount covered by the Property damage/business interruption insurance amounts to 3 billion euro.

It is BIC's intent to control risk through effective management techniques, as well as insurance, in order to meet its long-range objectives of continuous operation, growth and profit.

By meeting the above criteria, BIC's assets and profitability should be protected to the greatest extent possible.

Litigations related to BIC product liability are mainly located in the United States. Provisions to cover the risk related to those liabilities are limited to 1 million euro which is the amount of deductible for each individual case.

The only self insurance company held by the Group is XENIA Insurance Company Limited, held by BIC CORPORATION. She was created in order to cover American risks which would not be covered by the traditional insurance policies.

BIC CORPORATION is insured by XENIA Insurance Company Limited, via 3 contracts : the first one issue some product liability certificates of insurance to BIC's customers, the second one cover Finite Reinsurance i.e. excess employment practices liability, environmental liability, patent infringement, punitive damages, product recall and unforeseen events, the third one “DIC/DIL” cover property and/or casualty events that are not covered or payable under any existing BIC CORPORATION policies.

3.7.5 - Other special risks

As a result of the international reputation of BIC brands and products, counterfeits of its most well-known products circulate principally throughout Africa, the Middle East, Eastern Europe and South America.

These counterfeits are mainly produced in Asia.

Fighting since ever against counterfeit, the Group maintains its vigilance and, through its service dedicated to this problem, organizes many actions in close co-operation with the repressive authorities (police force, customs etc.) and its local partners



(lawyers, investigators, associations of protection of the rights of intellectual ownership, etc.).

In 2003, the number of seizures have nevertheless decreased. This report is the result of several years of fight anti-counterfeit. In the “trends”, we notice that despite the increased sensitivity and reactivity of the administrations on this matter, the fight is however made more difficult because of counterfeiters being more organized.

The economic stakes but also the protection of our public image justify our aggressive strategy.

4 - ASSETS – FINANCIAL SITUATION – RESULTS

Cf. Management Review of Operations and Consolidated Financial Statements

5 - BOARD OF DIRECTORS, MANAGEMENT BOARD, SUPERVISORY BOARD

► 5.1 - COMPOSITION AND FUNCTIONING OF BOARD OF DIRECTORS, MANAGEMENT BOARD AND SUPERVISORY BOARD

5.1.1 - Composition of board of directors, management board and supervisory board

BOARD OF DIRECTORS

Chairman of the board of directors

- Bruno BICH
57 year old, Dual nationality French and American
Date of election as Chairman of the Board of Directors May 27, 1993. Date of election as Director: Annual Shareholder meeting of June 2, 1986

Expiration date of mandate as Director: Annual Shareholders meeting of 2004 for fiscal year 2003.

Other Group mandates:

- Managing director, FRAGRANCES DIFFUSION
- Permanent representative for SOCIÉTÉ BIC in BIC SERVICES
- Chairman of the Board of Directors of CONTÉ BENELUX S.A. (Belgium), SOCIÉTÉ BIC (Switzerland) S.A., BIC GRAPHIC EUROPE S.A. (Spain), BIC VIOLEX S.A. (Greece)
- Chairman and Chief Executive Officer of BIC CORPORATION (USA)
- Chairman and President of BIC INTERNATIONAL (USA)
- Chairman of the Board of SHEAFFER (HONG KONG) Co. Ltd., BIC PHILIPPINES Inc., PT BUANA INTI CAKRAWALA (“PT BIC”) (Indonesia)
- Director of the Board of BIC IBERIA S.A. (Spain), BIC CORPORATION (USA), BIC INTERNATIONAL (USA), BIC AUSTRALIA Pty. Ltd., BIC (NZ) Ltd. (New Zealand), BIC STATIONERY (SHANGHAI) Co. Ltd. (China), SHANGHAI SHEAFFER-WINGSUNG STATIONERY Co. Ltd. (China), SHEAFFER (HONG KONG) Company Ltd. (Hong Kong), NIHON BIC Co. Ltd. (Japan), BIC GBA Sdn Bhd (Malaysia), BIC PRODUCT (Singapore) Pte Ltd., BIC PRODUCT (Asia) Pte Ltd., PT BUANA INTI CAKRAWALA (“PT BIC”) (Indonesia), BIC PHILIPPINES Inc., BIC PRODUCT (Korea) Ltd., BIC PRODUCT (Thailand) Ltd.
- Managing director of BIC GmbH (Germany), BIC VERWALTUNGS GmbH (Germany), BIC BETEILIGUNGS GmbH (Germany)

Directorships of non-BIC Group companies:

- Managing director of MBD (France) MBD is a holding company controlled by the Bich Family.
- Director of the Board of ALTADIS (Spain)

Executive vice president and director

- François BICH
54 years, French nationality
Date of election as Executive Vice President: December 15, 1988.
Date of election as Director: September 30, 1977 at the Annual Shareholders meeting of May 29, 1978, mandate renewed at the Annual Shareholders meeting of May 28, 2003

Expiration date of mandate as Director: Annual Shareholders meeting of 2006 for fiscal year 2005.

Other Group directorships:

– Chairman of the Board of Directors of SOCIETE DU BRIQUET JETABLE 75 “B.J. 75”

Directorships of non-BIC Group companies:

– President of Supervisory Board of MBD (France)

Directors

• Marie-Pauline CHANDON-MOET

36 years, French nationality.

Date of election as Director:

Annual Shareholders meeting of May 28, 2003

Expiration date of mandate as Director: Annual Shareholders meeting in 2006, for fiscal year 2005

General Manager Europe of General Services & Real Estate

Directorships of non-BIC Group companies:

– Director of Supervisory Board of MBD (France)

– Chairman and Chief Executive Officer of FERRAND SA (France)

• Mario GUEVARA

44 years, Mexican nationality. Date of election as Director:

Annual Shareholders meeting of May 22, 2001

Expiration date of mandate as Director: Annual Shareholders meeting in 2004, for fiscal year 2003

General Manager for North, Central and South America and Oceania.

Named as Executive Vice President and Chief Operating Officer by SOCIÉTÉ BIC Board of Directors on March 10, 2004.

Other Group directorships:

– President and Chief Operating Officer of BIC CORPORATION (USA)

– President and Chief Executive Officer of ERGO, PEN, Inc (USA)

– President of BIC CONSUMER PRODUCTS MANUFACTURING Co., Inc. (USA), BIC USA Inc. (USA), FURTUNA HOLDING Co, Ltd. (British Virgin Islands), GLNA, Inc. (USA), SHEAFFER PEN CORPORATION (USA), SHEAFFER MANUFACTURING Co. LLC (USA), TRITEC INTERNATIONAL Co (USA), ASTOR BLADE CORP. (USA), BIC CHILE S.A. (Chile)

– Chairman and President of WITE-OUT PRODUCTS Inc (Delaware - USA), WITE-OUT PRODUCTS Inc (Maryland – USA)

– Chairman and Chief Executive Officer of BIC Inc. (Canada)

– Chairman of the Board of INDUSTRIAL DE CUAUTITLAN S.A. DE C.V. (Mexico), NO SABE FALLAR S.A. DE C.V. (Mexico), BIC CHILE S.A. (Chile), BIC DE VENEZUELA CA (Venezuela), BIC DE GUATEMALA S.A. (Guatemala)

– Member of the Board of BIC CORPORATION (USA), BIC CONSUMER PRODUCTS MANUFACTURING Co., Inc. (USA), BIC DE GUATEMALA S.A., BIC GRAPHIC MANUFACTURING Co., Inc. (USA), BIC SPORT USA Inc. (USA), BIC USA Inc. (USA), ERGO, PEN, Inc. (USA), FURTUNA HOLDING Co Ltd. (British Virgin Islands), GLNA, Inc. (USA), INDUSTRIAL DE CUAUTITLAN S.A. DE C.V. (Mexico) - Proprietary, NO SABE FALLAR S.A. DE C.V. (Mexico) - Proprietary, BIC DE VENEZUELA CA (Venezuela), INDUSTRIA Y COMERCIO BIC DE COLOMBIA SA (Colombia), SHEAFFER PEN CORPORATION (USA), SHEAFFER MANUFACTURING Co. LLC. (USA), TRITEC INTERNATIONAL Co (USA), WITE-OUT PRODUCTS Inc. (Delaware - USA), WITE-OUT PRODUCTS Inc (Maryland – USA),

– Director of BIC DE GUATEMALA, SA SUCURSAL NICARAGUA, BIC HONDURAS SA

Directorships of non-BIC Group companies:

– Director of DINAMICIA SA, VALORES E. IMMUEBLES

• Gilles PÉLISSON

46 years, French nationality.

Non-affiliated Director. Chairman of the Compensation

Committee. Date of election as Director:

Annual Shareholders meeting of May 22, 2001

Expiration date of mandate as Director: Annual Shareholders meeting in 2004, for fiscal year 2003

General Manager of BOUYGUES TELECOM

Recently elected on February 19th 2004 as Chairman and Chief Executive Officer of BOUYGUES TELECOM.

Other directorships:

– Director of BOUYGUES TELECOM

• Marie-Henriette POINSOT

42 years, French nationality. Member of the Audit Committee

and of the Compensation Committee. Date of election

as Director: Annual Shareholders meeting of May 21, 1997

Expiration date of mandate as Director: Annual Shareholders meeting in 2006, for fiscal year 2005.

Director of Strategic planning of the OPTIONS Group.



MNOPQRS
TUVWXYZ

Directorships of non-BIC Group companies:

- Director: TOSNIOP S.A. (France) and FERRAND S.A. (France)
- Director of the Supervisory Board of OPTIONS S.A.

• Olivier POUPART-LAFARGE

61 years, French nationality. Non-affiliated Director.
Member of the Audit Committee and of the Compensation Committee. Date of election as Director :
Annual Shareholders meeting of May 25, 2000

Expiration date of mandate as Director: Annual Shareholders meeting in 2006, for fiscal year 2005

Since 2002: Executive Vice-President of the BOUYGUES Group.

From 1984 to 2002: General Manager for Strategic Planning and Finance of BOUYGUES

Other Directorships:

- Director of: BOUYGUES, BOUYGUES TELECOM, TELEVISION FRANCAISE 1 (TF1), SOCIETE D'AMENAGEMENT URBAIN ET RURAL (SAUR), COLAS
- Permanent representative of the company BOUYGUES in its affiliates: BOUYGUES IMMOBILIER and BOUYGUES CONSTRUCTION
- Chairman and Director of the Board of Directors of BOUYGUES MANAGEMENT UK LTD.

• Frédéric ROSTAND

41 years, French nationality. Non-affiliated Director.
Date of election as Director: Annual Shareholders meeting of May 28, 2003

Expiration date of mandate as Director: Annual Shareholders meeting in 2006, for fiscal year 2005

President of the "Directoire" of SAINT LOUIS SUCRE

Directorships of non-BIC Group companies:

- Permanent representative of the company SAINT LOUIS SUCRE as President of the "SAS" in SOCIÉTÉ FRANÇAISE D'ORGANISATION ET DE PARTICIPATION, GEPARSUC, SAINT LOUIS SUCRE INTERNATIONAL
- Vice-President of the Supervisory Board of the companies COMPAGNIE FINANCIÈRE DE L'ARTOIS, SLASKA SPOLKA CUROWA S.A. (Poland)
- Permanent representative of SAINT LOUIS SUCRE in the SOCIÉTÉ NOUVELLE DES SUCRERIES DE CHALON-SUR-SAONE

- Director of: DISTILLERIES RYSSSEN, EBRO PULEVA (Spain), RAFFINERIE TIRLEMONTTOISE (Belgium), EASTERN SUGAR (Netherlands)

- Member of the "Directoire" of SÜDZUCKER AG (Germany)

• Antoine TREUILLE

55 years, French nationality. Non-affiliated Director.
President of the Audit Committee. Date of election as Director:
Annual Shareholders meeting of May 21, 1997

Expiration date of mandate as Director: Annual Shareholders meeting in 2006, for fiscal year 2005

Executive Managing Director of MERCANTILE CAPITAL PARTNERS (USA)

Other Directorships:

- Director of ERAMET (France)
- President of CHARTER PACIFIC CORPORATION (USA)
- Director of EYE CARE CENTERS OF AMERICA (USA), DRY ICE CORPORATION (USA), PARTEX CORPORATION (USA) and CHICKEN OUT CORPORATION (USA)

Executive Vice President

• Marie-Aimée BICH-DUFOUR

45 years, French nationality.
Date of election as Executive Vice President: 1995

Other Group directorships:

- Director of the Board of BIC SERVICES (France), CONTÉ BENELUX S.A. (Belgium), BIC VIOLEX S.A. (Greece), SHEAFFER (HONG KONG) Co. Ltd., SHANGHAI SHEAFFER-WINGSUNG STATIONERY Co. Ltd. (China), BIC INDIA Pte Ltd. (India), BIC PRODUCTS Pte Ltd. (India), BWI INDIA Pte Ltd. (India), NIHON BIC Co. Ltd. (Japan), BIC MALAYSIA Sdn. Bhd., MONDIAL Sdn. Bhd. (Malaysia), BIC-GBA Sdn Bhd (Malaysia), BIC PRODUCT (Singapore) Pte Ltd., BIC PRODUCT (Asia) Pte Ltd., BIC PRODUCT (Korea) BIC PRODUCT (Thailand) Ltd.

5.1.2 - Functioning of board of directors, management board and supervisory board

a) Number of meetings held by the board of directors during the course of the last financial year, special provisions relating to directors (charter, internal regulations, etc.),



b) Committees set up by the Board of Directors, the management board or the supervisory board.

The Board of Directors has the role of determining the orientations of the activity of the company, overseeing their implementation, and ensuring the smooth operation of the company and regulation of the businesses that relate to it.

Four of the nine members of the Board of Directors of SOCIÉTÉ BIC are independent directors of the Board within the meaning of the Bouton report, i.e. not maintaining any relation of any kind with the company, its Group or its direction, which can compromise the exercise of their independence of judgment.

In addition, the Board of Directors of SOCIÉTÉ BIC is represented by three nationalities, helping the BIC Group benefit from a real international vision.

The Board of Directors has to give its opinion on matters that can have a significant impact on the development, the strategy or the operation of the Group.

In order to carry out its mission well, the Board of Directors of SOCIÉTÉ BIC is kept informed on regular basis on the activity of each category, as well as the financial and treasury situations and the liquidity of the company.

Thus, the Board of Directors is assisted by two committees of experts, the Audit Committee and the Compensation Committee. These Committees meet several days prior to the Board which allows the management team to eventually set up corrective measures before the Board being held.

The administrators are convened to the sessions of the Board of Directors by all means with written confirmation in any case.

The Board of Directors meets at least four times a year in ordinary session, in particular:

- In March, to review the previous year financial statements;
- In May, after the Annual Ordinary General Assembly to review the activity of the company from the beginning of the fiscal year;
- In September, for the half-year results;
- In December, to analyze the activity and the first estimated fiscal year results.

Other meetings of the Board of Directors are organized each time that it is required by the Group activity.

The number of these meetings is justified to provide the Board with regular and accurate information and thus, to guaranty the environment for a good corporate governance.

As per the President's request, the General Managers Deputies and the leadership members, the statutory auditors or any other person having a particular skill as to the matters included in the agenda, are authorized to attend the whole or part of the Board meeting.

In addition, rules of procedures formalizing the missions and ethical principles that guide the action of the Board of Directors have been developed in 2003.

Those rules establish that once per annum, the Board of Directors will devote a point of its agenda to a debate on its operation.

This evaluation will also make it possible to give a progress report on the procedures of the Board of Directors in order to increase its efficiency, and to ensure that the important questions are suitably prepared and discussed.

At the beginning of the year 2004, an evaluation of the Board of Directors based on the 2003 fiscal year has been carried out through a questionnaire sent to each administrator.

This questionnaire was mainly related to the composition of the Board of Directors, the access to the Board members information, to the quality and efficiency of the debates held within the Board of Directors, as well as to the role and performance of the committees of experts.

This evaluation made it possible to acknowledge that it was neither necessary to modify the rules of procedure nor to further formalize the rules of operation of the Board of Directors.

During the year 2003, the Board of Directors of SOCIÉTÉ BIC met 5 times.

The average rate of effective attendance of the members was 81%.

Two committees of experts, the Audit Committee and the Compensation Committee assist the Board of Directors.

Audit Committee ⁽¹⁾

Antoine Treuille - President (non-affiliated Director)

Marie-Henriette Poinsot

Olivier Poupart-Lafarge (non-affiliated Director)

Frédéric Rostand (non-affiliated Director)

The Audit Committee was created in 1997. Its primary mission is to ensure that the accounting principals applied to the Company's consolidated and statutory accounts are compliant with current standards and are consistently applied to ensure the internal consolidation procedures and controls yields financial statements which fairly represent business results.

(1) The Board of Directors of March 10, 2004 has operated some changes and appointments in the Audit and Compensation committees. Cf. Corporate part of Annual Report.



The Committee is responsible to give its opinion on external auditors, as well as on the quality of their work and their independence. This includes verifying there is no potential conflict of interest between the auditors and the company.

During the year 2003, the Audit Committee met three times in the presence of its President and of the other members (Frédéric Rostand was elected member of the Board during the Annual Shareholders meeting on May 28 and became member of the Audit Committee afterwards). Some of the meeting discussions were conducted in the presence of the external auditors and company management; while some discussions were in the absence of management.

The scope of the Committee also included the review of the internal control requirements introduced by the new Law of Financial Security (LSF) and the company's implementation plan to meet these requirements.

The Audit Committee also reviewed the project plan related to the implementation of reporting under International Financial Reporting Standards (IFRS 2005)*. The Committee was also involved in the preparation and review of the Reference Document.

Compensation Committee ⁽¹⁾

Gilles PéliSSon - President (non-affiliated Director)

Marie-Henriette PoinSot

Olivier Poupart-Lafarge (non-affiliated Director)

The compensation committee was created in 2001. It is charged to examine and propose to the Board of Directors compensation of senior management and officers, including stock-options.

During the year 2003, the Compensation Committee met three times in the presence of its President and its two other members. The activity of the Committee related to the principles and the amounts of attribution of the stock-options program, like to the methods and the fixing of the global compensation (salary and bonus) of the Chairman of the Board of Directors and the Executive Vice Presidents. The Committee also delivered its opinion on the percentages of increase granted to the executives, the compensations of the management team as well as the stock-options.

▶ 5.2 - INTERNAL CONTROL

5.2.1 - Objectives of the company as regards to Internal Control procedures

Internal Control is defined as a process, effected by the Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives, in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

The first category addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of resources. The second relates to the preparation of reliable published financial statements, including interim and condensed financial statements and selected financial data derived from such statements, such as earnings releases, reported publicly. The third deals with complying with those laws and regulations to which the entity is subject. These distinct but overlapping categories address needs and allow a directed focus to meet the separate needs.

Internal control systems operate at different levels of effectiveness. Internal control can be judged effective in each of the three categories, respectively, if the Board of Directors and management have reasonable assurance that:

- They understand the extent to which the entity's operations objectives are being achieved;
- Published financial statements are being prepared reliably;
- Applicable laws and regulations are being complied with.

One of the objectives of the Internal Control system is to prevent and control the risks resulting from the company's activity and the risks of mistakes or frauds, in particular in the accounting and finance fields. Like any system of control, it can not however provide an absolute guarantee that these risks are completely eliminated.

The internal control process in the Group is decentralised in order to ensure better control within operations whereas some key functions are centralised by nature of the risks such as Legal (Intellectual property, trademarks and patents, anti-counterfeits).

Treasury functions are also centralised in order to ensure better control.

* Previously known as International Accounting Standards (IAS)



5.2.2 - General organization of the Internal Control procedure at the Group level: actors, specific structures in charge/respective roles and interactions

The Internal Control set up in the Group is fully part of its organization.

5.2.2.1 - The structures driving internal control within the Group are the followings:

Cf.: Corporate Governance paragraph 5.1.2.

The Board of Directors of SOCIÉTÉ BIC, which represents the shareholders and which act in all circumstances in the interest of the company. It must also analyze and approve actions with a truly strategic importance.

The Leadership Committee is directed by Bruno Bich, Chairman and Chief Executive Officer and is composed, in addition to the Executive Vice-Presidents François Bich and Marie-Aimée Bich-Dufour, of the following members:

- Representatives of transverse functions:
 - Marie-Aimée Bich-Dufour, General Counsel
 - François Eyssette, Director of Human Resources
 - Jim DiPietro, Financial Director
 - Jack Teague, General Manager BIC Graphic
- Operational representatives responsible for continents:
 - Mario Guevara, North, central & South America
 - Nicolas Paillet, Europe, Middle East and Africa
- Representatives of the categories of products:
 - François Bich, General Manager Lighters
 - Ed Dougherty, General Manager Shavers
 - Bruno Vanhaelst, General Manager Stationery (Finance & Marketing)

Product Category managers are responsible for Research and Development, new products, strategy, marketing and capital expenditure.

5.2.2.2 - Internal Control procedures related to the preparation and process of finance information

– The accounting and financial information given to the shareholders is generated through the following organization: the finance teams of the subsidiary companies, under the control of their own finance and operations directors, report information to the Group. The calendar and the format of these informations

provided to the Group as well as the accounting rules, are decided and communicated by the finance headquarters of the Group and represent the Group accounting manual. This information is audited by the local auditors who prepare review reports.

Cost controller are working closely with operations and are reporting to local management and functionally to finance organization.

The Group developed a Controller's manual of internal finance procedures in 2000 which was provided to and presented to the finance directors of the subsidiaries. This manual includes a specific section related to off balance sheet items authorization and follow up procedure as well as assets control procedures,

- The consolidated financial information is then validated by the Group Corporate Finance Officer.
- The Audit Committee validates this information and provides the Board of Directors with a report if necessary.
- The Auditors are involved in the validation of the production process of financial information.

The reporting procedures within the Group are the followings:

- The Group finance information system allows to prepare statutory consolidations and management consolidations within the same reference frame.
The management analysis allow the reliability of financial and accounting information as the reference data are the same.
- The Group also uses a statistical sales reporting system. A monthly and systematic reconciliation is done out of these statistical and financial reportings. Every variance is explained.
- The Group financial information system is used in all the subsidiary companies, which allows an analysis at each level of reporting (subsidiaries, continents, Group or by category of products) starting from the same source data and according to the same report format.
- The Group internal financial information is analyzed monthly and compared with the budget at the subsidiaries level and the Leadership Committee also reviews on a monthly basis the consolidated data and the related analysis.
- An analysis is done between the budgets and the strategic plans and is reviewed by the Leadership Committee.

5.2.2.3 - Presentation of synthetic information on the Internal Control procedures implemented by the Group

General information

The Internal Control is supposed to provide a reasonable assurance to the managers on the achievement of their operational objectives, on the reliability of financial information and the respect of the applicable laws and regulations.

The BIC Group endeavours, in all its activities, to adhere to fundamental values of ethical behaviour towards its employees, consumers, customers, suppliers and shareholders.

In a more and more internationalized context, the Leadership Committee sticks so that these fundamental values are proposed and shared by all the employees of the Group, on all the sites of the Group.

For example, since 1997, the values of the Group, and ethics at the head, are posted on all the sites of the Group so that all the employees can, in their languages, share these values.

The Leadership Committee also puts in place the operational tools which make it possible to make ethics live on a day to day basis.

The Leadership Committee validates the Group code of ethic, the procedures and policies, and spread them within the Group.

It also guarantees the quality of the Internal Control and the implementation of a good risk coverage.

The Leadership Committee also makes sure, with the Corporate Finance Officer's support, that indicators are consolidated in order to measure that the operational performances are in line with the forecast and that if necessary, focus is given on the variances and that corrective measurements are implemented.

The strategy is declined in financial term by the implementation of 3 years strategic plans, annual budgets and forecasts.

Internal Control project launch end of 2003 and diligence related to current report

The different steps of the implementation are as follows:

IN 2003

- Project initiation
- Understanding of the Internal Control environment
- Identification and prioritization of risks
- Definition of scope
- Identification and analysis of the existing documentation

IN 2004

- Perform a pilot test (before March Board)
- Identification of weaknesses, assessment of potential risks
- Determination of control objectives and activities for non documented procedures
- Test of the operating effectiveness of the controls
- First remediation plans

IN 2005

- Set up of additional procedures to solve the internal control weaknesses identified in 2004, if necessary
- Updating of the work performed in 2004
- Assessment of the new procedures

A first census of the principal risks was carried out at the Group level in the following fields:

- Manufacturing activities
- Information systems
- Legal areas (in particular the contractual aspects, the sustainable development, products litigations)
- Human resources
- Finance.

A specific section is related to risks is developed under paragraph 3.7.Issuer's risks.

The cartography of the risks in the above fields allows to produce a cartography presenting the probabilities of the risks identified with their financial impacts, as well as the controls set up.

A documentation of the processes and controls of information related to the preparation of reliable published financial information and on the procedures aiming at ensuring the conformity to the general accounting principles and the Group standards and methods was carried out.

All the directors of the subsidiaries signed a letter attesting that the Internal Control in place allowed a reasonable confidence on the achievement of the operational goals, the reliability of the

financial information transmitted to the Group and the respect of the laws and rules in force.

If necessary, the director of the subsidiary would have transmitted the detail of the fields presenting non significant weaknesses for which corrective actions would be put in place in 2004 to allow a reasonable confidence on the achievement of the operational goals, the reliability of the financial information transmitted to the Group and the respect of the laws and rules in force.

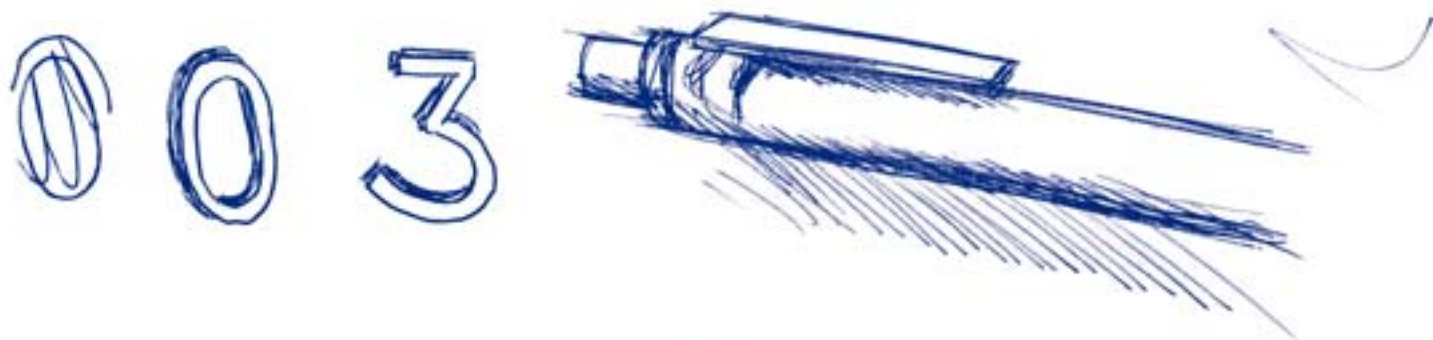
Based on the Internal Control target, the Group established a targeted test program in order to check the adequacy of the controls. A pilot test was carried out for this purpose in February 2004 in BIC MEXICO.

The audit of the quality of operational effectiveness of controls in the subsidiaries will be developed in 2004 in order to put in place, if necessary, the corrective actions.

The work completed has not allowed so far to highlight non-controlled risks in the accounting and finance fields.

A position of internal audit and internal control was created in January 2004 reporting to the CFO.

An analysis of the work listed above and the related conclusions has been presented to the Leadership Committee, the Audit Committee and to the Board of Directors.



► 5.3 - AUDITORS' REPORT ON INTERNAL CONTROL AUDITORS' REPORT PREPARED IN ACCORDANCE WITH THE LAST PARAGRAPH OF ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF SOCIÉTÉ BIC, WITH RESPECT TO THE INTERNAL CONTROL PROCEDURES FOR THE PREPARATION AND TREATMENT OF ACCOUNTING AND FINANCIAL INFORMATION.

Year ended December 31, 2003

Dear Shareholders,

In our capacity as statutory auditors of SOCIÉTÉ BIC and in accordance with the last paragraph of Article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of the Board of Directors of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2003.

Under the responsibility of the Board of Directors, management is responsible for defining and implementing appropriate and effective internal control procedures. In this report, the Chairman reports on the conditions of preparation and organization of the Board of Directors procedures and the internal control procedures implemented by the Company.

It is our responsibility to report to you our observations on the information and assertions set out in the Chairman's report on the internal control procedures relating to the preparation and treatment of accounting and financial information.

In accordance with professional standards applicable in France, we have familiarized ourselves with the internal control objectives and general organization, as well as the internal control procedures relating to the preparation and treatment of accounting and financial information, as presented in the Chairman's report.

On the basis of our procedures, we have no comment to make on the description of the Company's internal control procedures relating to the preparation and treatment of accounting and financial information set forth in the report of the Chairman of the Board of Directors, prepared in accordance with the last paragraph of Article L.225-37 of the French Commercial Code.

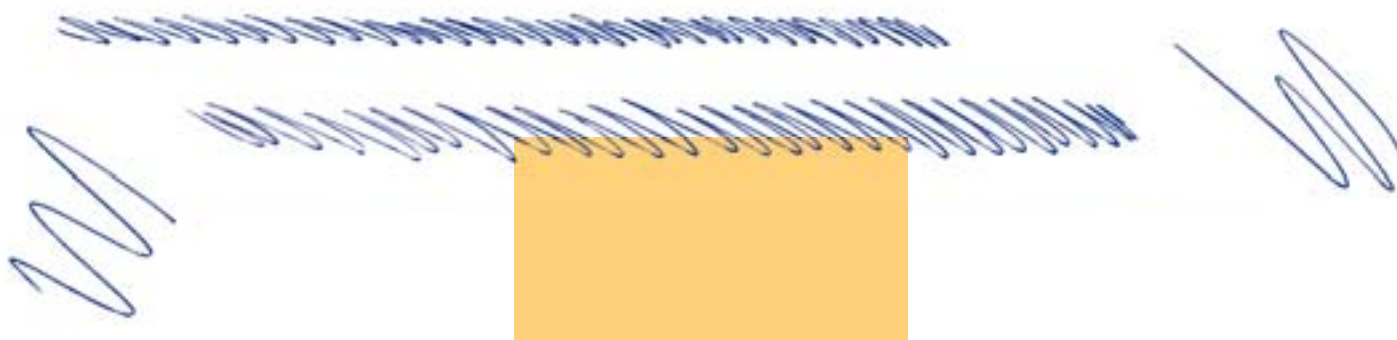
Paris - Neuilly-sur-Seine, March 15, 2004

The Statutory Auditors

Alain Lainé

DELOITTE TOUCHE TOHMATSU

Thierry Benoit



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

► **5.4 - MANAGERS' INTERESTS IN THE ISSUER'S SHARE , IN THAT OF A COMPANY WHICH HAS CONTROL THERE OVER, IN THAT OF A SUBSIDIARY OF THE ISSUER OR ANY OF THE ISSUER'S MAJOR CUSTOMERS OR SUPPLIERS.**

5.4.1 - Overall amount of total payments and benefits of any sort paid out, during the financial year, directly or indirectly, personally to each director, by the issuer and by any company in the Group

Law NRE May 15, 2001: Applicable information from the annual report concerning the fiscal year 2002: the report of the Board of directors reports the total payment and the benefits of all kinds paid, during the year, to every director. It also indicates the amount of the payments and the advantages of all kinds which each of these directors received during the year on behalf of controlled companies in the consolidation. It also includes the list of

mandates and functions exercised in any company by each of these directors during the year.

Cf. Management Report of the Board of Directors

Cf. also chart in section 5.3.2

1) Selective Employee Retirement Plan for Mr Bruno Bich and Mr Mario Guevara: This is a defined benefit plan which benefit formula is: 2,5% x final 3-year average compensation x Credited Service, maximum of 20 years. The Target benefit level is 50% of final 3 years compensation after 20 years Credited service and off-set the US qualified Salaried Pension Plan.

2) Marie-Aimée Bich-Dufour and François Bich will benefit from a defined benefit plan, complementary to national pension schemes. The benefit formula is 1% x Final Year Compensation x Credited Service, maximum of 10 years.

5.4.2 - Number of options awarded by the issuer to members of the Board of Directors

STOCK OPTIONS GRANTED TO DIRECTORS AND OPTIONS EXERCISED BY THE LATTER	BENEFICIARY	NUMBER OF OPTIONS ALLOCATED / SHARES SUBSCRIBED OR BOUGHT	AVG. WEIGHTED PRICE (IN EURO)	VESTING DATE	PLAN NUMBER
Options granted during the financial year to each director by the issuer and by any company in the Group	Mario Guevara Marie-Aimée Bich-Dufour	14,000 6,500	36.96 36.96	Dec 16, 2013 Dec 16, 2013	6 6
Options exercised during the financial year by each director	N/A				

5.4.3 - Information on the nature and size of transactions entered into between the company and its directors

No regulated transactions were undertaken with any member of the Board of Directors during fiscal year 2003.

5.4.4 - Statement of the total amount of loans and guarantees granted or set up in favor of the members of the Board of Directors, the management board or the supervisory board

No loans were granted to, or in favor of, any member of the Board of Directors during fiscal year 2003.

► 5.5 - DESCRIPTION OF STAFF PROFIT SHARING SCHEME

5.5.1 - Agreements for profit sharing

No plan in conformance with the issuer but every subsidiary can have its own agreement according to the applicable law.

5.5.2 - Stock-options (recommendation COB n° 95-02)

STOCK OPTIONS GRANTED TO THE TEN HIGHEST PAID EMPLOYEES WHO ARE NOT DIRECTORS, AND OPTIONS EXERCISED	TOTAL NUMBERS OF ATTRIBUTED OPTIONS / OF SIGNED OR BOUGHT SHARES	BALANCED AVERAGE PRICE (IN EURO)	AVERAGE DATE OF MATURITY	NUMBER OF PLAN
Options granted during the exercise by the issuer and by any company included in the perimeter of allocation of the options, to ten employees of the issuer and any company included in this perimeter, receiving the highest number of options so granted	61,000	36.96	Dec 16, 2013	6
Options held on the issuer and the companies concerned previously, raised, during the year, by the ten employees of the issuer and these companies, receiving the highest number of so bought or signed options	N/A			

STOCK-OPTIONS

	PLAN N° 1	PLAN N° 2	PLAN N° 3	PLAN N° 4	PLAN N° 5	PLAN N° 6
Annual Shareholders meeting date	May 12, 1998	May 12, 1998	May 12, 1998	May 12, 1998	May 12, 1998	May 28, 2003
Board of Directors meeting date	Dec. 16, 1998	Dec. 16, 1999	Dec. 18, 2000	Dec. 13, 2001	Dec. 10, 2002	Dec. 17, 2003
Total number of shares available for subscription or purchase.	173,800	180,350	376,150	367,700	375,000	377,550
Type of option	Purchase	Purchase	Subscription	Subscription	Subscription	Subscription
Among which, number of shares available to be subscribed or purchased by members of the Board of Directors (Current members of the Board of Directors)	17,650	23,200	40,600	41,100	46,100	59,000
Number of managers concerned	6	7	8	7	7	8
Exercise date of options	Dec. 17, 2001	Dec. 17, 2002	Dec. 19, 2003	Dec. 14, 2004	Dec. 11, 2005	Dec. 18, 2006
Vesting date	Dec. 16, 2008	Dec. 16, 2009	Dec. 17, 2010	Dec. 12, 2011	Dec. 9, 2012	Dec. 16, 2013
Avg. Weighted price in Euro	51.13	40.83	41.03	36.57	30.93	36.96
Total number of cancelled shares	60,200	55,500	80,850	47,800	21,600	0
Total number of remaining shares	113,600	124,850	295,300	319,900	353,400	377,550
Potential total dilution resulting from the exercise of the options	0.32%	0.33%	0.70%	0.68%	0.70%	0.70%
Exercise method (if plan has several parts)	–	–	–	–	–	–
Number of shares subscribed at December 31, 2003	0	0	0	0	0	0



► 5.6 - FEES OF THE AUDITORS AND THE MEMBERS OF THEIR NETWORKS

Joint audit firms yearly audit fees included in the Group Income Statement

IN EURO THOUSANDS	DELOITTE TOUCHE TOHMATSU		ALAIN LAINÉ	
	2002	2003	2002	2003
AUDIT FEES				
Statutory accounts	1,363	1,429	22	23
Other audit services	250	629	15	2
SUB TOTAL	1,613	2,058	37	25
NON AUDIT SERVICES				
Tax and Legal ⁽¹⁾	2,572	1,081	0	0
Information technology	0	0	0	0
Internal audit	0	0	0	0
Other non audit services	44	4	0	0
SUB TOTAL	2,616	1,085	0	0
TOTAL	4,229	3,143	37	25

(1) "Tax compliance" missions have been mainly carried out in foreign subsidiaries.

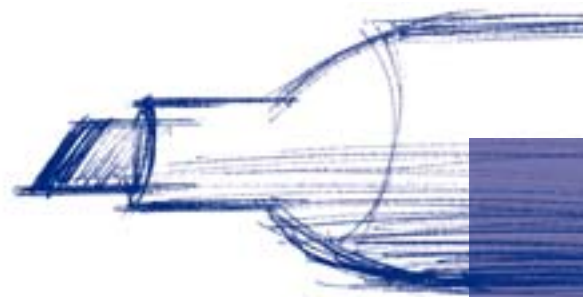
6 - INFORMATION OF RECENT DEVELOPMENTS AND FUTURE PROSPECTS

► 6.1 - RECENT DEVELOPMENTS

Cf. Management Review.

► 6.2 - FUTURE PROSPECTS

Cf. Management Review.



CROSS-REFERENCE TABLE

In order to simplify reading the registered annual report as a reference document, below is a table of contents which cross-references the major sections required by the Commission des Opérations de Bourse (French stock exchange authority) according to its rules and instructions.

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1) Page number should refer to all information related to a section, wherever this information is located, even in another document when the reference document is made of several documents.

2) Cross reference table is compulsory for reference documents included in an annual report, except if the annual report includes a summary where all such information is detailed.



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LIMITED COMPANY. CAPITAL: EURO 205,952,534.32
DIVIDED INTO 53,914,276 SHARES OF COMMON STOCK,
PAR VALUE EURO 3.82
QUOTED ON THE PREMIER MARCHÉ OF EURONEXT PARIS
ISIN CODE: FR0000120966
MNEMONIC: BB
CONTINUOUS QUOTATION
552.008.443 REGISTERED IN NANTERRE, FRANCE

EN (IN)
2003

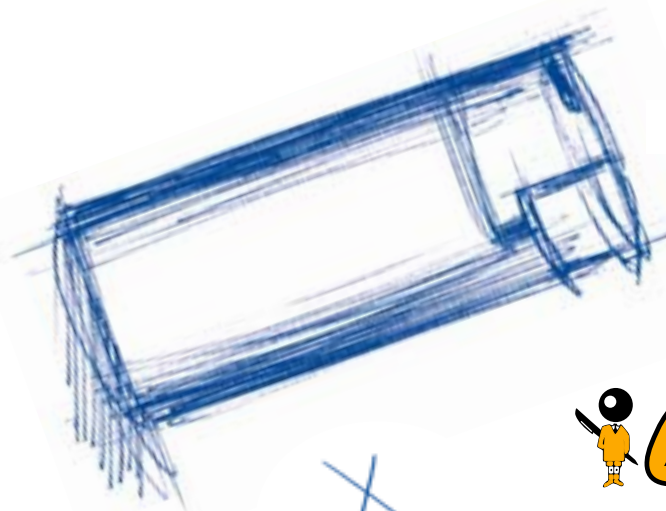


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