Compagnie des Alpes
Le loisir en bonne compagnie

Reference Document 2004

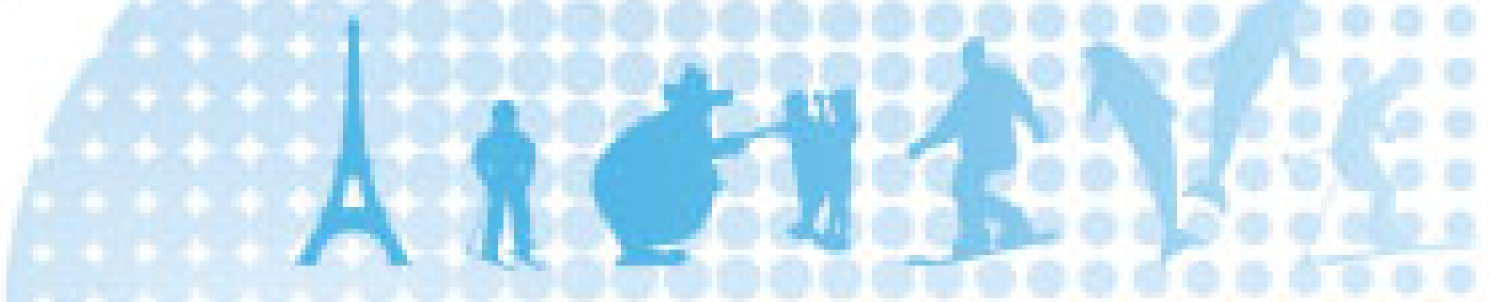


Table of contents

I. Management Report

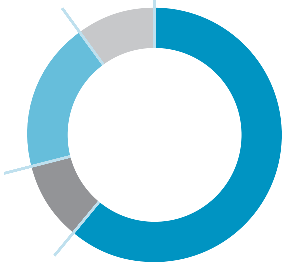
for the Consolidated Financial Statements of the Fiscal Year Closed on
September 30, 2004

1. PRESENTATION OF CDA'S ACTIVITIES

Compagnie des Alpes (CDA) is a major player in the leisure field in Europe. It operates in the businesses of Ski Area Management and Family Leisure Site operations.

During the 2003/2004 operating year, the Group carried out its activities in six countries, managing 12 ski areas and operating 13 family leisure sites, with a total of 18.5 millions visits during the year.

Breakdown of percentage of 2003/04 visitors by division and geographic area



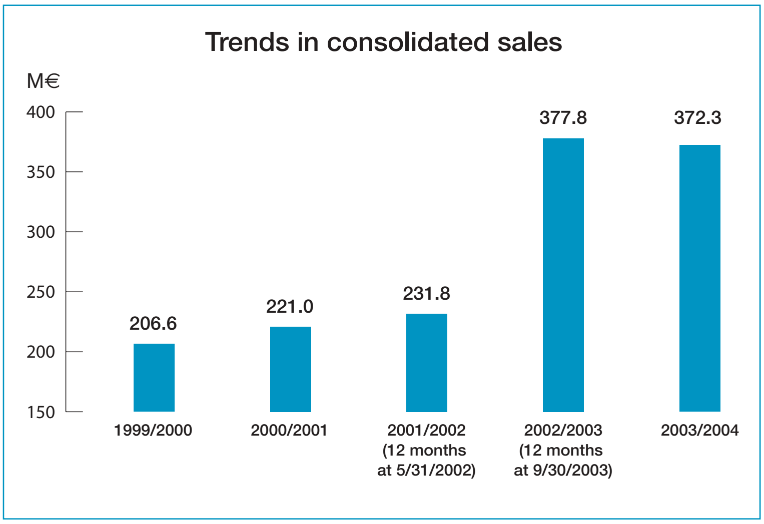
Ski areas in France	61%
Ski areas in Europe	10%
Family leisure in France	19%
Family leisure in Europe	10%

Total: 18.5 million visits

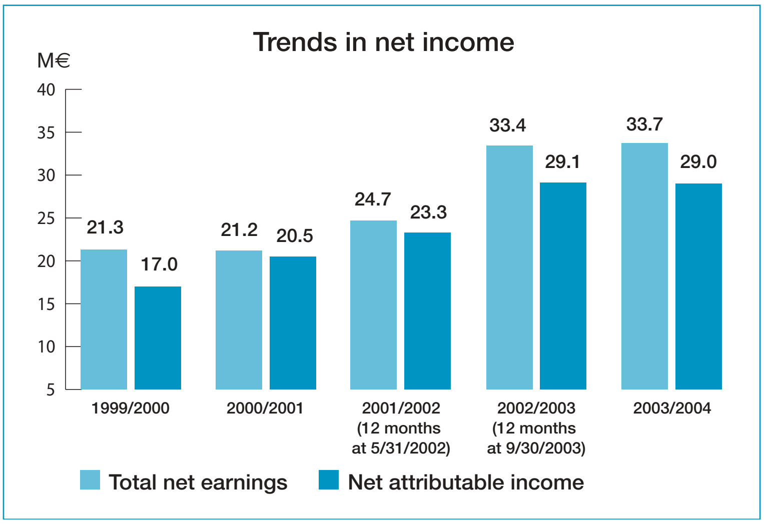
1.1. Key figures

(in millions of euros)	1999/2000	2000/2001	2001/2002 (12 months at 5/31/02)	2002/2003 (12 months at 9/30/03)	2003/2004
OPERATION					
Consolidated sales	206.6	221.0	231.8	377.8	372.3
Total net income	21.3	21.2	24.7	33.4	33.7
Net attributable income	17.0	20.5	23.3	29.1	29.0
CAPITAL EXPENDITURES AND CASH FLOW					
Cash flow from operations	46.6	50.8	51.0	86.8	74.6
Net capital expenditure	39.1	44.8	38.4	76.3	74.4
BALANCE SHEET	5/31/2000	5/31/2001	5/31/2002	5/31/2003	5/31/2004
Total equity	171.0	183.9	201.4	303.9	324.0
Net debt	105.6	107.1	109.0	280.2	243.5
Debt/equity ratio	61.8%	58.2%	54.1%	92.2%	75.2%
ROE (*)	**13.5%**	**14.9%**	**15.3%**	**11.9%**	**10.7%**
ROCE after taxes (*)	**9.3%**	**8.9%**	**9.9%**	**7.4%**	**7.4%**

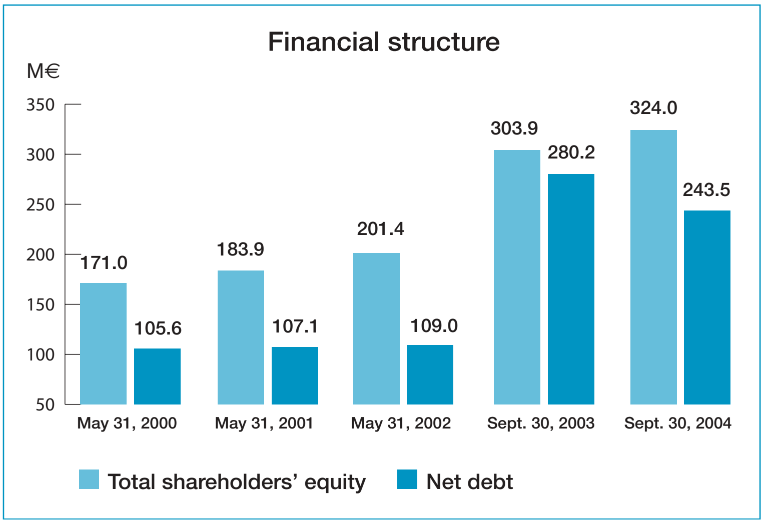
(*) See definitions on page 5.



Since 1999/2000, consolidated sales for the Group have climbed by 15.7% annually on average. This includes approximately 5.1% in organic growth and 10.6% through acquisitions. With 372 million euros in sales, 245 million euros from the ski areas, and 127 million euros from family leisure sites, Compagnie des Alpes is a major player in leisure production in Europe.

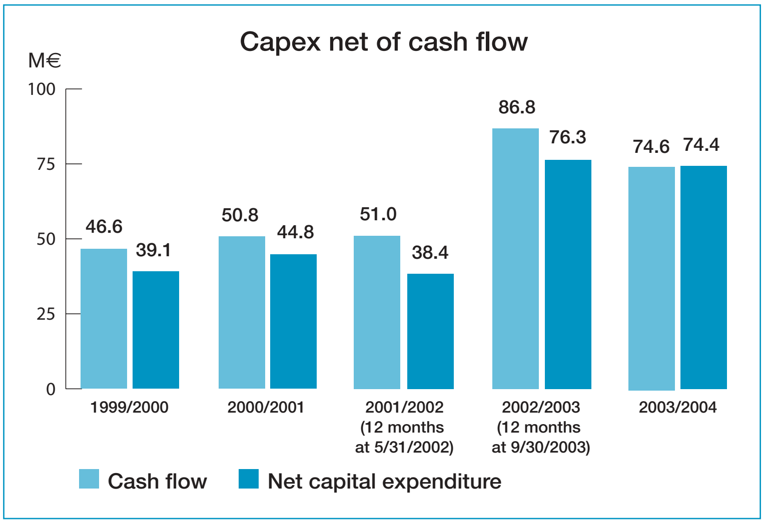


Since 1999/2000, attributable income has climbed by 17% annually on average. With net earnings of €33.7 million in 2003/2004, the Group realized nearly 9% net margins on sales (7.8% for attributable income).



On average from 1999 to 2004, the debt to equity ratio was approximately 68%. The acquisition of Grévin & Cie was financed in part through a capital increase in November 2002. At September 30, 2004, the debt to equity ratio was 75%.

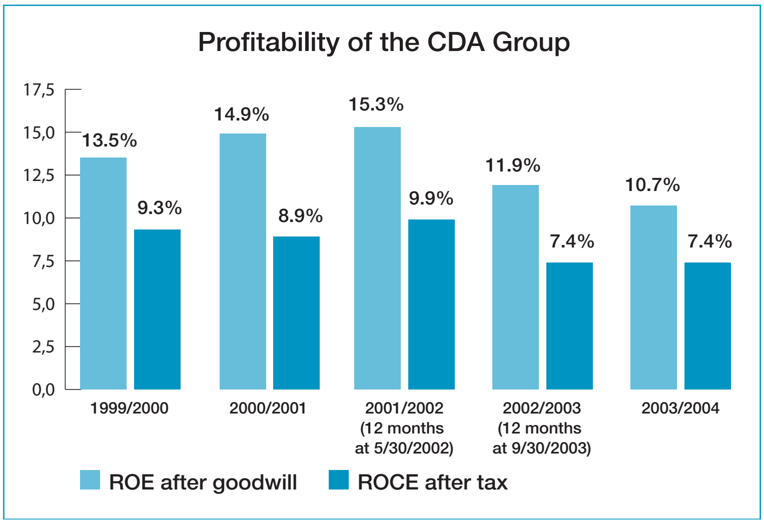
Net capex includes new lifts, slope works, grooming machines, snowmaking equipment for the ski areas, and new attractions and developments for the theme parks, as well as various material and software.



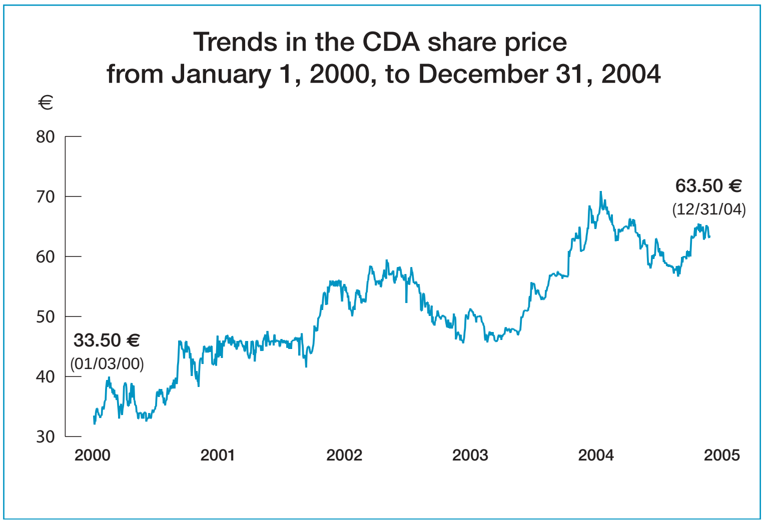
ROE = Net attributable income / (Owners, equity – Net attributable income

ROCE = Net after-tax operating income / (Net assets – Provisions for major repairs + Working capital needs)

On average, the Group ROE share before goodwill is 13.3% and ROCE is greater than 8.5% over five years.



Over five years – from January 1, 2000, to December 31, 2004 – the share price increased by more than 17% per year on average.



1.2. Ski Areas

The position of the Compagnie des Alpes Group on the ski market

World leaders in terms of visitor numbers, with over 13 million skier-days in 2003/2004, CDA and its subsidiaries equip, maintain, and operate nine major Alpine ski resorts in France, Italy, and Switzerland.

For any winter sports resort, the ski area operator is the leading economic player and the engine that drives the resort's attractiveness and bolsters visitor numbers.

Revenues from the Ski Area Management division are derived from lift ticket sales. Costs are linked to the financing of installations, personnel, local fees and taxes, and current operating expenses (maintenance, energy, insurance, etc.). Whatever the legal form – public service concession in France, full ownership of facilities in other European countries – the operator is always responsible for his own results.

The number of visitors is dependent upon the intrinsic qualities of the resort (altitude, variety of slopes, snowmaking equipment, links with other ski areas) and the tourist capacity of the resort, especially in terms of professional lodging facilities.

Compagnie des Alpes accounts for 26% of the French market, where, because of the public service concession system, it holds a major and sustainable position.
With total sales including non-consolidated sales reaching 250 million euros in France, CDA is far and away the leader among ski area management companies.

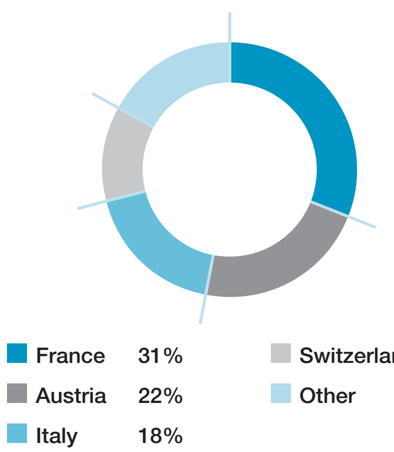
Ranking of French ski area management companies

N°	Company	Number of resorts in France	Number of skier days in 2003/2004 ('000)	Total sales (excl. tax) 2004 (estimations)
1	Compagnie des Alpes	9	11,207	277
2	Sofival	4	3,751	78
3	SEM 3 Vallées	3	2,147	56
4	SATA	5	1,981	36
5	SETAM	2	1,619	38
6	Tansmontagne	6	1,893	35
7	Remy Loisirs	5	1,745	33
Total estimation of French market - Source: SNTF/SEATM				962

With a solid footing in France, Europe's leading ski market, CDA is in a favorable position to seize opportunities
– though admittedly limited – for concentration in Europe

France's position is largely due to the strength of its internal market, which accounts for 80% of visitor traffic. However, France accounts for only 15% of Europeans who ski outside of their own country, as opposed to nearly 50% for Austria.

The European ski market



(1) Volume d'affaires = somme des chiffres d'affaires des sociétés du périmètre.

The market segment composed of foreign skiers therefore still leaves ample room for growth. Foreign skiers focus on France's 20 leading resorts with international reputations. All of CDA's resorts are a part of this group, for which 40% of skiers come from abroad.

Features of the offering

France has the most ski area in Europe, with 1,180 square kilometers (455 square miles), ahead of Switzerland (840 km² or 324 square miles) and Austria (790 km² or 305 square miles). France boasts the world's greatest number of ski lifts: as of 12/30/2003, 3,961 were in service, compared with 3,100 in Austria, 3,100 in Japan, 3,100 in the United States, 2,350 in Switzerland, and 2,200 in Italy.

Main features of the major skiing countries in Europe

Country	Ski area in km² (sq. miles)	Number of resorts	Number of ski lifts	Number of skier visits (millions of skier days)
France	1,180	357	3,961	63.7
Austria	790	573	3,100	58
Italy	750	338	2,200	37
Switzerland	840	114	2,350	24

Main technical features of CDA ski areas

Winter 2004/2005	Surface area of trails in hectares acres)	Number of lifts	Trails in km (miles)	Number of snow guns	Percent of area covered by snowmaking	Number of grooming machines
La Plagne	735	107	225	277	18%	26
Tignes	490	46	99	92	13%	14
Les Arcs	550	65	143	80	11%	18
Les Menuires	470	38	120	363	28%	14
Flaine et Giffre	520	59	228	153	18%	22
Méribel	253	31	58	366	44%	10
Peisey Vallandry	96	10	35	71	32%	4
Chamonix	339	53	108	82	13%	24
Subtotal: France	**3,453**	**409**	**1,016**	**1,484**	**21%**	**132**
Verbier (Switzerland)	750	45	206	27	26%	25
Saas Fee (Switzerland)	350	23	100	62	14%	12
Courmayeur (Italy)	141	17	36	382	66%	8
Subtotal: Europe (excl. France)	**1,241**	**85**	**342**	**471**	**27%**	**45**
Total: Compagnie des Alpes	**4,694**	**494**	**1,358**	**1,955**	**23%**	**177**

The competitive advantages of CDA ski areas

The competitive advantages of the ski areas of Compagnie des Alpes are derived primarily from their physical location: the Group has decided to operate only European resorts with vast ski areas located at high altitudes. They also boast European-wide recognition and offer extensive professional lodging facilities.

Activities of CDA's main subsidiaries

VISITOR NUMBERS IN CDA SKI RESORTS

(Skier days - thousands)	2001/2002	2002/2003	2003/2004
La Plagne	2,614	2,662	2,673
Tignes	1,659	1,656	1,591
Les Arcs	1,556	1,578	1,630
Les Menuires	1,453	1,459	1,504
Flaine et Giffre	1,124	1,285	1,266
Méribel	1,066	1,073	1,084
Peisey-Vallandry	313	334	356
Chamonix	1,049	1,126	1,103
Subtotal: France	**10,834**	**11,173**	**11,207**
Courmayeur (Italy)	333	397	422
Verbier (Switzerland)	914	1,013	985
Saas Fee (Switzerland)	482	508	465
Subtotal: Europe (excl. France)	**1,729**	**1,918**	**1,872**
Total ski area visitors	12,563	13,091	13,079

Activities in the Ski Area Management division during the winter 2003-2004 season were marked, in France and in Italy, by an overall increase of 0.8% (expressed in numbers of skier days) over the record winter season of 2002-2003. Daily receipts were up by 4.5% and total sales rose by 5.1%. This progression is one percentage point above that of the French ski market in 2003-2004. For the entire scope of consolidation, visitor numbers were stable.

TOTAL SALES (INCLUDING NON-CONSOLIDATED COMPANIES) IN FRANCE

(in millions of euros)	2001/2002	2002/2003	2003/2004
SAP (La Plagne)	50.7	53.9	57.7
STGM (Tignes)	37.5	39.3	39.2
SMA (Les Arcs)	33.9	38.1	42.2
SEVABEL (Les Menuires)	28.9	31.5	33.0
DSF/DSG (Grand Massif)	20.9	23.5	24.5
MERIBEL ALPINA (Méribel)	20.5	22.2	22.4
STAG (Peisey-Vallandry)	6.5	7.0	8.1
CMB (Chamonix)	50.9	54.8	50.0
Total: Ski Areas	249.5	270.2	277.1

Activities of the Sites of the Ski Area Division

➡ *SELALP (SAP/La Plagne – SMA/Les Arcs – STAG/Peisey – Vallandry)*

SELALP brings together the ski resort management companies of La Plagne, Les Arcs, and Peisey-Vallandry. The 2003-2004 fiscal year was marked by the construction and putting into service of the tram link between these ski areas, which now form a vast new area called “Paradiski.” The Vanoise Express is the biggest cable car in the world and comprises two double-decker gondolas that each accommodate 200. Put into operation on December 20, 2003, the project cost €16.1 m.

This first season served to prove the conclusions of studies that were conducted beforehand. Winter sales for all of SELALP climbed by 9.2%; 4.2% was a direct result of Paradiski’s launch. Satisfaction ratings for this new attraction have gone through the roof, with 92% satisfied.

➡ *STGM (Tignes)*

STGM, the Tignes ski area management company, experienced a slight decline in visits during winter 2003-2004 compared to previous years. Indeed, high-altitude resorts suffered from generally favorable snow conditions at medium altitudes until mid-April, which drove away end-of-season skiers. Still, Tignes fared better than its major Tarentaise competitors, limiting its decline in sales to 0.3%.

➡ *SEVABEL (Les Menuires)*

Along with Méribel, Courchevel, and Val Thorens, Sevabel enjoys the distinction of operating the largest ski area in the world. Over the last few years, it has experienced one of the greatest upsurges in visits within the CDA Group, with 1.5 million skier days in the 2003-2004 season. Sales grew by 4% over the fiscal year.

➡ *MERIBEL ALPINA (Méribel)*

Méribel Alpina operates about half of the Vallée de Méribel ski area, the part encircling the Allues village. Its central location in the Trois Valées area and its international reputation make Méribel one of the most sought-after French resorts for foreign visitors. In the 2003-2004 season, sales grew by approximately 1%.

➡ *DSF – DSG (Flaine, Samoëns, Morillon Sixt)*

DSF and its subsidiary DSG operate four of the six resorts that make up the Grand Massif in Haute Savoie. Part of the Group since December 1997, they underwent extensive renovations to bring their equipment up to standard, adding a high-speed gondola (3,000 skiers per hour) linking Samoëns (800 meters or 2,624 feet) to the ski area in December 2003. This new enhancement has energized DSG, helping DSF-DSG sales surge by 4.3% in 2003-2004.

➡ *CMB (Chamonix)*

The 2003-2004 fiscal year was marked by unfavorable weather that disrupted the performance of the Vallée de Chamonix areas in the winter season. Spring and summer suffered from closures for renovations and construction and operations incidents that forced the Aiguille du Midi tram to shut down for several weeks. For these reasons, CMB’s business slumped by 10%. between October 1, 2003, and September 30, 2004.

➡ *SWISSALP (Verbier, Saas-Fee)*

Compagnie des Alpes’s two shareholdings in Switzerland over the 2003-2004 fiscal year were held by SwissAlp. After a record 2002-2003 season, the Valais resorts had less success in 2003-2004, restrained by poor weather and a weakened Swiss economy. Winter revenues generally dropped by about 4%.

1.3. Family Leisure

The Compagnie des Alpes Group has been active in the family leisure market since its 2002 acquisition of the Grévin & Cie Group, a wholly-owned subsidiary.
Created in 1989 under the name Parc Astérix, the Grévin & Cie Group is present in France, the Netherlands, Germany, Switzerland, and England. Its various sites received 5.5 million visits in 2003/2004, including 3.6 million in France and 1.9 million in several other European countries.

The European family leisure market

With an estimated 300 million visits per year, the European family leisure market is shared by amusement parks (50% of the market), tourist attractions (24%), and nature- and animal-theme parks (26%). The Grévin & Cie group is chiefly positioned on the amusement park (75%) and tourist attraction (16%) segments.

Competition

With 6% of market share, Grévin & Cie stands in second place on the French market, which is estimated at 55 million visits. Eurodisney is number one. The European market is extremely fragmented and is currently heading toward consolidation. The numerous factors behind this trend include the industry’s newfound maturity, the retirement of many individual operators, the need to mobilize capital to confront the growing expectations of visitors, and, finally, economies of scale and savings on training for a company operating several sites.

Within this context, Grévin & Cie has the opportunity to seize upon the drift toward consolidation and to use the next five years to become a European hallmark in the family leisure site industry.

Main industry players in Europe

N°	Group	Number of parks in Europe	Visits *(in millions)*	Estimated sales *(M€)*
1	Disneyland Paris	1	12.4	1,048
2	Tussaud	8	14	283
3	Palamon (ex Six Flags Europe)	8	5	232
4	Grévin & Cie	13	5.5	127
5	Aspro Ocio	22	6	111
6	Parques Reunidos	15	7	100
7	Merlin	23	5	46

Features of the Group family leisure sites

With a wide range of distinct leisure sites fully cemented in their respective regional environments, Grévin & Cie stands out among other operators in Europe. Every site has the same ambition: to foster special moments of sharing and fun between and among families, friends, and co-workers. This ambition applies across the board, yet each site cultivates its own personality, attuned to the culture of its home environment.

Family Leisure Activities

VISITS *(in thousands of visits)*	2001/2002	2002/2003	2003/2004
Parc Astérix	1,748	1,772	1,824
Grévin	616	590	680
Grand Aquarium St Malo	386	355	405
Bagatelle	364	375	319
France Miniature	197	173	199
Mini Chateaux and Aquarium Val-de-Loire	237	190	181
Subtotal: France	**3,548**	**3,455**	**3,608**
Dolfinarium Harderwijk (NL)	875	813	733
Hellendoorn (NL)	354	367	326
Grevin Deutschland (Germany)	360	345	476
Aquaparc (Ch)		283	255
Pleasurewood Hills (UK)			144
Subtotal: Abroad	**1,589**	**1,808**	**1,934**
Total: Grévin & Cie sites	**5,137**	**5,263**	**5,542**

SALES *(in millions of euros)*	2001/2002	2002/2003	2003/2004
Parc Astérix	62.1	64.6	66.7
Grévin	7.4	7.4	8.6
Grand Aquarium St Malo	4.3	4.1	4.7
Bagatelle	6.8	7.1	6.2
France Miniature	2.8	2.5	2.8
Mini Chateaux and Aquarium Val-de-Loire	2.3	1.8	1.9
Subtotal: France	**85.7**	**87.5**	**90.9**
Dolfinarium Harderwijk (NL)	16.7	16.4	14.1
Hellendoorn (NL)	5.8	6.3	5.9
Grevin Deutschland (Germany)	5.0	5.7	8.2
Aquaparc (Ch)		4.2	5.2
Pleasurewood Hills (UK)			2.8
Subtotal: Abroad	**27.5**	**32.6**	**36.2**
Total: Grévin & Cie sites	**113.2**	**120.1**	**127.1**

Family Leisure Activities in the Group

➡ *GRÉVIN & COMPAGNIE (Parc Astérix)*

Grévin & Compagnie activities include operating Parc Astérix and all the support and development functions for the family leisure branch.
Despite a thorny socio-economic context, visits to Parc Astérix between April 2004 and September 30, 2004, increased 2.8% compared to 2003, thanks to promotional efforts made during the season.

➡ *MUSÉE GRÉVIN*

Founded in 1882, the Musée Grévin is a world-famous wax museum in the heart of Paris. With economic conditions favoring Paris tourism, the 2004 fiscal year boasted a 15% jump in visitor numbers, which reached an all-time record of 680,000.

➡ *Other French parks (Bagatelle, Grand Aquarium de Saint-Malo, France Miniature, Aquarium de Touraine, and Parc des Châteaux Miniature)*

The Group's other parks in France are smaller operations that take in from 82,000 visitors (Aquarium de Touraine) to over 400,000 visitors (Grand Aquarium de Saint-Malo). Their strong local position and status as market leader have helped them to withstand a difficult economic context. With the exception of Parc de Bagatelle and Park Mini-Châteaux, all of the French parks experienced significant sales growth in 2004, as high as 15% at Saint-Malo.
Bagatelle, a famed family leisure park in Nord Pas-de-Calais region, suffered from particularly poor weather in 2004.
Aquairum de Tourane and Park Mini-Châteaux continue to feel the effects of weakened tourism in the Val de Loire.

➡ *The Dutch parks (DOLFINARIUM HARDERWIJK and HELLENDOORN)*

The Dolfinarium joined the group in July 2001 and the Hellendoorn park followed suit in February 2002. Both were affected by a fragile Netherlands economy and poor weather in July 2004. Visitor traffic and sales are down by 10%.
The Harderwijk Dolfinarium is the largest European dolphin park and features the highest number of dolphins. It is the Group's number-two family leisure site after Parc Astérix. A nine million euro renovation program was initiated in 2004 for a spring 2005 reopening. Beginning in the 2004-2005 season, the site will operate on a seasonal basis for greater cost flexibility.

➡ *The German parks (FORT FUN and PANORAMA PARK)*

Operated by Grevin Deutschland, these two parks are located in the HochSauerland tourism hub and cater primarily to residents and visitors in the Frankfurt region. Poor economic conditions in Germany in 2004 curtailed visitor traffic, bringing down sales for the parks by 15%. Recent additions to the group (Port Fun joined in April 2002 and Panorama joined in January 2004), these two parks will be operated by the same management to improve their profitability.

➡ *Other sites abroad (Switzerland, England)*

The Group has been running Switzerland's Aquaparc du Bouveret since January 2003 and acquired an amusement park in England in July 2004.
In 2004, business at Aquaparc du Bouveret was affected by major roadwork that will persist in 2005. The site is now focusing on more family-oriented activities.
A seasonal amusement park in the East Anglia region not far from Norwich, Pleasurewood Hills welcomes 200,000 visitor each year in an area with a great deal of short- and long-stay tourism. Investments are planned to enhance the site's attractiveness.

2. HISTORY

- **1989/1990**

Creation of Compagnie des Alpes by C3D (Caisse des Dépôts Développement)

Acquisition of STGM in Tignes

Creation of STAG in Peisey-Nancroix

- **1991/1994**

SAP (La Plagne), STAR (Les Arcs), and SATAL (Chamonix-Les Grands Montets) join the Group

Consolidated sales reach €100 m in 1994

- **1994/1995**

Acquisition of a majority stake in Sevabel in Menuires

November 18, 1994: Compagne des Alpes has its IPO on the Second Marché of the Paris stock market

December 1994: The Group obtains a 36% stake in Méribel Alpina, which joins CDA on the Second Marché of the Paris stock market the following year

- **1995/1998**

Acquisition of SMA, the Les Arcs land development company, which becomes the management company of the Les Arcs ski area by obtaining STAR

December 1996: First operations abroad with the Courmayeur ski area in Italy (Val d'Aoste)

December 1997: Méribel Alpina and CDA acquire the ski areas of Flaine, Samoëns, Morillon, and Sixt

- **1999/2000**

Takeover bid for Méribel Alpina

First acquisition in Switzerland (Verbier)

- **2000/2001**

Withdrawal tender for Méribel Alpina

Second move into Switzerland (Saas Fee)

Launch of ski shops business in Les Arcs

- **2001/2002**

Development of the ski shops network through external growth

June 2002: Takeover bid for Grévin & Cie; Compagnie des Alpes makes major move to diversity into the family leisure sector and becomes the number-one leisure operator in Europe

- **2002/2003**

Withdrawal tender followed by a de-listing of Grévin & Cie

Acquisition of the Bouveret water park in Switzerland

- **2003/2004**

Selling of the ski shops

Acquisition of Panorama Park in Germany and Pleasurewood Hills in England

May 8, 2004: Privatization of Compagnie des Alpes

Acquisition of first stake in Serre Chevalier (Hautes Alpes)

3. ANALYSIS OF GROUP FIGURES

During fiscal year 2003/2004, the Compagnie des Alpes Group pursued its development strategy in ski areas and family leisure sites (theme parks and tourist attractions).

In the context of refocusing on these two core businesses, in November 2003 the Group sold its ski shops business (sales and rentals of winter sports equipment), which provided 5.5% of sales.

In the Ski Area business, the key event of the summer was the opening of “Paradiski,” a vast ski area formed by linking the La Plagne, Les Arcs, and Peisey Vallandry areas by means of the double-decker cable car of the Vanoise Express lift. This major innovation on the European ski-lift scene has been a huge commercial success. The Group also put the Grand Massif Express gondola into service, giving a strong boost to business at the Giffre ski area.

This means that, after a record year in 2002/2003, ski area sales grew by a further 5.1% on a like-for-like scope of consolidation, confirming once again that our organic growth in this business is solid.

The Group also pursued its real state policy in resorts where it has responsibility for site development, with sustained real estate sales in Les Arcs and active participation in drawing up the development plan for the Grand Massif area, where it is planning to bring large property reserves to market.

The Family Leisure business was more uneven. Leisure sites in France increased sales by 3.8% despite a rainy summer and sluggish household consumption, thanks mainly to good sales performance at Musée Grévin in Paris and the Saint Malo Aquarium and steady business at Parc Astérix .

However, sales at leisure sites abroad dropped by 10.1%, particularly in Holland, where economic conditions were particularly shaky and the leisure activities industry was involved in a fierce price war. At the same time, continued acquisitions of regional leisure sites such as Panorama Park in Germany and Pleasurewood Hills in England boosted actual sales of the family leisure business by 5.8% over the previous year.

The consolidated income statement may be summarized as follows:

(in millions of euros)	9/30/2003	9/30/2004	Difference (%)
Sales	377.7	372.2	– 1.50%
EBITDA	112.7	106.0	– 5.9%
EBIT	66.6	65.2	– 2.0%
Pre-tax recurrent income	54,0	55.1	2.0%
Net attributable income	**29.1**	**29.0**	**– 0.2%**

3.1. Consolidated sales

Consolidated sales of the CDA Group for the fiscal year closed on September 30, 2004, were €372 m, up by 3% on a like-for-like basis over the previous fiscal year.

On an actual consolidation scope basis, sales declined by 1.5% from the FY 2002/2003 figure of €378 m. This slight decline was due to the sale of the Ski Shops business in November 2003. The figures are as follows:

(in millions of euros)	9/30/2003	9/30/2004	Change (%)
Ski Areas	237.0	245.0	+ 3.4%
Family Leisure	120.1	127.0	+ 5.8%
Other (incl. Ski Shops 2003	20.6	0.2	N/A
Total	**377.7**	**372.2**	**– 1.5%**

Ski Areas

Thanks to sustained organic growth, sales at ski areas, comprising 66% of the Group's sales, increased by 5.1% on a like-for-like scope of consolidation. On an actual basis, growth was 3.4%. Change in partnership arrangements at Compagnie du Mont-Blanc served to change the method of consolidation of CMB in Group financial statements. CMB has been accounted for by the equity method since June 1, 2004.

With the creation of the vast interconnected Paradiski ski area, sales increased markedly at Les Arcs (up 11%), Peisey-Vallandry (up 15%), and La Plagne (up 7%). Courmayeur, Les Menuires, and Samoëns also had good years; the latter benefited from the strong impact of the express gondola link with the Grand Massif ski area. Sales at Tignes and Méribel remain stable at last year's high levels.

Sales figures also include real estate sales, particularly at Les Arcs, for €6.4 m (vs. €5.9 m the previous fiscal year).

Family Leisure

The Group's Family Leisure activities resisted well under both poor weather conditions and an economic situation unfavorable to tourism.

Actual sales are up 5.8%, after taking into account receipts at Pano-rama Park and Pleasurewood Hills, acquired during the fiscal year. On a like-for-like basis, sales are down 1% from the previous year.

Trends vary by country.
Most French sites saw sales increases – 15% for Musée Grévin and the Saint-Malo Aquarium. Sales at Parc Astérix increased by over 3%, mainly because of the numerous special events throughout the summer in celebration of the park's 15th anniversary. The number of summer visits was also higher than in the year before, which suffered from the heat wave.

However, the unfavorable economic situation had particularly negative effects on sites abroad, namely in Germany and the Netherlands. Overall, sales were down by 11% over the previous year. Major reconstruction of installations at the Dolfinarium (in the Netherlands) and Fort Fun (Germany) also weighted down sales.

Sales abroad accounted for 30% of total sales for the business line. The breakdown is as follows:

(in millions of euros)	at 9/30/2003	at 9/30/2004	Notes
Germany	5.7	8.2	Acquisition of Panorama Park
Great Britain	–	2.8	Acquisition of Pleasurewood Hills
Netherlands	22.7	20.0	
Switzerland	4.2	5.2	BICI consolidated for 3 quarters in 2003
Total	32.6	36.2	

3.2. Gross operating income (EBITDA)

Gross operating income (EBITDA) includes operating revenues and expenditures (before depreciation/amortization and provisions, net financial income, and taxes).
It is a key aggregate for evaluating management.

EBITDA by business line was as follows:

	9/30/2003		9/30/2004		Change
(in millions of euros)	Amount	% of sales	Amount	% of sales	2004/2003
Ski Areas	81.1	34.2%	81.4	33.2%	0.3%
Family Leisure	28.4	23.6%	27.2	21.4%	– 4.0%
Other (incl. Ski Shops)	3.2	15.5%	– 2.6	NS	NS
Total	112.7	29.8%	106.0	28.5%	– 5.9%

The key elements of change from the previous year are as follows:

(in millions of euros)	Change on like-for-like basis	Change due to changes in scope of consolidation	Total change
Ski Areas	1.8	– 1.5	0.3
Family Leisure	– 2.8	1.6	– 1.2
Other (incl. Ski Shops)	– 1.8	– 4.0	– 5.8
Change in EBITDA	– 2.8	– 3.9	– 6.7

Ski Areas

After increasing by an exceptional 24% the previous fiscal year, due to an exceptional winter season, EBITDA for this business line remained stable at a high 33.2% of sales. For a like-for-like scope of consolidation (including a full year of CMB's consolidation), EBITDA increased by 2.2% over the previous year.

Other operating revenues are down by €1.3 m, due to a drop in accident insurance payments on earlier claims. The margin on real estate activities is €300,000, down from €2 million in 2002/2003, due to taking over responsibility for additional site development at Les Arcs.
Operating expenses on lifts increased by 2.7%, while sales increased by 3.2 %. Expenses included the costs of launching Paradiski and an increase of 4.8% in personnel expense, in particular due to an increase in seasonal employees due to the length of the season and to strengthened ticket control.
Expenses on major overhauls linked to major inspections required by regulations remained stable at €2.5 m.
Lease payments again declined, by €700,000, as opposed to a drop of €1.4 m 2003.

Family Leisure

For a like-for-like scope of consolidation, EBITDA for the Family Leisure business declined by €2.8 m from 2002/2003. This is due to the drop in business at parks abroad, which affects operating margin and its consequences. Fort Fun and the Harderwijk Dolfinarium alone declined by €3 m from the previous fiscal year.

In France, EBITDA at each site grows in proportion to sales.

The parks that were first consolidated in 2004 were as profitable as expected.

Other

Operating expenses of the Compagnie des Alpes holding company include the cost of personnel reorganization (departure of managers) and costs due to changes in regulations, in particular the introduction of the IFRS standards.

3.3. Operating Income

Operating income was as follows:

(in millions of euros)	9/30/2003	% of sales	9/30/2004	% of sales	Change (%)
EBITDA	112.7	29.5%	106.0	28.5%	– 5.9%
Depreciation and provisions	– 47.4	12.6%	– 45.7	12.2%	
Other operating revenues	1.3	0.3%	4.9	1.3%	
Operating income	**66.6**	**17.7%**	**65.2**	**17.5%**	**– 2.0%**

The decline in EBITDA is partly offset by the drop in depreciation expenses and by a particularly high level of other operating income.

The decline in depreciation expenses is due to changes in the scope of consolidation (mainly ski shops) and a lengthening of the depreciation period for certain assets of Grévin & Cie such as civil engineering works.

Other operating income includes the €1.9 m capital gain on the ski shops, sold in November 2003.

Under Ski Areas, other operating income came in at €4.8 m, as opposed to €1.5 m in 2002/2003. This includes exceptional income due to the favorable outcome of earlier litigation (€1.2 m) and to renegotiating agreements concerning real-estate activity at Les Arcs (€1.6 m).

Under Family Leisure, other operating income is €1 m less than in 2002/2003, due to non-recurrent expenses for retirement commitments not covered by insurance contracts (€600,000) and provisions for risks on personnel benefits in the Netherlands, for €300,000.

Operating income by business line is as follows:

(in millions of euros)	9/30/2003	9/30/2004	Change (%)
Family Leisure	54.4	56.8	4.4%
Other (incl. Ski Shops)	11.2	9.6	– 14.1%
Autres (dont Ski Shop)	1	– 1.2	N/A
Total	**66.6**	**65.2**	**– 2.0%**

3.4. Net attributable income

With net financial income clearly improving, thanks mainly to the termination of financial expenses on the ski shops and the drop in financial expenses of the CDA holding company, current income (i.e., net consolidated attributable pre-tax income excluding goodwill amortization, see table below) comes to €55.1 m, an increase of 2% over the last fiscal year, representing 14.8% of sales as opposed to 14.3% in 2002/2003.

The real income tax rate was 32.8% of current income, thanks mainly to the use of loss carry-overs. It is nonetheless higher than in the previous fiscal year, which benefited from a one-off tax savings of €2 m.

The share of equity affiliates remains stable at €1.2 m.
Goodwill amortization was €4.5 m, slightly less than in the previous year because of the deconsolidation of Compagnie du Mont-Blanc (now an equity affiliate), which was partially offset by amortization of goodwill on the new subsidiary, Pleasurewood Hills. The total comprises €1.5 m for ski areas sites and €3.0 m for family leisure sites. After analysis of the sites' performance and prospects, no additional amortization proved necessary.

Net consolidated income reached €33.7 m as of 9/30/2004, similar to the previous fiscal year. At €29.0 m or 7.8% of consolidated sales, net attributable income is slightly less than last year's figure of €29.1 m (7.7% of sales), due to a slight increase in minority interests.

(in millions of euros)	9/30/2003	9/30/2004	Change (%)
Operating income	66.6	65.2	– 1.3
Financial income	– 12.6	– 10.2	2.4
Income tax	– 17.1	– 18.0	– 1.0
Equity affiliates	1.3	1.2	– 0.1
Goodwill amortization	– 4.7	– 4.5	0.2
Minority interests	– 4.4	– 4.7	– 0.3
Net attributable income	**29.1**	**29.0**	**– 0.1**
in % of sales	7.7%	7.8%	

3.5. Cash Flows

(in millions of euros)	9/30/2003	9/30/2004
Operating cash flow	86.8	74.6
Net capital expenditure	– 76.3	– 74.4
Available cash flow	**10.5**	**0.2**
Net financial investments	– 16.8	8.5
Capital increase	96.0	3.0
Change in borrowings	– 27.4	– 46.5
Dividends	– 11.4	– 12.3
Change in working capital and other	4.4	17.2
Change in cash	**55.3**	**– 29.9**

➡ *Operating cash flow* reached €74.6 m, or 20% of sales, down €12 m from last year. This is explained mainly by the decline in EBITDA of €6.7 m, of which €3.9 m is due to changes in the scope of consolidation, and by trends in provisions entered and recovered, as well as the increase in income tax.

➡ *Capital expenditures* were slightly lower than in 9/30/2003, at €74.4 m or 20% of sales, due essentially to changes in the scope of consolidation, including a reduction in CAPEX of €5 m for the Ski Shop business (sold during the year).

CAPEX in Ski Areas was close to €62 m or 25% of sales, a proportion similar to 2002/2003. These figures show that the Group has increased capital expenditures significantly from previous levels of about 18 to 20% of sales. This high level of CAPEX is driven by a significant increase in lodgings at ski resorts, with a pace of construction of some 3,000 to 4,000 new beds each year, and also takes into account important expenditures on lift interconnections such as the Vanoise Express, linking Les Arcs and La Plagne (a total expenditure of €16 m, of which €5 m in 2003/2004), and the Grand Massif Express, linking Samoëns and the Flaine area (a total expenditure of €12 m).

The principal capital expenditures in the ski areas business were for:

(in millions of euros)	**9/30/2004**
Ski lifts	38.2
Trail works, artificial snow, grooming equipment (snowcats)	15.8
Buildings and equipment	6.3
Other	1.9
Total	**62.2**

Net CAPEX on Family Leisure came to €11.8 m, or 9.3% of sales of this business line. Major capital expenditures were at Parc Astérix and two sites abroad, Fort Fun and the Dolfinarium.

➡ *The net debt/equity ratio* at the end of the fiscal year was 75.2%, versus 92.2% on 9/30/2003. This significant drop is due essentially to:
• changes in the scope of consolidation during the year (disposal of the ski shops and deconsolidation of Compagnie du Mont-Blanc and Courmayeur)
• a high level of debt reimbursement during the year.

4. KEY EVENTS AFTER CLOSING OF THE FISCAL YEAR

4.1. Acquisition of a New Shareholding in Switzerland

In October 2004, CDA, via its subsidiary Swissalp, obtained a minority holding (20%) in ARBAG (Aletsch Riederalp Bergbahnen AG), which operates the Aletsch ski area (the southern slope of the Jungfrau mountain in the Swiss Valais).

4.2. Concession to Run Saint Chaffrey (Hautes Alpes) Ski Lifts

The town of Saint-Chaffrey (Hautes-Alpes) granted Compagnie des Alpes the concession for its ski area, Serre Chevalier 1350, which had previously been operated by the municipality. The 30-year concession contract provides for an investment program of €30 million over six years, including restructuring and modernizing the ski area.

CDA also brought up to 19.9% its stake in SCSD, the management company of the other areas that make up Serre Chevalier through concessions. This new concession will enable CDA to coordinate the site preparation, development, and operation of the entire Grand Serre Chevalier ski area with great effectiveness.
The Serre Chevalier ski area covers six municipalities including Saint Chaffrey, offering a total of 250 kilometers (155 miles) of ski trails situated at altitudes ranging from 1,200 to 2,800 meters (3,940 to 9,190 feet), served by 77 lifts. During the 2003/2004 winter season, Serre Chevalier had total sales of €27 m for 1.6 million skier days. It has 100 permanent employees and approximately 400 seasonal employees.

4.3. A Capital Increase for Compagnie du Mont-Blanc

Shareholding in Compagnie du Mont-Blanc has grown due, on the one hand, to the purchase of 29,037 shares in a capital increase program and, on the other hand, to the incorporation of the profit-sharing loan into the shareholders' equity of Compagnie du Mont-Blanc through the issue of 81,633 new shares.

On December 1, 2004, the share of capital held by CDA rose to 23.46%.

4.4. Organization of the Ski Area Business Line

As of October 1, 2004, the ski area segment has been managed by the Compagnie des Alpes – Domaines Skiables holding company (registered in July 2004). With Compagnie des Alpes as its sole partner; this SAS corporation will bring together the Group's shareholdings in French and Italian ski area management companies over which the Group exercises strong influence.

5. STRATEGY, INVESTMENT POLICY, AND PROSPECTS

5.1. The Strategy of the Compagnie des Alpes Group: To Maintain its Historical Development Model by Acquiring and Consolidating More Active Leisure Activities

The Group's model for growth, as applied in its operation of ski areas, is based on a three-part strategy:
- building up, through acquisitions, a chain of local ski areas as free as possible from the vagaries of climatic conditions;
- implementing a management model specific to the Group in each of these companies;
- putting these companies and their management into a network to constantly build and improve know-how, creating a central body to propel and consolidate this dynamic while developing innovations that are unattainable for companies standing alone.

Over the past ten years, this strategy has enabled Compagnie des Alpes to enlarge the scope of the ski areas it directly operates in France and in Italy and to double its sales while improving its operating margin.

Expansion into Switzerland through the taking of minority stakes in three renowned ski areas has rounded out the Group and opened up opportunities for growth, in a promising market that has undergone little concentration.

The success of Serre Chevalier confirms the allure of the Compagnie des Alpes model for local authorities seeking to concede their ski areas, although opportunities for growth in France are now rather limited.

The Group's ski area branch is very concentrated geographically (in the Northern Alps), has a short operating period (95% of sales are generated in five months), and is dependent on the whims of the weather.

Diversification into the family leisure sector with the 2002 acquisition of Grévin & Cie. constituted a natural growth spurt for Compagnie des Alpes.

Nowadays, with complementary operating seasons and a wider geographic base, the Group is better protected from risks associated with the highly concentrated ski area activity. Business is conducted year round, the climate risk is more diversified, and risk on visitor levels is spread out better.

The goal of Compagnie des Alpes is to incubate and support a leading company in outside-the-home leisure, honing the Group's skills to benefit its customers, shareholders, and workers.

The methods brought into play are:
• organic growth, based principally on developing business and improving income from sales – around 5% per year for the ski areas and 3% per year for family leisure;
• industrial investments according to visitor level goals for each site – 10% of theme park sales for maintenance-related investments, and 18 to 20% of ski area sales if the number of professional beds does not increase;
• pursuit of projects like the Bioscope through partnerships that ensure both profitability and durability;
• external growth, especially in the family leisure division, without abandoning growth opportunities in the ski areas.
The goal is to progressively balance out sales in the two activities, to obtain EBITDA equal to about 30% of sales, and to post a net margin of 8 to 10% of sales while maintaining a debt to equity ratio below 1.
Meeting these goals should allow the company's share price and market capitalization to grow at the same rate as it has in the past.

5.2. 5.2. Winter 2004/2005

The winter season will be marked by 4,000 new beds in the Group's winter sports resorts:
• 1,900 beds in the Paradiski area (Les Arcs and Peisey-Nancroix)
• 1,000 beds in the Grand Massif
• 500 beds in Menuires and 300 beds in Tignes.

These new beds should boost the activity's growth in volume and make up for the effects of a school vacation calendar that is less favorable than last year's.

5.3. Preparing for the Summer Season at the Theme Parks

DIn winter 2004/2005, Grévin & Cie. will complete its redevelopment program on the Fort Fun, Hellendoorn, and Harderwijk sites, which was planned upon acquisition and partly undertaken in 2004. The program should ensure the reestablishment of the performance levels expected from these sites – a €4 m improvement of their operating margin. The Harderwijk Dolfinarium, in particular, will undergo a major renovation plan in 2005 for €9 m, and it will begin operating on a seasonal basis.
New attractions will be put in service at Hellendoorn and Fort Fun.
Acquired in July 2004, the Pleasurewood Hills park will retool its attractions offer in this fiscal year.

In France, Parc Astérix is renovating its central restaurant, and Musée Grévin is pursuing its strategy of creating new characters in sync with its clientele's expectations. France Miniature is cultivating its attractions offer to attract local customers.

Finally, Grévin & Cie. is actively pursuing its external growth strategy with the support of the Compagnie des Alpes teams.

6. GROUP WORKFORCE INFORMATION

The CDA Group operates in the area of active leisure (sports and/or family leisure), which is an extremely seasonal market. Its employment structure and work hierarchy are directly correlated to the professional and geographical specificities of these activities, resulting in a decentralized human resources system that mirrors the social and human reality of Group operations. Moreover, the Group's companies share the same respect for high-quality management, labor negotiation, safe working conditions, and insertion of its employees into the social fabric.

The workforce information below is based on comparable reporting environments in France and Italy.

6.1. Workforce

On September 30, 2004, 1,518 people were working at the CDA Group's various sites.

	Permanent	Fixed-term contracts	Seasonal	Other (temporary)	Total	Ski areas	Family leisure	Holding company
9/30/2004	951	62	488	17	1 518	686	787	45
9/30/2003	951	57	420	40	1 468	666	760	42

The September 30 closing date fell during a period of weak activity. 63% of the workforce is composed of permanent employees. Seasonal workers mainly work on the family leisure sites.

In high season, the distribution of permanent and non-permanent employees is quite different: permanent workers then represent 22% of the total workforce, both at the ski areas as of 3/31/2004 and in the French leisure parks as of 8/31/2004.

Monthly temporary workers can be summed up as follows (full-time equivalent):

Month	10-03	11-03	12-03	01-04	02-04	03-04	04-04	05-04	06-04	07-04	08-04	09-04	Moyenne
Ski areas	677	687	1,670	2,501	2,540	2,518	2,382	805	651	798	798	666	1,391
Family leisure	706	484	468	483	538	799	1,342	1,324	1,369	1,552	1,646	1,036	979
Holding company	45	45	46	44	44	42	43	43	43	43	45	45	44
Total on 3/30/2004	1,428	1,216	2,184	3,028	3,122	3,359	3,767	2,172	2,063	2,393	2,489	1,747	2,415
Total on 9/30/2003	1,471	1,246	2,184	2,996	3,058	3,320	3,718	2,159	2,169	2,465	2,513	1,840	2,429

Breakdown by age and seniority

The age pyramid of the Group's workforce varies widely depending on the activity and the season. In high season, workers under 25 represent close to 50% of the family leisure workforce (mostly under temporary, seasonal contracts). Workers aged 31 to 50 represent 60% of the ski area workforce.

Seniority is also much higher at the ski areas: 58% of employees as of 3/31/04 had more than four years' seniority, compared to 20% in the leisure parks as of 8/31/04.

Professional equity

Percentage of women in total workforce	Permanent	Non-permanent	Total
9/30/2004	29.1%	49.2%	36.6%
9/30/2003	28.9%	50.1%	36.4 %

The proportion of women in management positions is approximately 31%.

In high season, women make up 31% of the workforce at the ski areas and 53% of the workforce at the family leisure sites.

6.2. Working Conditions

In the Group's French companies, the workweek is 35 hours. It is 40 hours in Italy.
Overtime represents 1.24% of the total number of hours worked.

Hiring conditions

In the French winter sports resorts, seasonal workers from the previous year are given priority (Article 16 of the National Labor Agreement on Cable Cars and Ski Lifts). The resorts also receive many unsolicited applications.

In the family leisure activity, the hiring process, which is harmonized for all the parks, is broken down into several stages: positions to be staffed are advertised with local employment agencies, in the press, on posters, on the Internet, and within partner organizations. At the same time, former seasonal employees who had given satisfaction are contacted. The workforce is predominantly made up of students who want to earn some money during their holidays. In order to better control its hiring practices and the follow-up of its seasonal employment contracts in the Family Leisure activity, Grévin & Co. has developed an Internet- and intranet-based application management system. This program will be used throughout the company in the 2004-2005 fiscal year.

Departures

Reason for departure	Resignations	Dismissals	End of contracts	Trial period	Retirement	Death
2003/2004	275	55	4,268	77	15	5
2002/2003	196	82	4,309	79	10	3

NB : Temporary and freelance contracts are not included.
Seasonal activity generates a large number of fixed-length contracts.

Absenteeism

In number of days	Work accident	Illness	Maternity	Non-paid absence	Other	Total	Absenteeism rate (%)
2003/2004	5,105	13,532	2,167	4,961	631	26,396	3,0%
2002/2003	5,861	14,749	2,284	5,231	644	28,769	3,4%

Major accident prevention and training initiatives have been undertaken over the past two years. This accident prevention policy has resulted in reduced days of absence.

Training

At all sites, specific training is organized for newly hired seasonal and other non-permanent staff. Furthermore, each company develops its own yearly training plan. This business year, 2,622 employees received a total 38,900 hours of training.

Labor relations

The staff is represented by 138 labor representatives and 14 union stewards.

Hygiene and safety

	Frequency rate [a]	Seriousness rate [b]	Length of absence (days) [c]
2003/2004	67.9	1.3	18.5
2002/2003	109.3	1.5	13.7

(a) Number of accidents with leave over 24 h x 1,000,000 / number of hours worked.
(b)) Number of days leave x 1,000 / number of hours worked.
(c) Number of days leave / number of absences.

In accordance with the law of 12/31/1991 and with the decree of 5/11/01, professional hazard assessment documents are established and updated regularly. These identify and list any potential hazards. Concerning ski areas, the main risks identified are falls (at the same level and from an elevation) and accidents while skiing. Concerning family leisure sites, the main risks are accidents (when working at a height, moving within the parks, and working in the food services).

Compensation

➡ *Personnel costs in France (excluding Chamonix) and Italy*

Personnel costs *(in millions of euros)*	2002/2003	2003/2004	Change
Compensation (including additional elements of wages)	64.53	69.18	7.2 %
Fringe benefits	24.20	25.78	6.5 %
Profit-sharing and participation	4.67	4.74	1.5 %
Total	93.40	99.70	6.7 %

➡ *Average monthly pay for each activity (permanent employees)*

For open-ended contacts *(in euros)*	Management		Technicians/Supervisors		O - E	
	Men	Women	Men	Women	Men	Women
Ski Areas (excl. SMA)	4,410	3,468	2,675	2,429	2,172	2,020
Family Leisure	4,622	3,779	2,030	1,782	1,519	1,426

The Group's citizen responsibility

Through various taxes and levies (business taxes of €8.8 m, ski area concession fees of €5.4 m, "Mountain Law" tax of €9 m), the Group largely contributes to the resources used by the territorial communities for site development and solidarity.
Overall, these contributions represent 7.1% of the Group's French (excluding Compagnie du Mont-Blanc) and Italian sales.

➡ *Geographical distribution of staff*

In France, the Group's staff works in the following regions: 44% within the Île-de-France region and the Oise département, and 36% in the two Savoy départements.
The ski area employment pools are very localized: despite the seasonality of the activity, 86% of the employees live in the two Savoy départements. The Group's companies are the major employers and financial contributors within the towns and villages where they operate.
The family leisure employment pool is slightly larger; 74% of the staff lives in Oise and Île-de-France.

➡ *Relations with associations and the educational environment*

This business year, the Group's companies devoted an estimated budget of €0.4 m to associations.
At the ski areas, these funds mostly went towards sponsoring sports and ski clubs, supporting the local tourist information offices, and participating in events organized by external partners. The companies also contribute towards the development of the resorts.

Concerning the family leisure sites, Parc Astérix offers logistical support to local associations, and the Saint-Malo aquarium helps organize events in partnership with the "Mer Fragile" association, for example.

The Group's companies maintain close ties to the educational environment and each year welcome many students as interns:

	Number of interns	Number of apprenticeship contacts	Number of qualification contracts
2003/2004	255	19	82
2002/2003	229	17	77

➡ *Subcontracting*

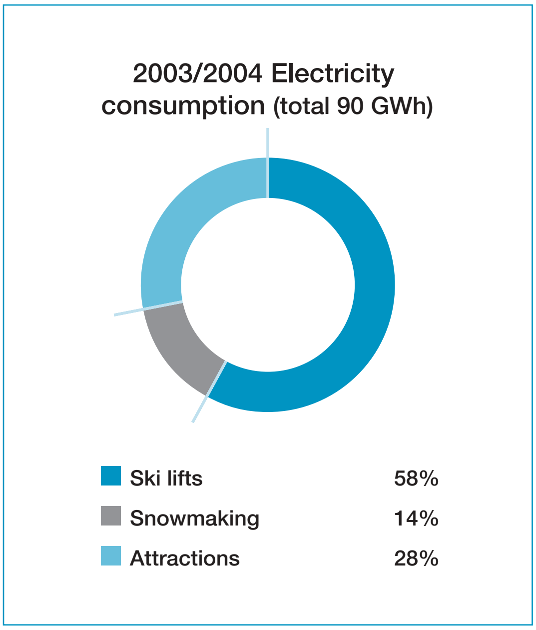
Contracts recorded under general subcontracting represented €4.2 m for the business year, i.e. approximately 2% of total operating expenses. Isolated subcontracting contracts may also be recorded under maintenance and repair expenses. The Group's companies always ensure that their subcontractors abide by the provisions of the fundamental conventions of the International Labor Organization.

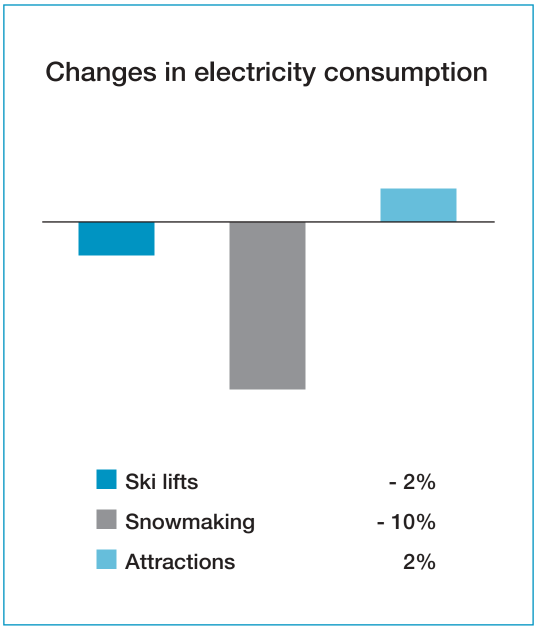
7. IMPACT OF GROUP ACTIVITIES ON THE ENVIRONMENT

The activities of the Compagnie des Alpes Group do not create serious risks for the environment. Still, the Group's companies in its two areas of business share the same ambitions to respect the environment, to preserve flora and fauna, and to manage natural resources in light of sustainable development.
The environmental information below is based on the real scope of consolidated companies in France and abroad.

7.1. Energy Policy

- Electricity consumption





Group activities require electric energy and consume more than 90 kWh, including 75% in the ski areas and 25% in the theme parks. For several years, the Group has been seeking out equipment that limits electricity consumption, a strategy that, in 2003/2004, resulted in reduced consumption despite higher activity.

Moreover, throughout the fiscal year, Compagnie des Alpes implemented a horizontal process to rationalize the Group's purchases and electricity consumption.
The first phase of this process involved a worldwide call for tenders for electricity providers. At the end of this phase, the Group diversified its providers (EDF is still the most dominant among them) and set up a system for centralizing data.
The second phase, to be implemented in 2004/2005, will mainly consist of a study on optimizing electricity consumption in snowmaking and the evaluation of the energy policies at the Group's German and Dutch sites.

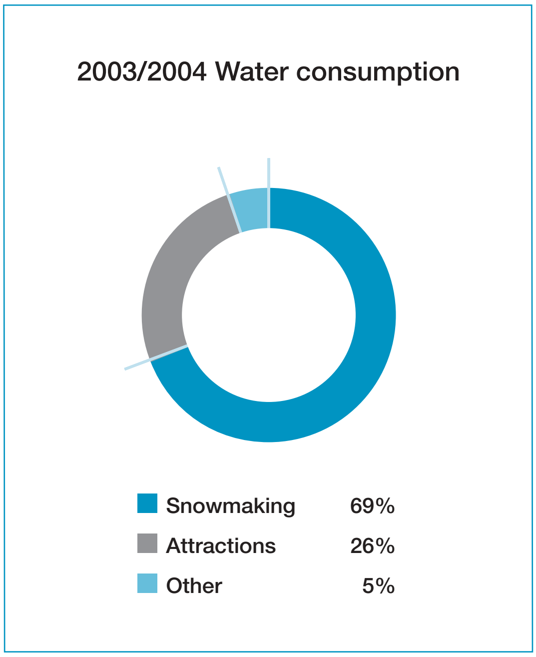
Fuel consumption

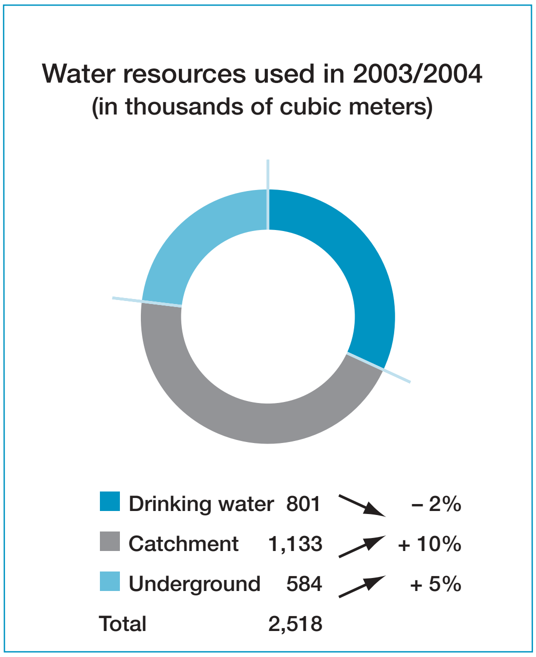
(in thousands of units)	Gasoline	Diesel fuel	Fuel oil	Gas
2003/2004	126	616	2,991	2,226
2002/2003	119	573	2,818	2,334

Hydrocarbons are mainly used for trail grooming equipment, e.g. snowcats, and the fleet of vehicles. In the theme parks, the goal is to progressively replace 20% of the diesel vehicles with electric vehicles. Fourteen percent were replaced by the end of 2004.

The theme parks primarily use gas heating, and more than two million cubic meters are consumed each year.

7.2. Water





The large majority of water is used for snowmaking and filling the tanks in the aquariums and dolphinariums, as well as for watering plants in the parks.

Snowmaking compensates for shortfalls in natural snow to facilitate skiing. In their growing use of snowmaking, the Group's companies take care to minimize water consumption as much as possible. They have fine-tuned special preparation and trail grooming techniques that considerably reduce the amount of snow needed while guaranteeing a high quality of service.
With some exceptions (particularly at Courmayeur), opportunities for using groundwater are rare, so the Group's companies limit their use of drinking water by setting up basins for surface water catchment. Snowmaking technology is constantly evolving to reduce water consumption.

For the most part, the aquariums and dolphinariums are filled with groundwater (Parc Astérix) or sea water (Saint Malo and Harderwijk). At Parc Astérix, on-site groundwater is also used for watering. Conservation measures include monitoring basin levels and a centralized watering system.

7.3. Waste water and waste

Waste water

Waste water amounts to approximately 550,000 cubic meters each year. The waste water produced by the Group's activities is close in nature to household waste water.
The water used for snowmaking is directly returned to nature in the form of snowmelt.
In the theme parks with aquariums, waste water is reprocessed before being discharged.

Waste

WASTE VOLUME *(in tons)*	Household waste, paper, cardboard	Scrap iron	Common industrial waste	Special industrial waste	Total
2003/2004	1,295	311	331	83	2,020
2002/2003	1,356	387	407	56	2,206

Generally speaking, the Group's activities generate common waste such as household items and paper. This category makes up 65% of the waste produced by the Group as a whole. The reduction in waste volume is generally due to the dip in theme park visitor levels. Furthermore, ground clearing (site redevelopment) and the dismantling of old ski lifts generated approximately 650 tons, down nearly 20% compared to the preceding fiscal year (exceptional ground clearing was done in 2003).
For common industrial waste, the Group systematically conducts selective sorting.

7.4. Protection of fauna and flora

Concerning the ski area activity, the land operated and developed for public use represents approximately 3,500 hectares (8,649 acres), or 20% of the trail surface of all Northern Alp resorts and 14% of the total French trail surface.

At the ski resorts, beyond the gradual decrease in ski lift numbers, all machines that are replaced are taken apart and evacuated, and the massive pylon supports are buried. The Group buries electrical lines whenever possible. Helicopters are used to transport concrete or ski lift parts in order to limit the number of trails on the mountainside. During the construction of new trails and the improvement of existing trails, run-off channels are installed and the areas are returfed. In 2003/2004, more than 100 hectares were thus returfed or reforested. Furthermore, "Clean Mountain" operations are organized on several sites to clean up the winter season's waste

In the family leisure division, Parc Astérix signed a 1998 agreement with the Conservatoire des Sites de Picardie to preserve the Bois de Morrière protected area. This area is classified as a ZNIEF (natural zone of ecological interest). The site is part of the future Parc Régional Oise-Pays de France, which includes the forests of Halatte, Ermenonville, and Chantilly. All the sites that own protected areas (Parc Astérix, Saint Malo aquarium, Val de Loire aquarium) comply with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

7.5. Sound and odor nuisances

Concerning sound nuisances in the family leisure parks, all applicable legal restrictions are fully complied with. At Parc Astérix, for instance, the equivalent continuous sound level due to the Park's activity is under 40 dB at the property border. The loudest impulse emissions were measured at 42 dB (A), for very short times only.

Concerning the ski areas, sound nuisances are low and are mostly due to the ski lift stations and the snow guns located close to urban areas. The replacement of the ski lifts and snow guns with new-generation machines will limit these sound nuisances.
No odor nuisances have been noted either in the ski areas or in the leisure parks.

7.6. Certifications and conformity with legislative and regulatory measures

In the ski areas, most of the resorts are certified ISO 9000. None has a dedicated environmental department, as these issues are mainly dealt with by the quality/security and trail departments.

In the family leisure activities, no site has yet obtained ISO certification. In March 1999, Parc Astérix nonetheless initiated a voluntary sustainable development policy that included the adoption of a PEEA (ADEME Business Environment Plan), adjusted to the ISO 14001 standard by the executive committee for the 2000/2002 period. This plan outlines an environmental policy based on three priorities: managing resources, the impact of the activity on the environment, and communication and training. At Parc Astérix, an "energy and environment" department is in charge of regulatory issues, the collection and sorting of waste, and the management of the ADEME Business Environment Plan.

8. GROUP RISKS

8.1. Risk factors

Market risks

Group companies are mainly exposed to liquidity and interest rate risks. Exchange rate risks, on the other hand, are very limited. These risks are analyzed below.

Liquidity risk

As of 9/30/2004, the Group's debt[1] represented €297.9 million, broken up by maturity date as follows:

Total in €millions	Less than 1 year	1-5 years	More than 5 years
231.7	45.5	113.0	73.2

Certain finance contracts concluded by the Group companies contain recall provisions in case financial ratios are not respected. As of 9/30/2004, the total amount of debt to which these clauses applied stood at €126.6 million. Details of these ratios are shown in the Appendix to the Consolidated Accounts, in Note 4.11.

As of 9/30/2004, all these clauses had been complied with.

Moreover, the Group's companies generally have short-, medium-, and long-term committed unused credit lines at their disposal. These credit lines enable the companies to deal with any unforeseen developments which might affect operations (for example, the late arrival of the first snowfalls) and to safeguard financing in available volumes and of cost. As of 9/30/2004, the Group had €76 m in unused committed credit lines.

(1) The debt set out here covers bond loans, borrowings from lending institutions, other borrowings and assimilated debts, partners' advances, and leasing.

Interest and exchange rate risks

CDA uses financial instruments to manage interest and exchange rates pertaining to the scope of the Group's activity. The Group's intention is not to manage market risks in a speculative fashion. The only goals are to guarantee a minimum of available resources and a minimum cost. These management efforts are centralized through the Group Finance Department, which is directly attached to the Board of Directors.

➡ *Interest rate risk hedging*

In the current favorable interest-rate context, the policy focuses on guaranteeing interest expense by setting up caps for the short and medium term.

As of 9/30/2004, variable-rate debt represented 85% of total debt, or €196.3 m. Of this amount, €157.5 m was subjected to hedging through the following financial instruments:
- guaranteed caps, sometimes in conjunction with floor rates;
- swaps of fixed rates or variable capped rates.

Debt exposure to interest rate risks as of 9/30/04, in percentage terms, along with changes occurring in the FY 2004/2005[2], may be summarized as follows:

	9/30/2004	2004/2005
Exposed debt	21.0%	23.0%
Non-exposed debt	79.0%	77.0%
	100.0%	100.0%

Non-exposed debt includes fixed-rate borrowings and the hedged portion of variable rate borrowings. As of 9/30/2003, exposed debt came in at 35.5%.

In the event of a 1 and 2% increase in base rates (three-month Euribor, 12-month Euribor, and average monthly market rates) over the whole of FY 2004/2005, there would be, respectively, a €0.9 and €1.7 million after-tax increase in the Group's interest costs.
A 1% fall in the same base rates over the whole of FY 2004/2005 would result in a €0.8 million after-tax decrease in the Group's interest costs.

➡ *Foreign exchange hedging*

The Group did not resort to foreign exchange hedging. The reasons for this were the following:
- intragroup forex flows are limited;
- sales income is generated in the same foreign currency as that of operating expenses.

Investments in subsidiaries located abroad are made in the currency of the foreign country. This position is not hedged insofar as these are long-term operations.

Customer credit risks

Given its sales structure, which consists of ski lift packages and entry tickets for the leisure sites, the Group is little exposed to customer credit risks.

Legal Risks

The regulations governing the Group's activities vary depending on the activities themselves and the countries in which the CDA Group is operating.

(2) Data for the financial period 2004/2005 are provided on the basis of the average outstanding debt over the period.

In France, ski resort operations are carried out under the terms of the "Mountains Act" of January 9, 1985, which deals with "the provision of ski-lift and ski-slope services." The features of the concession contracts under which the Group operates by virtue of these regulations are set out in the Appendix to the Consolidated Accounts (Note 1.7). The transfer of concession contracts requires the approval of the granting authority. In the case of STGM (Tignes) and Sevabel (Les Ménuires), any change in control of the concessionary company also requires the approval of the authority concerned.

In Italy and Switzerland, there is no legal provision for a regulatory structure for public service concession contracts. Ski-lift operators own the facilities they operate under a system of authorizations which, in general, are issued for items of equipment on an item-by-item basis for an officially-determined life span.

The operation of family-oriented leisure sites does not give rise to a legal framework applying specifically to that activity. It should be noted that the Bioscope project is run under a concession contract that was concluded with a territorial authority.

The following events occurred during the fiscal year:

• DSF was again named the management company of the Arâches-la-Forêt municipality's public ski lift service after proceedings initiated by the Grenoble Administrative Appeals Court decision of October 17, 2002.

• The European Commission ruled that participation by local authorities in financing the Bioscope complies with European law.

The Leisureplan company, which ceded its Dolfinarium Harderwijk and Avonturenpark Hellendoorn parks to Grévin & Cie and its subsidiary, Harderwijk Hellendoorn Holding BV, has brought a formal complaint against these two companies in Dutch courts. Because no damages have been sustained by Leisureplan at this point, no amount has been specified. The maximum possible amount would be approximately five million euros. The initial ruling in December 2004 was not in Grévin & Cie's favor. Grévin & Cie continues to consider Leisureplan's claim unfounded. The company and its advisers believe that the Dutch courts are likely to rethink their position when Grévin appeals the December 2004 judgment. No developments since September 30, 2003, have caused CDA to modify its opinion on this trial.

Risks arising from the privatization of CDA

The privatization of CDA in 2004 does not pose significant risks for the sustainability and development of the Group's activities. In particular, the transfer of the parent company CDA to the private sector as such does not affect concession contracts between French ski area management companies and local communities (see paragraph 9.1 2 and note 1.7 in the notes to the consolidated financial statements).

Likewise, the privatization of CDA has not affected the Group's refinancing conditions, insofar as the recall provisions linked to shareholdings that are attached to part of the debt require that the CDC Group hold at least 33 1/3% of the shares in CDA, which remains the case. No other possible impact has been identified to date.

Special risks

Personal and property safety

All companies within the Compagnie des Alpes Group have taken steps to secure ISO 9000 certification for facilities, construction, and maintenance, so as to fully satisfy the most stringent safety-related obligations while at the same time keeping costs under control.

Within the Group itself, each company has designated a "risk manager;" and a working group has been established which has compiled a comprehensive handbook on industrial and environmental risks, drawn up crisis management procedures, and put in place a specific reporting system.

The effectiveness of on-piste safety measures is thus under constant review (with regard to the existence of safety procedures, how staff members are informed of them, the installation of signage and safety equipment in risk-prone areas, relations with local communities). Where safety is concerned, ski areas are subject to the police powers exercised by mayors. Specific rules relating to the delegation of responsibilities and resources are applied by companies that have been delegated responsibility for care of the ski slopes by local communities.

There is also a constant focus on public safety and the safety of staff in the Group's Family Leisure activities. Management of these risks draws on the accumulated experience gained since 1989 at the Parc Asterix site, whose methods are being progressively implemented across all sites.

First and foremost, the Parc Asterix complies with all French regulations relating to Category 1 Places of Assembly. These regulations include safety, fire-protection and crowd management standards, etc. Each year, the Safety Committee of the Prefecture of the Oise inspects the Parc Asterix before it is allowed to open for business.

In the absence of legal and mandatory standards which apply specifically to amusement park operators, Grévin & Cie has developed standards and procedures at its own initiative:

- corrective and preventative maintenance and inspection procedures covering the amusement facilities;
- the regular staging of crisis simulation exercises involving all staff;
- the existence and regular updating of a "single document" which sets out the operating procedures and maintenance processes for the amusement facilities, so as to ensure that staff are provided with the most comprehensive information and that their safety is protected to the extent possible.

These procedures and standards are being progressively extended to all family leisure sites and tailored to suit the size of each site and the regulations specifically applying to it.

Environmental risks

The Group's activities do not generate any type of air, water, or soil pollutants that might have a serious impact on the environment.

Measures adopted to reduce energy consumption and environmental harm are set out in paragraphs 8.1 and 8.2.

No conviction was recorded against any CDA Group companies, and none was required to pay any compensation under the provisions of the environmental regulations in the last financial year. The companies did not have to set aside any reserves to cover environmental risks.

Weather-related risks

The main weather-related risks for ski resorts are sustained lack of snow, storms, and avalanches, and, for open-air amusement parks, heavy rainfall.

Group ski resort operators forestall the risk of avalanches by developing ski slopes away from risk-prone areas, by installing avalanche barriers, by restricting access to the slopes when conditions are dangerous, and by setting off avalanches preventatively whenever the state of the snow cover requires this action. They implement appropriate procedures and staff training programs, and ensure that the public is made aware of these risks.

The threat resort operators fear more than any other is a prolonged lack of snow. CDA subsidiaries are all located at altitudes (with ski slopes between 1,500 and 3,500 meters or 5,000 and 11,500 feet) that offer them greater protection against this risk than other resorts; this was, from the outset, a strategic choice made by the Group. The Group pursued its artificial snowmaking program during the 2003/2004 financial year in order to further contain the effects of poor snowfalls and to improve the quality of services offered to customers.

To prepare for the eventuality of a lack of snow, the Group has drawn up crisis management procedures and devised solutions involving short-term credits, and would immediately reduce its investment program for the period required to rebuild the affected liquid assets.

So far as the family leisure activities are concerned, customers' sensitivity to rainy weather at the open-air sites is offset by the high level of pre-sales (70% for Parc Asterix) and by the tendency of customers residing in the area to defer their attendance to a later date. The growing geographic diversification of the activity, and integration within covered sites (the Grévin Museum, Bouveret Aquapark), reduce the magnitude of this risk.

8.2. Insurance – Risk Coverage

The majority of the Group's insurance covers risks for losses and damages (and operating losses) and liability risks. Additional coverage has been obtained to address legal obligations and to cover risks specific to certain activities.

Insurance premium costs for all of the Group's companies amounted to approximately 0.5% of Group sales for the 2003/2004 fiscal year.

Loss and damage and liability insurance

All CDA Group companies are covered by insurance policies for loss and damage and civil liability.

The main policies for civil liability, damage to assets, and operating losses are the following:

Main companies	Civil liability	Damage to assets	Operating losses
MERIBEL ALPINA	AXA 2477686004	AGF 37182809 / AGF 34258269	
SAP	AGF 39201966	Gerling 67.985.28.86.08	
SEVABEL	MMA 112.781.946	GAN 029100043	–
SMA	AXA 1 108 026 605	AIG 341.728	
STAG*	AXA 1 108 026 605	AIG 341.728	
STGM	AGF 38 566 783	AGF 38085256	
DSF	AGF 39168328	AGF 34258499/34258500	
Grévin & Cie **	GAN 086.126.712/002	AGF 901.192.414	

** STAG is covered by SMA's policies for these risks.*
*** Group policy.*

All of these policies have been taken out with reputable insurance companies operating in the French market.

In the case of companies operating ski resorts, the policies are taken out by each company on an individual basis. All ski area companies establish an insurance program and prepare a corresponding budget. Balance is sought between the level of coverage, exclusions, and premium and deductible amounts.

Civil liability policies cover personal injury and damage to property and satisfy the civil liability insurance obligations applying to ski-lift equipment for personal injury (law 63-708).

Asset insurance policies cover the risk of fire, flood, and avalanches and, very generally, the risk of equipment breakdown and operating losses resulting from accidents covered.

Aside from the personal injury risks anticipated by law 63-708, for which coverage is limited with zero deductible, amounts covered by the insurance policies generally range from €7,500,000 to €15,000,000 per claim. The main sub-limits apply to criminal negligence, combined property damage and moral damages, subsequent damages and accidental pollution.
The values that apply under these policies have been determined through prior valuations carried out by agencies recognized by the insurance companies.

The only noteworthy instance of automobile insurance in the Group's ski areas is at Sevabel, which self-finances its machinery and operating loss insurance following a risk analysis process.

For the family leisure division, Grévin & Compagnie SA handles the insurance for all of the French sites and reviews and optimizes coverage for the European sites upon their consolidation.

A "Master" insurance policy for the Group has been taken out. It comprises a civil liability policy with three components (operator's civil liability, post-delivery civil liability and professional indemnity, travel agents' civil liability) and a damage insurance policy with an operating loss clause.

Assets insured under the provisions of this policy represent a sum exceeding €300 m.

The Group's self-insurance policy is based on a negotiated annual lien, excluding the franchises. In the 2004-2005 fiscal year, the amount of this lien reached €75,000 per year (beyond the franchises).

Insurance other than damage and civil liability

Along with obligatory insurance such as that for the vehicle fleet and insurance for facilities development operations, the Group's companies have taken out more specific policies for additional coverage.
CDA's management is covered by the Group insurance scheme for senior officers. The other policies are not significant on a Group-wide scale.

Coverage for weather-related uncertainties

For its main French ski areas, CDA and its financial partners have set up coverage for risks arising from a lack of snow and poor weather (wind and rainfall) during peak ski season (Christmas vacation and February).
This five-year policy was established in winter 2004/2005, with a €15 m maximum indemnity for this period. The policy provides systematic coverage for the Christmas season, with an option for the February vacation as well.

9. SHIFT TO IAS/IFRS STANDARDS

CDA will only be affected by the obligation to publish financial statements in accordance with IFRS standards beginning in the fiscal year opening on October 1, 2005. Nonetheless, management has chosen to provide advance information on the effects of the shift to new standards. To this end, a first diagnosis was made during 2003 to identify the effects of the new standards on the Group's accounting principles.

At the end of 2003, management at Compagnie des Alpes determined the actions that needed to be taken. During the first half of 2004, the procedures needed to take the new standards into account were set up. They will enable the company to prepare the opening balance sheet under IAS/IFRS standards and to communicate to the market on the basis of both French and international standards.

The principal effects identified concern:
- recognition of fixed assets by components, with cancellation of provisions for major overhauls,
- non-amortization of goodwill,
- transfer of negative goodwill to equity,
- restatement of stock options,
- additional deferred taxes, particularly on equity affiliates and intangible assets.

As a result of the above elements, the effects of the new standards on the net asset value of the Group can be summarized as follows:

Equity

➡ *Consolidated attributable equity on 9/30/2004*

Group share		**€300 m**
Shift to recognition of components	9	
Negative goodwill	1	
Deferred taxes	– 4	
		€6 m
Equity on 9/30/2004 based on IFRS		**€306 m**

Earnings

Had the Group applied IAS/IFRS in 2004, net income would have been:

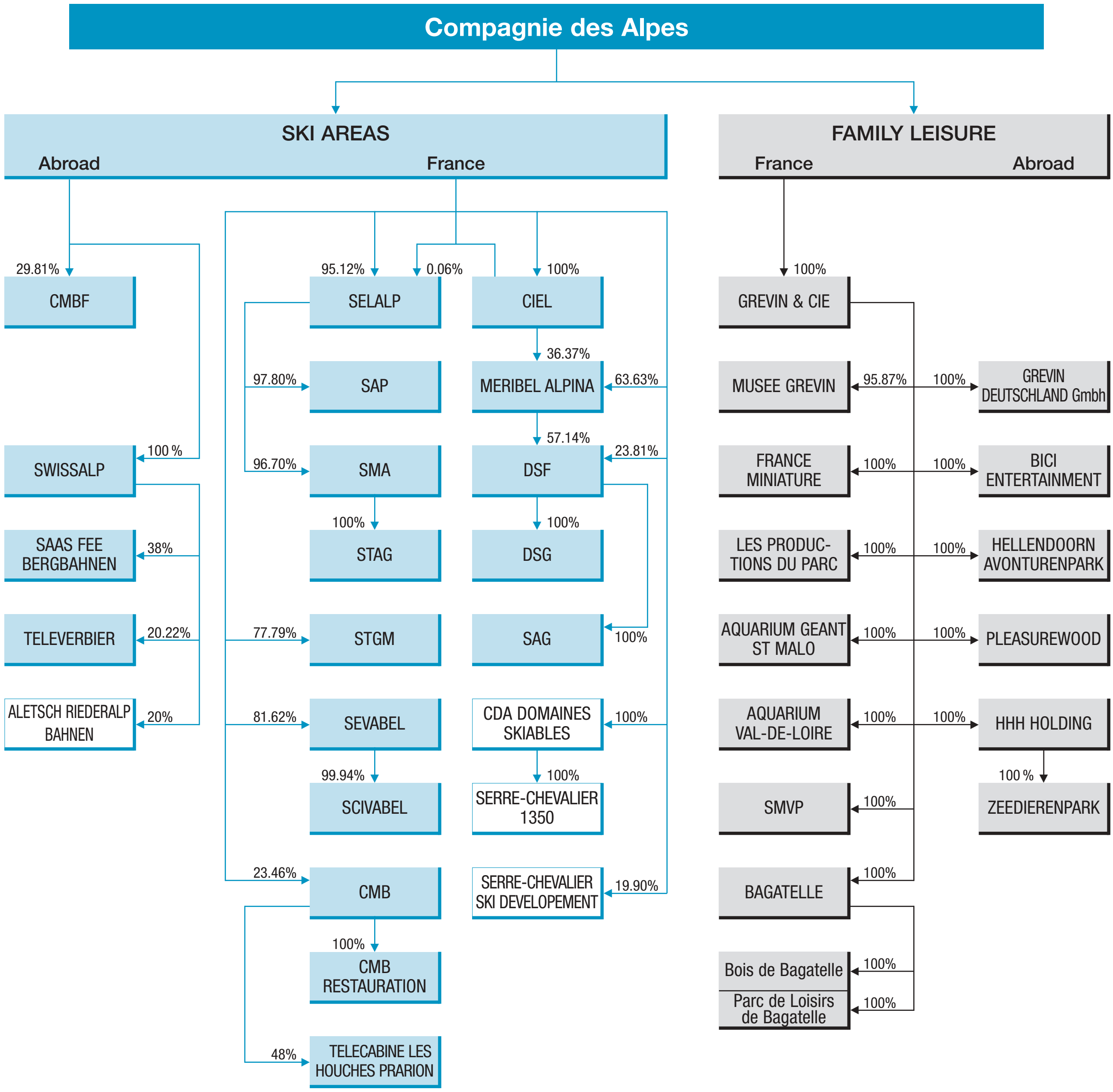
➡ *Consolidated attributable income as of 9/30/2004*

Group share		**€29 m**
Non-amortization of goodwill	5	
Shift to recognition of components	0	
Stock options	– 1	
		€4 m
Consolidated net income on 9/30/2004 based on IFRS		**€33 m**

However, given the time lag in implementing the standard on financial instruments and the delay in setting up the standard for concessions, the elements provided above are subject to modification (with little effect on the amounts listed).

10. GROUP ORGANIZATION CHART

The Group organization chart as of December 31, 2004, was as follows:



Non-consolidated companies as of 09/30/2004.

11. REPORT OF THE SUPERVISORY BOARD TO THE GENERAL MEETING

At its meeting of January 6, 2005, the Supervisory Board examined the financial statements for fiscal year 2003/2004 as well as the management report of the Management Board. During fiscal year 2003/2004, net attributable income remained stable at the exceptionally high level attained in fiscal year 2002/2003.

Earnings in fiscal year 2003/2004 were characterized by the continuation of solid organic growth in the Ski Areas business, while the Family Leisure business held up well in a generally unfavorable economic situation. The principal family leisure sites in France experienced good growth, while certain sites abroad saw a temporary drop in profitability in more difficult regional contexts. The necessary adaptations have been initiated.

The Supervisory Board believes that the development strategy in each of the two business lines of the Group should be pursued, with the goals of assuring a balanced sharing of the risks inherent in seasonal leisure activities and of maintaining steady growth. This strategy places the Group in a favorable position for attaining the projections announced by the Management Board.

Following the departure of certain of its members, the Supervisory Board has reconsidered the composition of the Management Board. New members have been named consistent with the strategy described above.

The Management Board has suggested setting a dividend of €1.70 on earnings for fiscal year 2003/2004, identical to the dividend distributed on earnings of the preceding fiscal year. The Supervisory Board approves this decision.

The Supervisory Board also recommends that the General Meeting adopt all the proposed draft resolutions.

II. Consolidated financial statements

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Fiscal year ended September 30, 2004

Dear Shareholders,

As part of the assignment given to us at the General Meeting, we have carried out our audit for the consolidated financial statements of Compagnie des Alpes for the fiscal year ended September 30, 2004, which are attached to this report.
The consolidated financial statements were approved by the Management Board. It is our responsibility to express an opinion on them, based on our audit.

Opinion converning the consolidated financial statements

We have conducted our audit in accordance with the standards of the profession as practiced in France. These standards require that we plan and perform an audit so as to obtain reasonable assurance that the consolidated financial statements are free of significant anomalies. An audit consists in examining, on a test basis, the evidence supporting the amounts presented in the financial statements. It also includes assessing the accounting principles used, the significant estimates made by management, and the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for the opinion expressed below.
We certify that the annual financial statements are consistent and truthful with regard to French rules and accounting principles, giving a reliable image of the assets, financial situation and earnings of the Group's consolidated companies.

Justifications for our evaluation

In application of the provisions of article L. 225-235 of the Code of Commerce relative to the justification for our evaluation, we bring the following elements to your attention:
• Goodwill is determined and valued as stated in Note 2.4 of the appendix and Note 4.1 justifies maintaining the initial goodwill amortization schedule, given that drops in profitability at certain sites are considered temporary.
• Tangible fixed assets are amortized as stated in Note 2.9 of the appendix and provisions for major overhauls have been recognized for Ski Area installations (Note 2.13).
We have assessed the company's accounting approach as described in the appendix, on the basis of information available on this date and have carried out samplings to test the application of these methods.
The opinions thus formulated are part of the process of auditing the consolidated financial statements in their entirety and hence have contributed to our unreserved opinion, expressed in the first part of this report.

Specific verification

We also verified the information contained in the Group management report. We have no comments on the truthfulness of this report or its agreement with the consolidated financial statements.

Signed in Paris on January 31, 2005.

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	MAZARS & GUÉRARD
Francis Le Ber	Denis Grison

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2004

ASSETS *(in euros '000)*		9/30/2004	9/30/2003	9/30/2002
Fixed assets				
Goodwill	Note 3.1	87,446	92,214	96,736
Intangible fixed assets	Note 3.2	51,337	74,232	63,172
Tangible fixed assets	Note 3.3	466,189	467,076	427,698
Financial fixed assets	Note 3.4	18,612	21,978	21,522
Shares in companies accounted for by the equity method	Note 3.5	24,720	14,525	14,121
Total fixed assets		**648,304**	**670,025**	**623,249**
Current assets				
Inventories and work in progress	Note 3.6	8,955	13,209	11,146
Accounts receivable - trade	Note 3.7	41,410	47,800	47,214
Other receivables and accruals	Note 3.7	18,432	18,994	14,569
Cash and cash equivalents	Note 3.8	26,491	52,845	22,949
Total current assets		**95,288**	**132,848**	**95,878**
Total assets		**743,592**	**802,873**	**719,127**

LIABILITIES *(in euros '000)*		9/30/2004	9/30/2003	9/30/2002
Shareholders' equity				
Equity capital		95,190	93,856	63,683
Additional paid-in capital		84,272	82,562	17,481
Reserves		91,772	68,244	93,956
Net attributable income		29,001	29,069	–11,033
Currency translation variance		– 364	216	1,008
Total shareholders' equity	Note 3.9	**299,871**	**273,947**	**165,095**
Minority interests	Note 3.9	24,176	30,000	31,353
Total shareholders' equity		**324,047**	**303,947**	**196,448**
Capital expenditure subsidies		**2,532**	**2,782**	**1,531**
Provisions for contingent liabilities	Note 3.10	**37,672**	**44,306**	**37,535**
Borrowings and bank debt (1)	Note 3.11	**270,031**	**333,021**	**372,266**
Operating liabilities		88,142	93,497	91,525
Other liabilities and accruals		21,168	25,320	19,822
Subtotal: operating liabilities and others	Note 3.12	**109,310**	**118,817**	**111,347**
Total liabilities		**743,592**	**802,873**	**719,127**
(1) Including cash and cash equivalents		33,623	30,083	55,499

CONSOLIDATED INCOME STATEMENT

(in euros ’ooo)		9/30/2004	9/30/2003	9/30/2002 12 months pro forma	930/2002 4 months real
Sales	Note 4.1	372,266	377,782	358,290	50,640
Other operating income		5,703	7,148	3,122	1,127
Total operating income		**377,969**	**384,930**	**361,412**	**51,767**
Inventory purchases and variations		– 41,903	– 42,463	– 40,270	– 10,243
External services		– 68,395	– 70,285	– 70,441	– 15,777
Taxes and duties		– 23,928	– 23,997	– 20,383	– 3,805
Personnel costs		– 116,377	– 113,733	– 108,158	– 20,030
Other operating expenses		– 21,326	– 21,723	– 24,712	– 3,763
Total operating expenses (excluding amortization, depreciation and operating provisions)		**– 271,929**	**– 272,201**	**– 263,964**	**– 53,617**
Gross operating income (EBITDA)		**106,040**	**112,729**	**97,448**	**– 1,850**
Net amortization, depreciation and operating provisions		– 45,750	– 47,454	– 42,825	– 11,751
Other operating income		4,944	1,281	1,664	1,014
Operating income (EBIT)	Note 4.2	**65,234**	**66,556**	**56,287**	**– 12,587**
Net financial income	Note 4.3	– 10,161	– 12,563	– 12,626	– 3,619
Pre-tax income of consolidated companies before extraordinary items		**55,073**	**53,993**	**43,661**	**– 16,206**
Income tax	Note 4.4	– 18,049	– 17,109	– 15,757	4,284
Net income of consolidated companies		**37,024**	**36,884**	**27,904**	**– 11,922**
Share in equity affiliates income	Note 4.5	1,157	1,306	326	– 1,677
Amortization and recovery of goodwill		– 4,515	– 4,749	– 4,587	– 1,013
Consolidated net income		**33,666**	**33,441**	**23,643**	**– 14,612**
Minority interest in income		– 4,665	– 4,372	– 2,137	3,579
Net attributable income		**29,001**	**29,069**	**21,506**	**– 11,033**
Net earnings per share *(EPS - in euros)*		4.64 €	4.72 €	3.49 €	N/A
Net diluted earnings per share *(in euros)*	Note 4.6	4.49 €	4.55 €	3.38 €	N/A

CASH FLOW TABLE

(in euros 'ooo)		9/30/2004	9/30/2003	9/30/2002 4 months real
Net attributable income		29,001	29,069	– 11,033
Minority interest in income		4,665	4,372	– 3,579
Total net income		**33,666**	**33,441**	**– 14,612**
Expense and recovery of amortization, depreciation and provisions		44,381	53,101	13,366
Subsidies added to income statement		– 25	– 66	– 24
Capital gains and losses		– 4,270	– 907	– 1,100
Share in equity affiliates' income		– 1,719	– 1,306	1,677
Dividends from equity affiliates		192	145	0
Deferred tax		1,844	1,982	4,471
Other		548	428	88
Total cash flow		**74,616**	**86,818**	**3,866**
Elimination of non-operating income and expenses		6,949	9,790	2,237
Variation in trade receivables and payables		8,598	– 3,037	– 31,168
Operating cash flow		**90,163**	**93,571**	**– 25,065**
Acquisition of tangible and intangible assets	Note 5.1	– 76,320	– 79,402	– 28,719
Sales or transfers of tangible and intangible assets		1,944	3,073	156
Net Capital expenditure		**– 74,376**	**– 76,329**	**– 28,563**
Acquisitions of long-term financial assets		– 6,181	– 18,807	– 139,534
Sales or transfers of long-term financial assets		12,586	1,586	4,001
Impact of changes in scope of consolidation		2,077	440	3,727
Net change in financial long-term assets		**8,482**	**– 16,781**	**– 131,806**
Variation in receivables and payables:				
- on net capital expenditure		**1,218**	**– 1,380**	**5,606**
- on long-term financial assets		**– 3**	**– 189**	**81**
Investment cash flow		**– 64,679**	**– 94,679**	**– 154,682**
Capital increase of CDA		3,044	95,254	0
Minority interest in subsidiaries' capital increase		0	723	6,008
Variation in equity capital		**3,044**	**95,977**	**6,008**
Dividends paid to CDA shareholders		**– 10,466**	**– 9,754**	**0**
Dividends paid to minority interests in subsidiaries		– 1,846	– 1,693	– 504
Total dividends paid		**– 12,312**	**– 11,447**	**– 504**
Variation in financial debt	Note 5.2	**– 37,104**	**– 15,129**	**106,068**
Interest payments		**– 9,383**	**– 12,227**	**– 3,019**
Variation in miscellaneous receivables and payables		**407**	**– 728**	**338**
Cash flow on financing		**– 55,348**	**56,446**	**108,890**
Impact of other movements		**– 30**	**– 26**	**148**
Change in cash and cash equivalents during the fiscal year		**– 29,894**	**55,312**	**– 70,709**
Net cash at year opening		**22,762**	**– 32,550**	**38,159**
Net cash at year closing	Note 5.3	**– 7,132**	**22,762**	**– 32,550**

APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPAGNIE DES ALPES GROUP AS OF SEPTEMBER 30, 2004

Note: Unless otherwise indicated, the amounts shown in the tables of the appendix to the consolidated financial statements are in thousands of euros.

1. Accounting principles, rules and methods

The consolidated financial statements of Compagnie des Alpes have been drawn up in accordance with the rules given below, which originate in the arrêté (order) of June 22, 1999, incorporating Regulation 99-02 of the French accounting regulation committee (Comité de Réglementation Comptable - CRC).

Note 1.1. Definition of the scope of consolidation

Companies exclusively controlled by Compagnie des Alpes in law or in fact are fully consolidated.

Companies controlled jointly by Compagnie des Alpes and other shareholders are consolidated proportionally.

Companies in which Compagnie des Alpes exerts a significant influence on management and financial policy are consolidated by the equity method (equity affiliates).

Companies of insignificant importance to the Group (total balance sheet less than €3 million on a lasting basis or companies with negligible business activity) are not conso-lidated. When consolidation of a Group company is no longer justified (i.e., when its business activity has become insignificant), the company is deconsolidated, its assets and liabilities written off the balance sheet, and the value of its shares entered.

The list of consolidated companies is found in Note 2.3.

Note 1.2. Closing the accounts of the consolidated companies

These consolidated financial statements cover a period of 12 months from October 1, 2003, to September 30, 2004, for all Group companies, except:

- the Swiss companies Televerbier and Saas-Fee Bergbahnen, consolidated for the three-month period running from August 1, 2003 to July 31, 2004;
- the Compagnie du Mont-Blanc sub-group, consolidated from September 1, 2003, to August 31, 2004.

Note 1.3. Pro-forma financial statements

The financial statements of the CDA Group as of September 30, 2004, September 30, 2003, and September 30, 2002 are not comparable:

- The fiscal year ending September 30, 2002, had a duration of four months;
- The first consolidation of the companies of the Grévin & Cie Group was on September 30, 2002 (for a two-month period beginning on August 1).

For purposes of comparison, a pro-forma financial statement covering the new grouping, for the twelve-month period ending September 30, 2002, has been prepared.

Note 1.4. Goodwill

Goodwill represents the difference between the cost of the acquisition of shares in consolidated companies and their net asset value on the date of acquisition. This calculation is made after taking into account restatements for the purpose of harmonization with the Group’s accounting standards as well as the fair value of identifiable assets and liabilities. If goodwill is positive, it is posted as such under assets; if it is negative, it is posted as a liability, under provisions for contingent liabilities.

Goodwill of companies abroad is included in the assets of the acquired company and adjusted according to the relevant exchange rate. This concerns BICI and Pleasurewood Hills in particular.

Period of amortization of goodwill

For French companies operating ski areas, positive goodwill is subject to straight-line amortization for the period of validity of the concession contract remaining at the time the concession or lease is acquired by the Group, or at the time when the Group acquires a significant additional shareholding. In general, this period is between 20 and 30 years. If its concession contract is extended after a company is acquired, the net book value of goodwill is amortized over its new period of validity.

For other companies, goodwill is amortized over 20 years.

Negative goodwill is incorporated in the income statement, in accordance with a plan that reflects the goals and prospects defined at the time of the acquisition. Negative goodwill now recognized will be carried over to the income statement on a straight-line basis over a maximum of ten years.

Exceptional goodwill amortization

Goodwill is subject to exceptional amortization, in addition to regular linear amortization, if long-term results and forecasts of the company acquired cast doubt on its value as stated in the consolidated financial statements of the Group.

Note 1.5. Translation of financial statements of foreign companies outside the euro zone

The financial statements of companies outside the euro zone are translated as follows: For the balance sheet – exchange rate prevailing at closing; for the income statement – average rate for the year.

Exchange rate variances resulting from the difference between exchange rates at opening and closing of the year or the difference between average and closing rates are posted in consolidated shareholders' equity under “Foreign Exchange Adjustment Account.”

Note 1.6. . Deferred taxes

Definition

Deferred taxes are calculated on the basis of an extended definition, i.e., including all temporal differences between the accounting and corporate accounting in the consolidated accounts.

Deferred tax assets

Deferred tax assets are entered and maintained in the balance sheet when it is probable that they can be imputed against future taxable income. This probability is determined on the basis of available forecast data within a reasonable time frame, including taxes relative to losses with unlimited carry-forward.

When companies again become profitable, the recognition of deferred tax assets that resulted from fiscal losses in earlier years leads to booking a theoretical tax expense for the current year on consolidation.

Note 1.7. Concessions, leases, and licenses

Ski areas

French companies

French companies operating ski areas conduct their business in a framework governed by laws and regulations in force, and particularly the section entitled “De l’organisation des services des remontées mécaniques et des pistes” of the Loi Montagne of January 9, 1985.

The operator holds a concession contract from the granting authority, which is usually a municipality or group of municipalities. On this basis, he is responsible for making new capital expenditures in the course of the concession. At the expiration date, if the contract is not renewed, the operator must return the lifts to the granting authority in accordance with the conditions indicated below.

Certain CDA Group companies (STGM, SMA, SAP, and DSG) still pay leasing fees for the lifts provided by granting authorities. This regime is in the process of being replaced by concession contracts. What happens is that the operators replace leased equipment that has become obsolete at their own expense, and in effect the new installations come under concession contracts.

List of contracts, their duration and purpose

The periods of validity of concessions or lease contracts held by French affiliates of the Compagnie des Alpes Group are as follows:

➡ STGM: Concession granted by the municipality of Tignes, initially for the period from September 5, 1988, to September 2016 (28 years) and later (in 1998/99) extended for an additional 10 years, until May 31, 2026.

➡ SAP: Concession granted by the Syndicat Intercommunal de La Grande Plagne (SIGP – another joint grouping), initially from December 15, 1987, to June 10, 2017 (30 years), and later (1998/99) extended until June 10, 2027.

➡ SMA:
• Concession granted by the municipality of Bourg-Saint-Maurice for the period from June 1, 1990, to May 31, 2020 (30 years);
• Concession granted by the municipality of Villaroger for the period from June 1, 1998, to May 31, 2020;
• Concession granted by the municipality of Peisey-Nancroix for the period from January 1, 1997, to May 31, 2020.

➡ STAG: Concession granted by the Syndicat Intercommunal à Vocation Multiple (SIVOM – a joint grouping of several towns) of Landry, Peisey, and Nancroix, for the period from October 18, 1989, to October 30, 2019 (30 years).

➡ SEVABEL:
• Concession for the operation of the Saint-Martin de Belleville ski area, granted by the municipality of Saint-Martin de Belleville initially for the period from December 1, 1990, through October 1, 2017 (27 years), and on May 16, 2001, extended for an additional four years, to May 31, 2021;
• Concession for the operation of the Les Menuires ski area, granted by the Syndicat Mixte pour l'Aménagement des Belleville (SYMAB, a public-private sector joint venture) initially for the period from December 1, 1990 to October 1, 2017 (27 years), and extended, on August 11, 2000, for an additional four years, to May 31, 2021.

➡ MERIBEL-ALPINA: Two concessions — one granted by the municipality of Les Allues for the period from December 18, 1989, to December 17, 2019 (30 years), and the other by the municipality of Brides-Les-Bains for the period from June 30, 1992 to December 17, 2019 (27 years).

➡ DSF:
• Concession granted by the département of Haute Savoie for the period from January 9, 1989, to January 8, 2019 (30 years), for capital expenditures realized through April 19, 1999;
• Concession for the operation of new ski lifts and slopes granted by the municipality of Arâches-La Frasse on that part of its territory included in the Flaine ski area, for the period from April 28, 1999, through April 30, 2024 (25 years);
• Concession for the operation of new ski areas and slopes granted by the municipality of Magland, for the period from July 4, 2000, to April 30, 2025 (24 years).
By a decision made on October 17, 2002, the Administrative Court of Appeals of Grenoble confirmed the invalidation of the decision of the municipality of Arâches-la-Frasse that granted DSF the concession for the ski lifts and ski area, and required the municipality of Arâches-la-Frasse to obtain the cancellation of the concession. As a result, an amicable cancellation was agreed on by DSF and the municipality, dated January 6, 2004, and taking effect on the date a new concessionaire is designated.
At the conclusion of a new concession procedure, on July 8, 2004, the municipal council of Arâches-la-Frasse again chose DSF to operate existing facilities and to construct new ski lift and ski area equipment. A new agreement giving DSF the concession for the Flaine sector was signed on July 9, 2004, with an expiration date of April 30, 2029.

➡ DSG:
• Lease contract with the municipality of Morillon for the period from December 1, 1985, to November 30, 2015 (30 years), for installations in operation on May 31, 2000;
• Lease contract for the operation of the Lanches chairlift, granted by the Syndicat Intercommunal de Arâches-La Frasse Morillon (a joint grouping of several towns) for the period from December 1, 1988, through November 30, 2011 (23 years);
• Concession for the operation of new ski lifts and slopes granted by the municipality of Morillon for the period June 8, 2000, to April 25, 2025 (25 years);
• Lease contract with the municipality of Samoëns for the period from December 1, 1987, through November 30, 2005 (18 years), for installations in operation on May 31, 2001;
• Concession for the operation of new ski lifts and slopes granted by the municipality of Samoens for the period from September 1, 2000, through April 30, 2030 (30 years);
• Lease contract with the municipality of Sixt Fer à Cheval for the period from October 1, 1993, to September 30, 2011 (18 years), for installations in operation on May 31, 2001;
• Concession for the operation of new ski lifts and slopes granted by the municipality of Sixt Fer à Cheval for the period from March 16, 2001, through April 30, 2025 (24 years).

➡ COMPAGNIE DU MONT-BLANC: As a result of the merger and name change during the previous fiscal year, the granting authorities transferred the rights in the leasing and concession contracts formerly held by the companies it absorbed to the newly formed company, Compagnie du Mont-Blanc. These include:
• Concessions for lift operations granted by the municipality of Chamonix for the operation of the Aiguille du Midi cable car and the Domaine du Brévent, Domaine des Grands Montêts, Domaine du Tour, and Domaine de La Flégère ski areas, for a 30-year period running from January 6, 1989, to December 31, 2018 (except for Domaine des Grands Montêts, which runs from December 23, 1988, to September 30, 2018);
• Concessions for the Tramway du Mont-Blanc and Train du Montenvers lifts, granted by the département of Haute-Savoie in 1988 and 1993, respectively, each valid for 30 years and running through December 31 of 2018 and 2023.
With the exception of those with Mont-Blanc & Compagnie for the Tramway du Mont-Blanc and Train du Montenvers, these concession contracts are for operation of a ski area, which as a general rule cover the equipment, operation, and maintenance of lift networks, as well as servicing ski trails (trail works, maintenance, grooming, and safety facilities).

In accordance with these contracts, and according to each case, the operating companies pay either a concession fee, a municipal and départementale (county) tax called the “taxe Loi Montagne,” or both. These fees and taxes are based on sales of lift tickets and calculated on a percentage that differs with each contract.
As an exception within the Group, the municipalities of Tignes and Saint-Martin de Belleville retain responsibility for trail servicing, for which STGM and SEVABEL pay a specific fee.

Conditions for return of concessions to the granting authority

When concession contracts expire, other than in exceptional cases it is expected that the assets acquired by the concessionaire under the concession agreement are generally recovered by the granting authority in return for a payment equal at least to net book value.

Development concessions

• SMA and SAP have concessions for real-estate development, granted respectively by the municipality of Bourg-Saint-Maurice and the joint municipal grouping of La Grande Plagne;
• Through its 99.9%-owned subsidiary SCIVABEL, SEVABEL also has the concession for developing the Reberty area (ZAC de Reberty) at Les Menuires.
•The expected land-development costs for the lots sold will be booked once the sales contract has been signed.
• With its 99.99%-owned subsidiary Société d’Amenagement Arve-Giffre (SAG), DSF also owns 200 hectares (494 acres) of land in Flaine, of which 20 are destined for urban development.

Affiliates abroad

Our Italian subsidiary CMBF operates under the Act of September 1, 1997, of the legislature of the Aosta Region, which provides that operating concessions in the region are granted on a lift-by-lift basis, for a period equivalent to the lifespan of the equipment as determined in regulations. Contrary to French law, concessionaires have full ownership rights to their installations.

As in Italy, the Swiss affiliates Televerbier and Saas-Fee Bergbahnen own their ski lift installations. Twenty-year operating authorizations are granted on a lift-by-lift basis; for cable lifts, the granting authority is the Federal Transportation office, while authorizations for surface lifts are granted by the Concordat Intercantonal des Téléphériques et Téléskis.

Family leisure

Concession for the highway toll booth for Parc Astérix

Parc Astérix has a private toll plaza on Autoroute A1 giving direct access to the theme park: This concession was granted by SANEF (the company holding the operating concession for A1) for a period of 99 years (from 1987 to 2086).
The right to operate this concession is entered among the intangible assets of Grévin & Cie (see Notes 1.8 and 3.2); Grévin & Cie pays a fee to SANEF for each vehicle passing through the toll plaza, which corresponds to the toll not paid by cars passing through this toll plaza.

Copyright licensing fee paid to Editions Albert-René (publisher of the “Astérix” comic books)

In 1986, a copyright licensing fee was signed with Editions Albert-René for the legal duration of the copyright, which is 70 years after the death of the last surviving creator of “Astérix.”
This contract guarantees Grévin & Cie the rights to use the characters and universe of the comic strip within its “Astérix” theme park.
An amendment signed in March 1996 sets the licensing fee at Parc Astérix at 3% of sales excluding VAT, with a minimum fee of €1.7 m.

Bioscope concession

The Group has a 30-year renewable concession signed on March 13, 2001. This concession is part of SMVP's planned operation of a leisure park in Alsace with the theme of nature, man, and his environment that is due to open in 2006.

The project calls for the Group to make capital expenditures of a minimum of €61.0 m:
- €31.0 m through the date of opening of the site;
- €30.0 m within eight to ten years after opening.

At the same time, the Group will receive subsidies from the Alsace region for up to 49% of its investment, i.e., €29.9 m on the basis of the amounts noted above.

Note 1.8. Intangible fixed assets

Startup costs are capitalized in full in the fiscal year in which they are incurred.

Business goodwill and other rights to use assets, the duration of which is directly linked to the existence of a concession or lease contract, is amortized through the date of expiration of the contract. This concerns in particular:
- Rights relative to the operation of SMA's ski lifts at Les Arcs;
- Use rights for the lifts at Les Menuires, entered in the books of SEVABEL;
- The autoroute toll plaza giving access to Parc Astérix.

These assets are amortized in the straight-line method, except for the right of use of SEVABEL, amortized with a 3% annual progressivity.

Certain other intangible assets (the Musée Grévin trademark) are not amortized systematically but are subject to regular revaluation, which if necessary can lead to depreciation for impairment.

Note 1.9. Tangible fixed assets (assets held in concession and directly-held assets)

➡ Tangible fixed assets are entered at cost of acquisition.

➡ The most important depreciation periods are the following, all on a straight-line basis:

	Period of depreciation
Buildings	20 to 30 years
Facilities	10 to 20 years
Lifts	10 to 30 years
Family leisure attractions	5 to 15 years
Equipment other than lifts	5 to 15 years
Other tangible fixed assets	3 to 10 years

➡ Ski slope construction requiring a building permit is depreciated over 40 years unless the concession contract requires a shorter depreciation period or permits this construction to be maintained at gross value over the lifetime of the concession.

➡ Because French ski areas are operated under concession contracts (see Note 2.7), the fixed assets of French ski area operating companies are entered into two categories: fully-owned assets and assets held under concession contracts (see Note 4.3).

Assets held under concession contracts include:
• Assets provided by the granting authority that revert to it at the expiration of the concession;
• Assets provided by the concessionaire that revert to the granting authority at the expiration of the concession, whether automatically or if the authority so requests.

Assets that do not fit into either of these categories are considered as fully-owned assets.

All fixed assets of the Italian and Swiss subsidiaries are fully owned.

➡ The fixed assets of companies operating family leisure sites are fully owned.

➡ All leasing contracts with an initial unitary amount over €3 m are restated and booked as tangible fixed assets.

Note 1.10. Lease contracts

A finance lease has the effect of essentially transferring to the lessee the advantages and risks inherent in ownership of a good, whether or not this good is finally transferred to him. All other leases are operating leases.

The following are criteria that permit classifying a lease contract as a finance lease:
• real transfer of ownership of the good at term,
• existence of an option to buy at term at a price sufficiently less than fair value,
• the duration of the contract covers the economic life of the asset,
• the discounted value of future payments relative to fair value
• the characteristics of the asset leased are such that they are unsuitable for uses other than that to which it is put by the lessee.

Finance leases are restated when the original value is over three million euros.

Restatement serves two purposes:
• it causes the assets financed and the corresponding debt to appear in the balance sheet;
• and as a result, recognizes depreciation expense on these assets as well as the financial expense on the corresponding debt, as opposed to recognizing lease payments.

The depreciation period corresponds to that applied to goods of the same nature acquired directly by the company.

Note 1.11. Shares in non-consolidated companies

Shares in non-consolidated companies are entered at acquisition cost or, for companies that have been de-consolidated, at the equity value assigned them on deconsolidation. Provisions, if any, are calculated on the basis of net asset value, prospects for profitability, and the liquidation value of the shares held.

Note 1.12. Cash and equivalents

Marketable securities are entered at cost of acquisition. Provisions for impairment are determined by comparing acquisition cost with probable liquidation value.
Term deposits or securities are entered as cash (see Note 3.8) only if they were made less than three months before and mature in three months or less.
Company shares acquired, particularly in the context of a liquidity contract, are posted to this item.

Note 1.13. Subsidies for capital expenditures

Subsidies for capital expenditures received in France and included as a specific item under liabilities are reversed into the income statement pari passu with the depreciation of the fixed assets financed by these subsidies.

Note 1.14. Provisions for contingent liabilities

● Provisions for major repairs

Subsidiaries of the Compagnie des Alpes Group that specialize in the operation of ski areas book special provisions for major repairs (Fr: PGR) in order to be able to spread the expenses that correspond mainly to the cost of required technical inspections on a straight-line basis over several years.

Companies in the Family Leisure business line are not subject to regulations that would require them to recognize provisions for major overhauls (PGR). Their manner of recognizing fixed assets is essentially coherent with the provisions of Regulation 2002-10 (recognition by components).

● Provisions for severance pay on retirement

Commitments of the CDA Group for severance pay on retirement derive from laws and labor agreements applying in the country where the Group subsidiary is located.

➡ In France, company commitments to permanent or seasonal employees are reflected either in premiums paid to insurance companies or in entering appropriate provisions for contingent liabilities. If the insurance premiums cover commitments only in part, a provision is entered for the remainder.

The total of severance pay commitments due on retirement is calculated on the basis of the present pay of the employee and his/her seniority on retirement.

Insofar as severance pay is determined by law or labor agreements, the following coefficients are applied in the calculation:
- probability that the employee will remain with the company until retirement,
- probability of survival until retirement,
- changes in the calculation base ,
- inflation,
- discount rate applied (4.5%),
- seniority.

This calculation includes all Group employees except seasonal workers at the family leisure centers, where turnover is extremely high. It is not very likely that they will be employed by the Group at the time of retirement.

The Fillon Act of August 21, 2003, extended the legal retirement age from 60 to 65, at the discretion of the employer. However, collective bargaining agreements may provide for retirement at age 60, subject to the employer meeting certain conditions concerning offsetting employment or professional training.
In May 2004 the national ski lift operators' union (Syndicat National des Téléphériques de France – SNTF) negotiated exceptions to the national collective bargaining agreement (Convention Collective Nationale des Téléphériques et Engins de Remontées Mécaniques) that provided for the possibility of retirement at age 60 at the discretion of the employer. Hence, severance pay for ski area retirees is calculated without payroll taxes.

Supplementary retirement payments granted to executive personnel of some subsidiaries are financed through contracts with insurance companies. These contracts are checked each year.

➡ In Italy, provisions entered in application of the law have a broader import than in France in that the employee is entitled to the amounts provisioned regardless of why he or she leaves the company, i.e., not only retirement but also a resignation or dismissal. Provisions are not booked for seasonal employees; they receive all their entitlements at the end of each season.
Provisions for severance pay for permanent employees are calculated by setting aside an additional allowance each year equivalent to approximately one month's salary (excluding payroll taxes) for each employee and calculating the present value of provisions on the books from previous years.

➡ In other countries where the Group is active (Germany, Switzerland, the Netherlands), companies pay no severance pay on retirement and hence no provisions are set up.
However, companies make annual payments to pension fund systems, in accordance with local laws.

● Other provisions for contingent liabilities

These are intended to cover contingent liabilities for which both the timing and amount involved are not clearly known. Each is evaluated on a case-by-case basis.

Note 1.15. Advance payments received

This item is essentially the value of pre-sold admission tickets to Parc Astérix that will be used in the year following.
The tickets are valid for two years, the year issued and the year following.

The accounting principle applied is to book such tickets as sales when they are used.

Note 1.16. Presentation of the income statement

The Group presents its income statement in a way that distinguishes between operating income (EBIT), net financial income, pre-tax income before goodwill amortization of the consolidated companies, net income of the consolidated companies, and net attributable income (Group share).

Operating income (EBIT) includes the following:
• Gross opera rating income (EBITDA);
• Net amortization, depreciation and operating provisions;
• Other operating income.

Other operating income relates to normal activity of the Group that is non-recurrent. This would include disposals of financial or tangible assets or entry or recovery of provisions of an exceptional nature but within the normal framework of business.

Note 1.17. Information on market risks (interest and exchange rate risks, stock market risk)

Since its borrowings include variable-rate loans, the Group is subject to interest-rate risks. This risk is partially covered through interest rate caps (see Note 3.11).

The Group does not hedge for foreign exchange. In effect, financial flows for the companies concerned are in local currency and intragroup forex flows are limited.

Since investments in overseas subsidiaries are very long term, this position is not hedged.

Note 1.18. Information by business activity

CDA has three business activities:
➡ Ski areas: This business includes the operation of lifts, real estate sales and a restaurant business in ski areas.
➡ Family leisure: This is the business of the companies of the Grévin & Cie Group, which includes admission tickets to family leisure sites, restaurants, on-site shops and lodgings.
➡ Other: This concerns only the CDA holding company. Until 2003, it also included sales and rentals of ski equipment.

CDA operates in two geographic areas:
• France ;
• Rest of Europe.

● Information on business activities

Details on sales and operating assets for each business activity and in each geographic areas are provided in Notes 3.3 and 4.1, respectively;
Operating income for each business activity is provided in Note 4.2

The figures provided do not include transactions among entities within each business activity or geographic area. Transactions between business activities or geographic regions are distinctly indicated.

2. Scope of consolidation

Note 2.1. Changes in the scope of consolidation

● Changes in FY 2002/2003

➡ Operations on shares in Grévin & Cie
• Acquisition of the balance of the share capital of Grévin & Cie through a withdrawal tender followed by a compulsory withdrawal from trading, launched in January 2003 and December 2002.
• In March 2003, Compagnie des Alpes resold 75,808 shares in Grévin & Cie to that company so that these shares could be attributed to beneficiaries of stock options when they are exercised.

➡ SELALP, a ski area sub-holding company controlled at 95.12% by Compagnie des Alpes, increased its share in SAP (La Plagne) by 2.75% during the last quarter of calendar year 2002.

➡ New ski shops were acquired at Val d'Isère, with the acquisition of nearly 90% of the shares of Precision Ski System. This operation was completed at the beginning of January 2003 by Favre Sports, of which 45% is owned by Ski Shop SAS.

➡ In January 2003, Grévin & Cie acquired 100% of BICI Entertainment, which operates the Bouveret water park in the Valais (Switzerland).

➡ The real estate companies (SCI) Bois de Bagatelle and Parc de Loisirs de Bagatelle, already wholly owned by Bagatelle on September 30, 2003, were entered into the scope of consolidation in 2003, retroactively to August 1, 2002. These companies hold certain assets necessary for the operation of the Bagatelle site.

➡ During the fiscal year, Compagnie du Mont Blanc Restauration (formerly SOGERTAM) absorbed the two other restaurant subsidiaries of Compagnie du Blanc, SEHRT and SHM. This legal reorganization has no effect on the income statements and balance sheet of the Group.

● Changes in FY 2003/2004

➡ As in the previous year, new shares in Grévin et Cie were issued in response to the exercise of stock options. As a result, on September 30, 2004, Compagnie des Alpes held 99.11% of the share capital of Grévin & Cie. However, given Compagnie des Alpes's commitment to acquire shares in Grévin & Cie issued in the exercise of stock options (see Note 6.2), 100% of Grévin & Cie was included in the consolidated financial statements as of September 30, 2004.

➡ In November 2003, to refocus on its two core divisions, CDA sold all of its ski shop businesses (Ski Shop and its subsidiaries Favre Sports and Precision Ski Systems).

➡ In December 2003, Grévin Deutschland signed a contract for the operation of Panorama Park, an animal theme park situated in the Cologne region of Germany.

➡ With a view to rationalizing structures, in May 2004 management decided to merge Mont-Blanc et Cie (MBC) with its subsidiary, Compagnie du Mont-Blanc (CMB). CDA 's stake in the new entity declined from 16.21% to 15.12%.
The agreement among the three major shareholders in MBC was not renewed, and CDA's stake in CMB has been accounted for by the equity method since the date the merger was decided. This means in effect that, for the first three quarters, the business was proportionately consolidated while for the last quarter it was entered as an equity affiliate.

➡ In July 2004, Grévin & Cie acquired 100% of Pleasurewood Hills, a UK company that operates a theme park in Suffolk, east of London. Only business activity between July and September was included in the consolidated income statement.

➡ In September 2004, CDA and its partner Intrawest decided to liquidate Funivie delle Alpi (FdA), the parent company of CMBF (see Chapter 1 – Key Events). This legal reorganization has no effect on Group earnings. However, given the 29.8% stake in CMBF and the loss of exclusive control of the company, the holding has been considered an equity affiliate since the date of winding up.

Note 2.2. Comparability of financial statements

● Pro forma as of 9/30/2002

The consolidated pro-forma income statement for the 12 months ending September 30, 2002, presented in the financial statements ending September 30, 2003, and September 30, 2004, has been determined on the basis of the consolidation scope and percentage shares of ownership in effect on September 30, 2003.
The principal restatements are as follows:

➡ For "Ski Areas" and "Other":
• Precision Ski Systems, a company acquired in January 2003, was consolidated on September 30, 2003, for a nine-month period;
• The new percentages of ownership on September 30, 2003, are applied to the pro-forma income statement as of September 30, 2002;
• Financial charges specifically carried by Compagnie des Alpes for financing the acquisition of Grévin & Cie (both takeover bid and share withdrawal offer) were likewise considered as having been carried from October 1, 2001, to September 30, 2002.
The pro-forma statements likewise took into account changes in the management structure needed to manage the new scope of the Group.

➡ For the Family Leisure branch:
All companies in the scope of consolidation for FY 2002/2003 were consolidated for 12 months on September 30, 2002, except for BICI Entertainment, acquired in January 2003 and consolidated for a nine-month period on September 30, 2002.

➡ Non-recurrent exceptional items (€1 m) included under "other operating income" have been eliminated. These concerned essentially the Ski Areas branch.
By the same token, the exceptional amortization of the remaining goodwill on the acquisition of CMBF (Courmayeur), of which €1.3 m was attributable to the Group, was also excluded.

In general, the pro-forma statements as of September 30, 2002, are based in part on management data available in CDA Group companies (old scope of consolidation) and Grévin & Cie. However, most of the data necessary was obtained from annual and interim reports published by the two entities both before and after the merger.

Financial statements as of 9/30/2004

Changes in the scope of consolidation occurring during fiscal year 2003/2004 (see section 3.1) have no significant impact on the comparison with the balance sheet and income statement for the previous year.

In accordance with Regulation 99-02, the income statements of CMB (Chamonix) and CMBF (Courmayeur) were consolidated in the financial statements until the date that control of these companies changed. Hence, for CMB, the first three quarters were proportionately consolidated in the Group income statement. All business activity of CMBF (Courmayeur) during the fiscal year remained consolidated since the capital restructuring only took place on 9/20/2004.

The Ski Shop business line had been folded into the activity of the holding company under the segment "Other." In 2004, this segment only included the income of the CDA holding company.

Note 2.3. List of consolidated companies by method of consolidation and business activity

Parent Company: Compagnie Des Alpes 6, place Abel Gance - 92652 Boulogne-Billancourt			N° RCS 349 577 908		
SKI AREAS	Method of consolidation [1]	Legal status	N° RCS	% of voting rights	% of stake
STGM - 73320 Tignes	FC	SA	076 920 024	77.79	77.79
SELALP - 73210 Macôt	FC	SA	306 574 781	95.12	95.12
SMA - 73700 Bourg-Saint-Maurice	FC	SA	076 520 568	96.70	91.98
STAG - 73210 Peisey-Nancroix	FC	SAS	353 262 025	100	91.98
SAP - 73210 Macôt La Plagne	FC	SA	076 220 011	97.80	93.03
SEVABEL - 73440 St Martin-de-Belleville	FC	SA	353 065 964	81.62	81.62
SCIVABEL - 73440 St Martin-de-Belleville	FC	SCI	775 665 508	99.94	81.62
CIEL - 92100 Boulogne-Billancourt	FC	SNC	324 685 437	100	100
Meribel Alpina - 73550 Méribel-les-Allues	FC	SNC	075 520 064	100	100
DSF - 74300 Flaine	FC	SA	602 056 012	80.95	80.95
DSG - 74440 Morillon	FC	SA	320 316 334	100	80.92
SAG - 74300 Flaine	FC	SA	326 020 195	99.99	80.92
Compagnie du Mont-Blanc 74400 Chamonix	EA [2]	SA	605 520 584	15.12	15.12
CMB Restauration - 74400 Chamonix	EA [2]	SA	301 350 161	15.12	15.12
CMBF - Courmayeur - Italt	EA [3]	SpA	–	29.81	29.81
SwissAlp - Genève - Switzerland	FC	SA	–	100	100
Saas-Fee Bergbahnen - Saas Fee - Switzerland	EA	AG	–	38	38
Téléverbier - Verbier - Switzerland	EA	SA	–	20.30	20.30

(1) FE = Full consolidation / EA = Equity affiliate.
(2) From May 31, 2004.
(3) From September 30, 2004

FAMILY LEISURE	Method of consolidation [1]	Legal status	RCS N°	% of voting rights	% of stake
Grévin & Cie - 60128 Plailly	FC	SA	334 240 033	100	100
Les Productions du Parc - 60128 Plailly	FC	SAS	421 155 458	100	100
SMVP - 60128 Plailly	FC	SAS	379 833 684	100	100
Aquarium Géant de Saint-Malo - 35400 Saint-Malo	FC	SNC	399 410 265	100	100
Musée Grévin - 75009 Paris	FC	SA	552 067 811	95.87	95.87
Bagatelle - 62180 Rang du Fliers	FC	SNC	784 062 713	100	100
France Miniature - 78990 Elancourt	FC	SA	348 677 196	100	100
Grévin & Cie Touraine - 60128 Plailly	FC	SNC	440 932 259	100	100
Parc de Loisirs Bagatelle - 62155 Merlimont	FC	SCI	345 078 299	100	100
Bois de Bagatelle - 62180 Rang du Fliers	FC	SCI	403 729 973	100	100
Harderwijk Hellendoorn Holding - Harderwijk - Netherlands	FC	BV	–	100	100
Dolfinarium Harderwijk Harderwijk - Netherlands	FC	BV	–	100	100
Grevin AvonturenPark Hellendoorn - Hellendoorn - Netherlands	FC	BV	–	100	100
Grevin Deutschland - Bestwig/Hochsauerland - Germany	FC	GmbH	–	100	100
BICI Entertainment - Le Bouveret - Switzerland	FC	SA	–	100	100
Pleasurewood Hills - Suffolk - United-Kingdom	FC	Ltd	–	100	100

(1) FC = Full consolidation / EA = Equity affiliate

3. Information on the consolidated balance sheet

Note 3.1.Goodwill

(in euros '000)	Balance on 9/30/02	Balance on 9/30/03	Changes in scope of consolidation	Other	Expensed	Balance on 9/30/04
Gross value	109,680	110,094	– 836			109,258
Amortization	– 12,944	– 17,880	781		– 4,713	– 21,812
Net value	**96,736**	**92,214**	**– 55**		**– 4,713**	**87,446**

➡ The column “Changes in the Scope of Consolidation” includes the net effects of the acquisition of Pleasurewood Hills (for €3.7 m) and the effects of the change in the method of consolidation of Compagnie du Mont-Blanc (decline of €3.8 m).

➡ Amortization of goodwill was expensed at €4.7 m. Recovery of negative goodwill came to €200,000 (See Note 3.10).

➡ Net goodwill on September 30, 2004, was divided as follows:
• Ski Areas: €31.2 m, especially concerning STGM, SAP, and Méribel,
• Family Leisure: €56.3 m concerning Grévin & Ci
Net income of Ski Area companies as of 9/30/2004 justifies the goodwill recognized. Analysis of the earnings and prospects of the Family Leisure sites suggests that the drop in profitability of some of these may be considered as temporary, due mainly to changes in the economic situation and to capital expenditures and restructuring in the Netherlands. Risks pertaining to tourist visits in Touraine are not significant

Note 3.2. Intangible assets

(in euros '000)	Balance on 9/30/02	Balance on 9/30/03	Acqui-sitions	Sales	Amorti-zation	Reco-veries	Changes in scope of conso-lidation	Other	Balance on 9/30/04
Gross value									
Lift use rights: Sevabel	53,656	53,656							53,656
Business goodwill	13,361	17,986		–225			–15,541	585	2,805
Business goodwill subject to amortization	7,069	7,069					–223		6,846
Musée Grévin Trademark		9,000							9,000
Highway interchange concession: Parc Astérix	6,254	6,254	19						6,273
Other intangible assets	15,733	16,910	736	–58			–1,375	–7,108	9,105
Subtotal: gross value	**96,073**	**110,875**	**755**	**–283**			**–17,139**	**–6,523**	**87,685**
Amortization									
Lift use rights: SEVABEL	–20 053	–22 060			–2,036				–24,096
Business goodwill subject to amortization	–4,073	–4,383			–298	43	223	78	–4,337
Highway interchange concession: Parc Astérix	–874	–938			–64				–1,002
Other intangible assets	–7,901	–9,262			–812	57	488	2,616	–6,913
Subtotal: amortization	**–32,901**	**–36,643**			**–3,210**	**100**	**711**	**2,694**	**–36,348**
Net value	**63,172**	**74,232**	**755**	**–283**	**–3,210**	**100**	**–16,428**	**–3,829**	**51,337**

The principles applying to amortization and non-amortization of intangible assets are described in detail in Note 1.8.

The following additional commentaries may be made:
• The ski-lift use rights previously accorded SEVABEL in its concession contract were sold to that company by the contracting authority on January 1, 1991.
• The item "business goodwill" (fonds commerciaux) and "non-amortizable business goodwill" (fonds commerciaux non-amortissables) include business goodwill relative to Group activities in ski lifts and other activities (including ski shops for the 2002 and 2003 fiscal years).
• The assignment of a value to the trademark Musée Grévin during the process of attributing the goodwill arising from the acquisition by Compagnie des Alpes of Grévin & Cie in August 2002 has the following explanation: the continuous use of expertise under the well-known name Musée Grévin has long been an intangible asset. The name has existed for 120 years, and annual visits to the site have been higher than 500,000 for the last 50 years, regardless of circumstances.

Following this explanation, the valuation of the trademark was based on minimal assumptions concerning number of visits, entry price, capital expenditures, and margin on sales.
• The “Other” column mainly reflects reclassifications between tangible and intangible assets, chiefly pertaining to studies on building attractions.

Note 3.3. Tangible fixed assets

(in euros '000)	Balance on 9/30/02	Balance on 9/30/03	Acqui-sitions	Sales	Depre-ciation	Reco-veries	Changes in scope of conso-lidation	Other	Balance on 9/30/04
Gross value									
Land and improvements	12,576	11,577	1,704	– 33			– 1,498	2,296	14,046
Trail works	45,493	48,344	1,491				– 9,747	– 3,148	36,940
Snowmaking	27,631	32,313	1,624	– 727			– 10,928	12,610	34,892
Buildings, offices, shops, other spaces	218,363	219,829	4,351	– 5,332			– 21,267	6,276	203,857
Lifts	318,410	348,845	11,211	– 5,370			– 55,005	32,155	331,836
Snowcats	11,957	12,636	3,473	– 3,323			– 689	30	12,127
Attractions	52,293	67,342	3,747	– 1,709			4,066	3,573	77,019
Materials and Equipment	33,008	37,714	2,484	– 493			– 12,577	– 628	26,500
Other fixed assets	101,689	97,345	6,570	– 1,368			– 1,487	– 1,874	99,186
Fixed assets in progress	30,942	40,680	36,781	– 163			– 1,689	– 43,392	32,217
Advances and down payments on fixed assets	2,841	1,755	3,156				– 55	– 1,281	3,575
Sub-total, gross value	**855,203**	**918,380**	**76,592**	**– 18,518**			**– 110,876**	**6,617**	**872,195**
Depreciation									
Land and improvements	– 2,775	– 2,705			– 193		186	– 1,626	– 4,338
Trail works	– 13,951	– 14,913			– 1,219		3,770	533	– 11,829
Snow making	– 18,650	– 20,653			– 1,735	826	8,656	– 1,309	– 14,215
Buildings, offices, shops, other spaces	– 105,483	– 109,774			– 7,505	4,957	9,516	– 961	– 103,767
Lifts	– 157,767	– 168,421			– 15,715	4,886	42,893	772	– 135,585
Snowcats	– 7,735	– 7,789			– 1,913	2,719	537	– 7	– 6,453
Attractions	– 21,165	– 26,570			– 5,253	1,655	– 1,084	– 3,030	– 34,282
Materials and Equipment	– 23,184	– 25,440			– 2,321	449	7,138	685	– 19,489
Other fixed assets	– 76,795	– 75,039			– 5,865	1,034	1,102	2,720	– 76,048
Sub-total, depreciation	**– 427,505**	**– 451,304**			**– 41,719**	**16,526**	**72,714**	**– 2,223**	**– 406,006**
Net value	**427,698**	**467,076**	**76,592**	**– 18,518**	**– 41,719**	**16,526**	**– 38,162**	**4,394**	**466,189**

➡ The principles applying to amortization and non-amortization of intangible assets are described in detail in Note 5.1.

➡ Capital expenditure (CAPEX) for the period is as follows, by business line:
• For the Ski Areas branch, this includes partly the conclusion of CAPEX programs begun prior to the 2003/2004 winter season and partly work for the season 2004/2005 taking place before September 30, 2004. The latter is entered as fixed assets in progress as of September 30, as most of these projects are not finished. Barring exceptions, they will be ready for the beginning of the season in December.
• For the Family Leisure branch, this is a matter of all CAPEX necessary for the 2004 spring-summer season.

➡ The "Other" column includes, on the one hand, the allocation of Ski Area fixed assets in progress on September 2002 and, on the other hand, reclassifications between tangible and intangible assets, chiefly pertaining to studies on building attractions, as well as write-offs of completely depreciated and scrapped assets of the Family Leisure business.

Information on tangible and intangible fixed assets, divided by business line and geographic area (net values)

Region or country *(in euros '000)*		Ski Areas	Family Leisure	Other	9/30/2004	9/30/2003	9/30/2002
France		355,236	118,727	472	474,435	487,822	438,437
Assets under concession		284,582			284,582	266,054	233,557
Assets under lease		5,240	3,777		9,017	10,595	12,669
Europe (excl. France)		5	43,086		43,091	53,486	52,433
Total of tangible and intangible fixed assets		**355,241**	**161,813**	**472**	**517,526**	**541,308**	**490,870**
Intangible assets	Note 3.2				51,337	74,232	63,172
Tangible fixed assets	Note 3.3				466,189	467,076	427,698
Total of tangible and intangible fixed assets on the balance sheet					**517,526**	**541,308**	**490,870**

Note 3.4. Long-term financial fixed assets

(in euros '000)	9/30/2004	9/30/2003	9/30/2002
Gross amount	3,689	5,724	5,844
Provisions	– 651	– 702	– 948
Shares in non-consolidated companies	**3,038**	**5,022**	**4,896**
Receivables on shares in non-consolidated companies	12,751	12,292	11,844
Long-term shareholdings	90	520	530
Loans, escrows, and sureties	1,884	2,654	2,128
Other long-term receivables	1,986	2,970	3,345
Provisions	– 1,137	– 1,480	– 1,221
Other long-term financial fixed assets	**15,574**	**16,956**	**16,626**
Total	**18,612**	**21,978**	**21,522**

The maturities of other gross long-term financial fixed assets (other than shares in non-consolidated companies) are classified as follows:
• €5.0 m at < 1 year;
• €5.4 m from 1 to 5 years;
• €6.3 m at > 5 years.

Detail on non-consolidated shareholdings

(in euros '000)	Percentage of interest 9/30/04	Gross value 9/30/04	Provisions 9/30/04	Net value 9/30/04	Share-holders' equity (last FY closed)	Net income, last FY closed
CI2S	100.00%	1,000		1,000	999	0
AIVB	49.00%	460		460	212	6
SCI du Buet	60.00%	366		366	628	– 2
La Foncière du Golf	85.87%	409	– 409	0	0	– 55
Serre Chevalier Ski Développement	17.18%	344		344	– 1,100	16
Other		1,110	– 242	868		
Total		**3,689**	**– 651**	**3,038**		

The business activities of the companies named above are essentially the following:
• land development and real estate: Buet (a real estate company, subsidiary of DSG) and other subsidiaries of SAP (La Plagne) and SMA (Les Arcs);
• operation of the golf course at Les Arcs: Foncière du Golf;
• ownership or operation of real-estate agencies in the Ménuires and the Grand Massif owned by local ski lift companies and CI2S, which is not consolidated;
• expansion of the Ski Areas business with the acquisition in September 2004 of a stake in the public-private company operating part of the Serre Chevalier ski area. This company was consolidated in 2005.
The "Others" category includes CDA-DS (see Part 1, Key Events) as well as high-altitude restaurants ("Le Panoramic," a subsidiary of STGM).

Receivables related to shareholdings

This item is comprised mainly of the "participatory loan" (€5.9 m) accorded by Compagnie des Alpes to Mont-Blanc & Compagnie (a company consolidated by the equity method beginning in FY 2003/2004).
This item also includes a short-term loan of €3.0 m granted by SMA to a non-consolidated affiliate (Bâtiment Services), to finance construction of a building at Les Arcs, partly for office use and partly for resale.

Note 3.5. Shareholdings accounted for by the equity method

(in euros '000)	9/30/2004	9/30/2003	9/30/2002
Value of shares at beginning of FY	**14,525**	**14,121**	**15,767**
Changes in conso. scope and variances in forex conversion	9,230	– 757	31
Net income for FY	1,157	1,306	– 1,677
Dividends paid	– 192	– 145	
Value of shares at end of FY	**24,720**	**14,525**	**14,121**

As of September 30, 2003, this line item included shares in Saas-Fee Bergbahnen and Téléverbier.

As of September 30, 2004, it also included shares in Compagnie du Mont-Blanc and CMBF (Courmayeur).

The two companies' sales, EBITDA, and contribution to net income in 2004 are provided in Note 5.5.

Note 3.6. Inventories and in-progress

(in euros '000)	9/30/2004	9/30/2003	9/30/2002
Gross value	3,351	4,466	4,856
Provisions	– 1,055	– 1,536	– 1,894
Real estate inventory	**2,296**	**2,930**	**2,962**
Gross value	541	560	835
Provisions	– 1	– 1	– 21
Parking areas	**540**	**559**	**814**
Gross values	6,332	9,960	7,712
Provisions	– 214	– 240	– 342
Inventories of raw materials, supplies, and merchandise	**6,119**	**9,720**	**7,370**
Total	**8,955**	**13,209**	**11,146**

Inventories of land (building sites) are held mainly by SAP, SMA, SCIVABEL, and SAG: These companies develop sites for resale to promoters.

Inventories of raw materials, supplies, and merchandise refer both to the ski areas business (spare parts for maintenance or repair of ski lifts) and to family leisure sites (boutique inventories, restaurants, costumes).

The decline in inventories as of 9/30/2004 is due essentially to changes in the scope of consolidation (for €3.7 m) corresponding mainly to the sale of the ski shops.

Note 3.7. Receivables

● Operating receivables

(in euros '000)	9/30/2004	9/30/2003	9/30/2002
Advances and down payments	529	560	2,234
Trade receivables	17,806	16,907	14,675
Taxes (VAT) and payroll taxes due	23,622	31,837	31,894
Operating current accounts	1,692	947	865
Provisions for impairment	– 2,239	– 2,451	– 2,454
Total	**41,410**	**47,800**	**47,214**

The drop in operating receivables is mainly due to the €8 m drop in social welfare and tax receivables because of:
• changes in the scope of consolidation due to deconsolidation of the ski shops, MBC, and CMBF (-€2 m);
• recovery of the tax receivables of SEVABEL and STGM, for a drop of €3 m following on the companies' net loss over the exceptional four-month fiscal year in 2003;
• decreases in claims for reimbursement of VAT(-€2 m).

Operating receivables and other Group receivables are mainly short-term.

Other receivables and accruals (assets)

(in euros '000)	9/30/2004	9/30/2003	9/30/2002
CAPEX subsidies		169	111
Deferred tax assets	9,573	10,548	8,932
Other short-term receivables	1,443	2,232	1,146
Receivables on sales of fixed assets	287	398	560
Provisions for impairment	– 142	– 634	– 214
Other receivables	**11,161**	**12,713**	**10,535**
Prepaid expenses	6,886	5,407	3,720
Expenses to allocate	385	874	314
Total	**18,432**	**18,994**	**14,569**

Deferred tax

(in euros '000)	9/30/2003	Change in FY	9/30/2004
Deferred tax assets	10,548	– 975	9,573
Deferred tax liabilities	– 3,931	– 529	– 4,460
Net total	**6,617**	**– 1,504**	**5,113**

The net balance of deferred tax assets is mainly due to:
• restatement of assets under lease and provisions not deducted, in particular provisions for severance pay on retirement. These are mainly long-term;
• capitalization of deferred tax;
• assets on losses of Grévin & Cie on the operation of Parc Astérix.
The balance on deferred tax assets as of September 30, 2003, was €6.6 m, taking into account the amount used up during the consolidation period (€1 m) and an increase in deferred tax liabilities on exceptional depreciation.

Note 3.8. Cash

(in euros '000)	9/30/2004	9/30/2003	9/30/2002
UCITS and other	14,682	9,552	10,776
Term investments	1,270	1,549	1,546
Demand deposits	9,676	40,920	9,182
Cash on hand	863	824	1,445
Gross value	**26,491**	**52,845**	**22,949**
Provisions for impairment			
Total	**26,491**	**52,845**	**22,949**

The markedly higher level of cash on September 30, 2003, is mainly due to new financing obtained and not yet used as of September 30, 2003, by the Family Leisure business.
CThese available funds were very temporarily in demand deposits on September 30, 2003. They had been invested in money market funds, redeemed just before closing, and repurchased just after.
UCITS investments are mainly in money funds. Their value as of September 30, 2004, includes no significant unrealized capital gains. It also includes acquired shares for €71,000.
Term deposits are limited to those made less than three months prior to the date of closing of the fiscal year, with a maturity of less than three months (see Note 1.11).

Note 3.9. Shareholders' equity

Share capital

As of September 30, 2003, the equity capital of Compagnie des Alpes consisted of 6,243,975 shares, after taking into account the exercise of stock options during the year (capital increase of €1.334 m through creation of 87,481 new shares).
In consequence of the decree on privatization published on May 8, 2004, Caisse des Dépôts-Développement (C3D) reduced its stake from 52.7% to 40%, through the sale of shares to Crédit Agricole des Savoie, Banque Populaire des Alpes, and the Caisse Nationale des Caisses d'Epargne, which invested together with Caisse d'Epargne des Alpes, also a shareholder in CDA.

In addition, 130,704 stock options were granted during the fiscal year. This stock options plan follows on those set up in 1998, 1999, 2000, 2001, 2002, and 2003. Taking into account options cancelled either because the business targets in Plan No. 7 were not met or because the beneficiary left the company before exercising his/her rights and options exercised as of that date, the total number of options granted and not yet exercised as of September 30, 2004, is 330,290, or 5.3% of the share capital of the company.

Changes in consolidated attributable shareholders' equity

(in euros '000)	Capital	Premiums	Consolidated reserve	Net income for FY	Variatin on forex conversion	Total share-holders' equity
Situation on September 30, 2002	**63,683**	**17,481**	**93,956**	**– 11,033**	**1,008**	**165,095**
CDA capital increase	30,173	65,081				95,254
Appropriation of last FY earnings			– 11,033	11,033		
Dividend distribution			– 14,679			– 14,679
Attributable income				29,069		29,069
Variation on forex conversion					– 792	– 792
Situation on September 30, 2003	**93,856**	**82,562**	**68,244**	**29,069**	**216**	**273,947**
CDA capital increase	1,334	1,710				3,044
Appropriation of last FY earnings			29,069	– 29,069		
Dividend distribution			– 5,541			– 5,541
Attributable income				29,001		29,001
Variation on forex conversion					– 580	– 580
Situation on September 30, 2004	**95,190**	**84,272**	**91,772**	**29,001**	**– 364**	**299,871**

The fiscal year closed on September 30, 2003, includes both a dividend distribution of €9.8 m for the fiscal year closed on May 31, 2002, and an interim dividend of €4.9 m for fiscal year 2002/2003.

The dividend distribution in FY 2004 represents the balance of the dividend on the previous fiscal year, 2002/2003.

Changes in minority interests

(in euros '000)	Consolidated reserves	Net income for the FY	Total shareholders' equity
Situation on September 30, 2002	**34,932**	**– 3,579**	**31,353**
Minority interests in capital increases at subsidiaries	723	0	723
Dividend distribution to minority interests in subsidiaries	– 5,268	3,579	– 1,689
Minority interests in net income	0	4,372	4,372
Other changes	– 4,759	0	– 4,759
Situation on September 30, 2003	**25,628**	**4,372**	**30,000**
Minority interests in capital increases at subsidiaries	0	0	0
Dividend distribution to minority interests in subsidiaries	2,528	– 4,372	– 1,844
Minority interests in net income	0	4,665	4,665
Other changes	– 8,645		– 8,645
Situation on September 30, 2004	**19,511**	**4,665**	**24,176**

➡ On September 30, 2003 the “Other changes” derived principally from the withdrawal tender for Grévin & Cie.

➡ On September 30, 2004, this item included the effects of the sale of the ski shops and the shift to equity affiliate status of CMBF (Courmayeur) and CMB (Chamonix).

Note 3.10. Provisions for contingent liabilities

(in euros '000)	9/30/2002	9/30/2003	Expensed	Recovered	Changes in scope of conso-lidation	Other	9/30/2004
Provisions for major repairs	18,926	20,091	4,794	– 3,442	– 4,607		16,836
Provisions for severance pay	6,351	6,958	1,373	– 131	– 1,330		6,870
Provisions for on retirement	1,932	1,921	756	– 297	– 70		2,310
Provisions for contingent tax liabilities	10,326	15,336	874	– 4,630	182	– 106	11,656
Total	**37,535**	**44,306**	**7,797**	**– 8,500**	**– 5,825**	**– 106**	**37,672**
Ongoing operational provisions expensed and recovered			6,590	– 6,212			
Exceptional provisions expensed and recovered			1,207	– 2,288			
Total			**7,797**	**– 8,500**			

➡ Recovery of provisions not used on 9/30/2003 came to €3 m, of which €1.1 m is made up essentially of recovery of unneeded provisions for major repairs and €1.4 m on real estate litigation of SMA.

➡ Other provisions for contingent liabilities are classified according to their purpose:
• negative goodwill on Téléverbier and Saas-Fee Bergbahnen (€1.1 m);
• provisions for future losses of €2.7 m due to the exercise of stock options, mainly concerning Grévin & Cie (Note 6.2);
• provisions for contingent liabilities at SMA (Les Arcs) and SAP (La Plagne), concerning their former real estate activities and role as resort developers (€1.5 m);
• provisions for litigation of all kinds (€5.2 m), including litigation on the acquisition of a shareholding;
• various provisions for contingent liabilities (€1.2 m).

Note 3.11. Borrowings

Detail and maturities

(in euros '000)	Short-term (less than one year)	Medium-term (1 to 5 years)	Long-term (Over 5 years)	Total 9/30/2004	Total 9/30/2003	Total 9/30/2002
Bond issues	42	1,659	41	1,742	1,750	1,586
Borrowings from credit institutions	40,771	101,663	72,503	214,937	276,226	243,389
Other borrowings and equivalents	1,230	1,059		2,289	3,940	5,771
Partners' advance						42,931
Leasing contracts	3,434	8,495	508	12,437	15,504	18,244
Interest payable	1,246			1,246	1,685	1,870
Credit balances of banks and similar	33,623			33,623	30,084	55,499
Employee profit sharing	511	2,808		3,319	3,101	2,873
Other	411	4	23	438	731	103
Total	**81,268**	**115,688**	**73,075**	**270,031**	**333,021**	**372,266**

➡ The reduction in debt recognized as of September 30, 2004, originates in changes in the scope of consolidation (disposal of the ski shops and deconsolidation and restatement as equity affiliates of CMB and CMBF), as well as loan repayments during the fiscal year (see Note 5.2).
➡ Changes recognized between September 30, 2002, and September 30, 2003, result mainly from the refinancing of the takeover Grévin & Cie.

Structure of borrowings

(in euros '000)	9/30/2004		9/30/2003		9/30/2002	
Fixed-rate borrowings	35.4	15%	53.5	18%	79.7	26%
Variable-rate borrowings	196.3	85%	244.4	82%	232.1	74%
Total	**231.7**		**297.9**		**311.8**	

The structure shown above includes bond issues, borrowings from credit institutions, other borrowings, partners' advances, and financing through lease contracts. This total represents 90% of the CDA Group's borrowings.

Leases account for 21% of borrowings.

Hedging

As of September 30, 2004, variable-rate borrowings are hedged at 80% (€157.5 m). Hedging is through CAPs (at times linked to FLOORs) and interest-rate swaps (fixed or capped variable).

Their net market value on September 30, 2004, was €23,000.

Information on advance payment clauses (financial covenants and shareholding clauses)

Borrowings as of September 30, 2004, subject to advance repayment clauses totaled €126.6 m.

The two companies principally concerned are Compagnie des Alpes and Grévin & Cie. The multiples they use are based on the consolidated income statements of the CDA Group for Compagnie and of the Grévin & Cie Group for Grévin & Cie:

Company	Anticipated repayment clauses	
	Financial Covenants	Shareholding Clauses
Compagnie des Alpes	Gearing < 1.25	C3D > 33 1/3%
	EBITDA*/ Finance charges** > 5	
	Net debt / EBITDA* < 4	
Grévin & Cie	Gearing < 1	CDA > 50% and/or
	Net debt / EBITDA < 3.5	C3D > 33 1/3% of CDA

** EBITDA excludes expenses for major repairs (Note 1.14)*
*** This is interest on borrowings, leasing contracts, and other finance charges (Note 4.3)*

These clauses have been respected as of September 30, 2003.

The multiples used by other companies concerned are based on company financial statements.

Information on interest rates

The average interest rate on Group borrowings as of September 30, 2004, is comparable to the rate prevailing on September 30, 2003:

	9/30/2004	9/30/2003	9/30/2002
Fixed-rate borrowings	5.50%	4.31%	4.26%
Variable-rate borrowings	3.08%	3.11%	4.03%
Debt on lease contacts	6.26%	6.63%	6.53%
	3.53%	3.49%	4.27%

➡ Short-term rates (the reference for variable-rate debt) have remained close to the rate that prevailed after the sharp decline of last year.
➡ The increase in the average rate on fixed-rate debt has little effect on the average rate for the Group, given that its share of total fixed-rate debt remains small (15%). The increase is due to the deconsolidation of CMBF (now an equity affiliate), which had borrowings at a subsidized rate (1.6%).

Note 3.12. Operating debt and other

(in euros '000)	9/30/2004	9/302003	9/30/2002
Supplier payables and related	36,860	40,572	40,091
Tax (VAT) and payroll tax	47,473	46,780	40,896
Other operating debt	3,809	6,144	10,538
Subtotal: Operating debt	**88,142**	**93,496**	**91,525**
Debt on fixed assets	9,764	9,216	10,699
Deferred tax liabilities	4,460	3,931	2,880
Various other debt	2,531	8,933	3,311
Accruals	4,413	3,241	2,932
Subtotal: Other debt	**21,168**	**25,321**	**19,822**
Total	109,310	118,817	111,347

● Deferred tax liabilities

Deferred tax liabilities stem mainly from the elimination of tax-regulated amortization/depreciation in consolidation.

● Various other debt

The balance on September 30, 2003, included CDA's interim dividend of €4.9 m, decided before September 30, 2003, and paid on October 20, 2003.

● Accruals

This item includes deferred revenues from the family leisure business (see Note 2.14).

4. Information on the consolidated income statement

Note 4.1. Consolidated sales

Group sales by business line and geographic area were as follows:

COUNTRY *(in euros '000)*	Ski Areas	Family Leisure	Other	Elimination of intragroup sales	9/30/2004	9/30/2003	9/30/2002 (pro forma)
France	235,343	90,842	11,798	– 11,576	326,407		
Europe (other than France)	9,659	36,200			45,859		
Total on 9/30/2004	245,002	127,042	11,798	– 11,576	372,266		
Total on 9/30/2003	237,025	120,132	31,375	– 10,750		377,782	
Total on 9/30/2002	221,243	119,835	27,688	– 10,476			358,290

Note 4.2. Operating income

Operating income by business line

The table below divides operating income by business activity as of September 30, 2004, and September 30, 2003 (pro forma 12 months), based on the principles described in Note 1.18

(in euros '000)	Ski Areas		Family Leisure		Other, incl. Ski Shops		Elimination intra-groupe		Total	
	9/30/2004	9/30/2003	9/30/2004	9/30/2003	9/30/2004	9/30/2003	9/30/2004	9/30/2003	9/30/2004	9/30/2003
Sales	245,002	237,025	127,042	120,132	11,798	31,375	–11,576	–10,750	372,266	377,782
Other operating revenues	2,960	4,309	1,631	1,412	1,179	1,541	–67	–113	5,703	7,149
Total operating revenues	**247,962**	**241,334**	**128,673**	**121,544**	**12,977**	**32,916**	**–11,643**	**–10,863**	**377,969**	**384,931**
Purchases and inventory changes	–22,913	–19,342	–18,920	–18,420	–70	–4,766		66	–41,903	–42,462
Outsourcing	–40,633	–39,913	–33,182	–29,395	–5,843	–11,141	11,264	10,165	–68,395	–70,284
Taxes and duties	–19,787	–19,920	–3,411	–3,054	–729	–1,023			–23,928	–23,997
Personnel expenses	–65,548	–62,564	–42,287	–39,106	–8,854	–12,582	312	519	–116,377	–113,733
Other operating expenses	–17,686	–18,461	–3,638	–3,196	–69	–182	67	113	–21,326	–21,726
Total operating expenses less depreciation and provisions	**–166,567**	**–160,200**	**–101,440**	**–93,171**	**–15,565**	**–29,694**	**11,643**	**10,863**	**–271,929**	**–272,201**
EBITDA	**81,395**	**81,134**	**27,233**	**28,373**	**–2,588**	**3,222**			**106,040**	**112,729**
Net expenses for depreciation and provisions	–29,354	–28,234	–16,345	–16,923	–51	–2,297			–45,750	–47,454
Other operating income	4,800	1,501	–1,279	–260	1,424	40			4,944	1,281
Net operating income	**56,841**	**54,401**	**9,609**	**11,190**	**–1,215**	**965**			**65,234**	**66,556**

The elimination of intra-group balances corresponds essentially to billings of Compagnie des Alpes to its subsidiaries.

Other operating revenues and expenses as of September 30, 2004, included:
• capital gains of €1.7 m, essentially on the disposal of the ski shops,
• recoveries of provisions for €1.2 m, resulting from the favorable outcome of earlier litigation (see Note 3.10),
• other operating revenues of €1.9 m include the recovery of a payable expense of €1.6 m, in the framework of the revision of agreements on property at Les Arcs,
• provisions for additional retirement payments at Grévin & Cie, for €700,000.

Note 4.3. Net financial income

The improvement in net financial income is due essentially to the decline in financial expenses, due in part to changes in the scope of consolidation (deconsolidation of Ski Shops for a savings of €800,000) and in part to a reduction in financial expenditures of the CDA holding company (€900,000, resulting from the refinancing of the loan set up on a temporary basis at the end of 2002 to finance the takeover of Grévin & Cie, pending the realization of the capital increase).

(in euros '000)	9/30/2004	9/30/2003	9/30/2002 (4 months)
Income on shareholdings	126	33	30
Net income on sales of investment securities	417	1,797	284
Other financial income	934	1,690	822
Subtotal: Financial income	**1,477**	**3,520**	**1,136**
Interest on borrowings	– 8,402	– 11,017	– 2,600
Interest on lease contracts	– 981	– 1,210	– 419
Other financial expenses	– 3,037	– 2,514	– 1,206
Subtotal: Financial expenses	**– 12,420**	**– 14,741**	**– 4,225**
Expenses and recoveries on depreciation and provisions	782	– 1,342	– 529
Net financial income	– 10,161	– 12,563	– 3,618

Note 4.4. Income tax

➡ Corporate income tax is as follows:

(in euros '000)	9/30/2004	9/30/2003	9/30/2002 (4 months)
Tax due on current net income	– 16,205	– 15,127	8,755
Tax deferred on current net income	– 1,844	– 1,982	– 4,471
Total	– 18,049	– 17,109	4,284

➡ Reconciliation between the normal French tax rate and the effective rate is shown below. The effective tax rate is the amount of tax assigned to the net pre-tax income of consolidated companies:

(in euros '000)	9/30/2004	9/30/2003	9/30/2002 (4 months)
Normal increased rate	**34.3%**	**34.3%**	**34.3%**
Effect of the compulsory social levy of earnings	0.5%	0.5%	– 0.1%
Permanent differences	1.1%	1.0%	0.3%
Allocation of losses to carry-forward and losses for FY	– 0.6%	– 0.6%	– 8.9%
Capital gains and losses (imputed against long term losses)	– 1.6%		
Capitalization of deferred taxes on previous losses	– 1.5%	– 3.5%	
Other	0.6%	0.0%	0.8%
Effective rate	32.8%	31.7%	26.4%

On September 30, 2004, the effective tax rate of 32.8% is due mainly to the capitalization of deferred taxes on earlier deficits and the imputation of capital gains on disposals to long-term loss carry-forwards of Compagnie des Alpes.
As of September 30, 2003, the effective rate of 31.7% took into account the capitalization of loss carry-overs of Compagnie des Alpes

The effective rate of 26.4% on September 30, 2002, was mainly due to losses of companies for which no tax credit could be entered.

➡ Loss carry-overs and amortization/depreciation considered as deferred but not entered on September 30, 2004, amounted to €5.8 m.

Note 4.5. Information on equity affiliates

(in euros '000)	9/30/2004	9/302003	9/30/2002 (4 months)
TELEVERBIER			
Sales	29.3	31.7	1.1
EBITDA	10.7	11.6	– 1.8
Contribution to Group net income	**1.1**	**0.6**	**– 0.6**
SAAS FEE BERGBAHNEN			
Sales	16.1	17.3	2.0
EBITDA	6.6	7.4	– 1.0
Contribution to Group net income	**– 0.2**	**0.7**	**– 1.0**
CMB (Chamonix)			
Sales	50.1		
EBITDA	15.2		
Contribution to Group net income (1)	**0.2**		

(1) For 3 months' activity (at 15.12%).

As given in Note 2.2., the financial statements of CMB (Chamonix) and CMBF (Courmayeur) were included in the consolidated income statement until the change in their shareholder structure: May 21, 2004, and September 30, 2004, respectively.

Note 4.6. Diluted earnings per share (EPS)

Dilution was due to the exercise of stock options plans that had been set up (see Note 3.9). Diluted EPS is calculated using a theoretical investment method recommended in Opinion 27 of the OEC (French accounting association), based on investment at a 5% rate before taxes.

	Number of shares	Net income	Net income per share
Basic EPS	**6,243,975**	**€29,001,000**	**€4.64**
Stock option plan No. 3	21,639	€21,000	
Stock option plan No. 4	53,467	€64,000	
Stock option plan No. 5	55,901	€99,000	
Stock option plan No. 6	118,224	€175,000	
Stock option plan No. 7	81,059	€165,000	
Diluted EPS	**6,574,265**	**€29,525,000**	**€4.49**

The number of shares used for Plan 7 was reduced by the number of options to be cancelled as a consequence of the application of the rules governing the plan (see Note 3.9).

Plans 1 and 2 have been fully exercised.

5. Information on the cash flow table

Note 5.1. Acquisition of tangible and intangible fixed assets

The table below reconciles the presentation of acquisitions of tangible and intangible fixed assets in the balance sheet and in the cash flow table:

(in euros '000)

Acquisition of intangible fixed assets	Note 3.2	755
Acquisition of tangible fixed assets	Note 3.3	76,592
Acquisition of tangible and intangible fixed assets		**77,347**
CAPEX subsidies		– 1,027
Acquisition of tangible and intangible fixed assets in the cash flow table		**76,320**

Note 5.2. Changes in borrowings

The table below explains the variance in debt figures in the balance sheet and in the cash flow table:

(in euros '000)

Borrowings in the consolidated balance sheet 9/30/03	**333,021**
Receipts and outflows on:	
- borrowings from credit institutions	– 31,535
- other borrowings	– 1,651
- lease financing	– 3,071
- other	– 847
Changes in borrowings in the cash flow table	**– 37,104**
Changes in banks' credit balances	3,540
Other (mainly changes in scope of consolidation)	– 29,426
Borrowings in the consolidated balance sheet 30/09/04	**270,032**

Note 5.3. Net cash

The table below reconciles the cash figure on the balance sheet with the cash figure in the cash flow table as of September 30, 2004:

(in euros '000)

Trésorerie à l'actif du bilan		**26,491**
Banks' credit balances and equivalen	Note 3.11	– 33,623
Net cash in the cash flow table		**– 7,132**

6. . Other information

Note 6.1. Personnel

The seasonal payroll for the activities “Ski Areas” and “Others, incl. Ski Shops” is at its highest during the winter period, while for the “Family Leisure” business the maximum is during the summer.

	9/30/2004	9/30/2003	9/30/2002
Average payroll			
Permanent	1,214	1,206	1,149
Seasonal	1,540	1,794	1,542
Total for all fully consolidated companies	**2,754**	**3,000**	**2,691**
Permanent		60	59
Seasonal		45	35
Share of proportionately consolidated companies	**0**	**105**	**94**
Total average payroll	2,754	3,105	2,785

Maximum seasonal payroll			
Ski area companies and other	1,948	2,441	2,343
Family leisure companies	1,649	1,742	1,682

The drop in personnel as of September 30, 2004, is mainly due to changes in the scope of consolidation: disposal of Ski Shops, shift to equity equivalent status for CMB (Chamonix) and CMBF (Courmayeur).

Note 6.2. Other off-balance sheet commitments

Other than commitments stemming from concession or lease contracts mentioned in Note 1.7, off-balance sheet commitments include the following:

(in euros '000)	9/30/2004	9/30//2003	9/30//2002
Guarantees and sureties	2,144	2,835	2,894
Lease payments (on non-restated contracts)	489	2,488	1,154
Call options (1)	6,582	10,100	10,512
Other (commitments on civil engineering)	3,500	4,871	3,950
Commitments given	**12,715**	**20,294**	**18,510**
Representations and warranties received	364	8,300	13,600
Sureties received	1,791		
Commitments received	**2,155**	**8,300**	**13,600**

(1) Of which _5.8 m for the repurchase of Grévin & Cie shares to be issued because of the future exercise of stock options.

The following commitments should also be noted:

• The CDA Group's lease commitments as of September 30, 2004, were as follows:

(in euros '000)	Total	< 1year	> 1 year and < 5 years	> 5 years
Rentals (1)	33,644	2,930	8,100	22,614
Leases	12,081	3,014	8,704	363
Other (trail works)	6,424	710	2,653	3,061
Total	**52,149**	**6,654**	**19,457**	**26,038**

(1) Including long-term emphyteutic leasehold of Grévin & Cie for €23 m.

• Certain labor contracts provide for penalties in case they are broken by management. These range between one and three years' gross wages, depending on the case. They concern 12 persons.

• Certain tangible and intangible fixed assets included in the consolidated balance sheet of the Group, for a total of €16 m as of September 30, 2004, are subject to mortgages or serve as collateral to guarantee the capital on loans recognized in Group borrowings.

This presentation includes significant off-balance sheet commitments considered significant according to accounting standards in force.

Note 6.3. Remuneration of members of the management board and supervisory board

➡ Cash remuneration, net of payroll taxes, and all advantages in kind paid to members of the Management Board during the period October 1, 2003, to September 30, 2004, by Compagnie des Alpes and companies within the scope of Article L. 33-16 of the Code of Commerce amounts to €1,238,609.
➡ Members of the Supervisory Board of Compagnie des Alpes are not remunerated by the Group. The total amount of directors' fees for the fiscal year ending September 30, 2004, is €69,000.

Note 6.4. Events after the closing date

● Compagnie du Mont-Blanc

On November 24, 2004, the Supervisory Board of CMB decided on several capital operations, including conversion to equity of CDA's "participatory loan". (See Note 4.4).
At the conclusion of this operation, CDA's stake in CMB reached 23.5%.

● Shareholding in ARBAG (Aletsch Riederalp Bergbahnen AG)

In October 2004, the CDA Group, acting through its subsidiary Swissalp, took a minority stake (20%) in ARBAG, the operating company of the Aletsch ski area (South slope of the Jungfrau massif in Switzerland's Valais).

● Serre Chevalier

In December 2004, CDA increased its stake in SCSD (Serre Chevalier Ski Développement), a company operating part of the Serre Chevalier ski area. After CDA bid for its ski-lift concession, CDA was chosen by the municipality of Saint-Chaffrey as the company operating the remaining part of the ski area.

III. Parent company accounts

GENERAL REPORT OF THE STATUTORY AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS

Fiscal year ended September 30, 2004

Dear Shareholders,

As part of the assignment given to us at your General Meeting, we have the honor of presenting to you our report for the fiscal year ended September 30, 3004, which concerns:

• the audit of the financial statements of Compagnie des Alpes, which are attached to this report;

• the specific verifications and supplementary information required by law.

The annual financial statements were approved by the Management Board. It is our responsibility to express an opinion on them, based on our audit.

Opinion concerning the annual financial statements

We have conducted our audit in accordance with the standards of the profession as practiced in France. These standards require that we plan and perform an audit so as to obtain reasonable assurance that the financial statements are free of significant anomalies. An audit consists in examining, on a test basis, the evidence supporting the amounts presented in the financial statements. It also includes assessing the accounting principles used, the significant estimates made by management, and the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for the opinion expressed below.

We certify that the annual financial statements are consistent and truthful with regard to French rules and accounting principles, giving a reliable image of the results of the past fiscal year's operations, as well as the financial situation and assets of the company at the end of the period.

Justifications for our evaluation

In application of the provisions of article L. 225-235 of the Code of Commerce relative to the justification for our evaluation, we bring the following elements to your attention:

The essential part of the assets of your company is comprised of shareholdings that were valued in conformity with the methodology provided for in section 2.3 of the appendix to the annual financial statements. Based on the available information, we reviewed the company's approach and calculations and we assessed the resulting valuations.

Our evaluation is part of the process of auditing the annual financial statements in their entirety and thereby contributes to our unreserved opinion.

Verifications and specific information

We have also made specific verifications that are required by law, in compliance with professional standards as practiced in France

We have no comments to make concerning the truthfulness of the financial statements or their agreement with the Management Board's report on the management and with the documents provided to shareholders on the financial situation and annual financial statements.

In application of the law, we are assured that the various information relative to the acquisition of shareholdings and the identity of shareholders was communicated to you in the management report.

Signed in Paris on January 31, 2004.

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	MAZARS & GUÉRARD
Francis Le Ber	Denis Grison

MANAGEMENT REPORT OF COMPAGNIE DES ALPES SA

1. Role of Compagnie des Alpes SA (parent company) within the Group

Compagnie des Alpes SA is responsible for holding shares, providing guidance, leading and monitoring Group developments, career development for key managers, making available means and services for its subsidiaries (in particular for improving management), optimizing financial resources, and conducting special research and development projects to achieve business growth and foster synergies between the various companies and activities.

2. Business activity and net income of Compagnie des Alpes SA (holding)

During the fiscal year, the company sold its ski shop shares and acquired shares in Grévin & Cie that were issued on the exercise of stock options as well as a 17.18% stake in SAEM Serre Chevalier Ski Développement. It also acquired a direct shareholding of 29.8% in Courmayeur Mont Blanc Funivie (CMBF) as part of the liquidation of FDA, in which Compagnie des Alpes had a 51% stake.

Sales revenues of Compagnie des Alpes SA, composed mainly of fees and rebillings to subsidiaries, came to €11.8 m.

Operating income is a negative €2.6 m, a further decline of €1.5 m relative to the previous fiscal year. The increase in negative income is to a large degree due to expenses from the departure of managers. The holding also bore the costs of the shift to IFRS.

Net financial income is €18.6 m, an increase of €5.3 m, due mainly to increased income from shareholdings and a reduction in interest expense on borrowings.

Exceptional income of €2.6 m consists mainly of the capital gain on the sale of the ski shop shares and the liquidation of Funivie delle Alpi.

Income tax includes a gain of €240,000 due to tax consolidation.

Net income comes to €18.5 m.

Stock Option Plan 2, set up in 1999, has expired with all options being exercised. The total exercise of stock options during the fiscal year required a capital increase of €3.0 m. Option Plan 7 was set up in April 2004.

Key figures for the holding company

(in millions of euros)	5/31/2001	5/31/2002	9/30/2002	9/30/2003	9/30/2004
Net long-term investments	147.7	225.1	355.9	360.2	360.6
Equity	106.2	179.0	175.8	268.1	284.1
Net debt (2)	36.8	44.2	177.5	86.1	76.0
Net income	10.0	78.7	–3.2	11.8	18.5
Net dividend	6.2	9.8	–	10.5	– (3)

(2) Borrowings less cash on the balance sheet.
(3) At the Annual General Meeting of February 18, 2005, shareholders will be asked to approve a dividend of €1.70 per share including the text credit. By decision of the Management Board taken October 28, 2004, an interim payment of €0.80 per share (€1.20 per share assuming a tax credit of 50%) on this dividend was made on December 15, 2004.

3. Other information

Non-deductible expenses for the fiscal year under Article 39.4 of the French general tax Code (C.G.I.) were €23,644.

BALANCE SHEET AS OF SEPTEMBER 30, 2004

ASSETS *(in euros '000)*		9/30/2004 Gross amount	9/30/2004 Depreciations and provisions	9/30/2004 Net amount	9/30/2003 Net amount	9/30/2002 Net amount
Intangible fixed assets		827	563	264	166	136
Tangible fixed assets		615	407	208	169	245
Long-term investments	Note 3	360,636		360,636	360,175	355,850
Fixed assets		**362,078**	**970**	**361,108**	**360,510**	**356,231**
Inventories	Note 4	148	148			
Other short term assets	Note 5	3,991		3,991	2,366	3,846
Cash and cash equivalents	Note 6	111		111	13	181
Current assets		**4,250**	**148**	**4,102**	**2,379**	**4,027**
Expense paid in advance		700		700	191	236
Total ASSETS		**367,028**	**1,118**	**365,910**	**363,080**	**360,494**

LIABILITIES AND SHAREHOLDERS' EQUITY *(in euros '000)*		9/30/2004	9/30/2003	9/30/2002
Stock, par value		95,190	93,856	63,683
Additional paid in capital and merger premiums		89,492	87,782	22,701
Required reserves		6,712	6,124	2,190
Reserve for long term capital gains		4,312	4,312	4,312
Retained earnings		69,912	69,203	7,364
Net profit to may 31, 2002, yet to be appropriated				78,687
Net profit for the year		18,455	11,763	– 3,160
Interim dividends			– 4,925	
Legal provisions		7	7	16
Total shareholders' equity	Note 7	**284,080**	**268,122**	**175,793**
Provisions for contingent liabilities		196	367	583
Provisions for contingent liabilities	Note 8	**196**	**367**	**583**
Borrowings	Note 9	76,013	86,067	177,639
Accounts payable		5,502	3,514	3,746
Other liabilities and adjustments	Note 10	119	5,010	2,733
Total liabilities		**81,634**	**94,591**	**184,118**
Total LIABILITIES AND SHAREHOLDERS' EQUITY		**365,910**	**363,080**	**360,494**

INCOME STATEMENT

(in euros '000)		9/30/2004 (12 months)	9/30/2003 (12 months)	9/30/2002 (4months)
Sales exclusive of VAT		**11,798**	**11,126**	**3,166**
Other operating revenue		1,179	221	47
Reversal of provisions		148	216	36
Revenue from operations		**13,125**	**11,563**	**3,249**
Purchases		5,914	5,463	3,226
Tax and duties		729	342	129
Personnel expense		8,854	6,599	1,801
Depreciation and amortization		165	206	80
Provisions posted				129
Other operating expense		69	13	3
Operating expense		**15,731**	**12,623**	**5,368**
Operating income	Note 11	**–2,606**	**–1,060**	**–2,119**
Net financial income	Note 12	**18,561**	**13,287**	**–1,045**
Current income before tax		**15,955**	**12,227**	**–3,164**
Exceptional income	Note 13	**2,615**	**6**	**4**
Income tax	Note 14	115	470	
Net profit		18,455	11,763	–3,160

CASH FLOW TABLE

(in euros '000)	9/30/2004 (12 months)	9/30/2003 (12 months)	9/30/2002 (4 months)
Net Income	18,455	11,763	– 3,160
Net Depreciation and Provisions	– 4,134	– 19	168
Capital Gains and Losses on Sales of Assets	1,540	4	
Net Cash Flow	**15,861**	**11,748**	**– 2,992**
Change in Working Capital Requirements	– 5,089	3,535	6,575
Elimination of Financial Expense	2,622	3,634	1,280
Cash flow from operations	13,394	18,917	4,863
Acquisition of Tangible and Intangible Assets	– 395	– 187	– 7
Sale of Tangible and Intangible Assets	90	23	
Acquisition of Long Term Investments	– 7,498	– 7,069	– 136,559
Sale of Long Term Investments	9,626	2,502	59
Cash flow from investment activity	1 823	– 4 731	– 136 507
Capital Increase (including additional paid in capital)	3,043	95,253	
Increase in Borrowings and Advances from Associates		82,622	105,251
Reimbursement of Borrowings and Advances from Associates	– 8,243	– 140,983	– 838
Increase in Overdrafts	– 1,756	– 32,933	28,670
Payment of Financial Expense	– 2,622	– 3,634	– 1,280
Dividends Paid	– 5,541	– 14,679	
Cash flow from financing activity	– 15,119	– 14,354	131,803
Change in cash and cash equivalents	98	– 168	159
Cash and Cash equivalents at opening	13	181	22
Cash and Cash equivalents at closing	111	13	181
Change in cash and cash equivalents	**98**	**– 168**	**159**

APPENDIX TO THE FINANCIAL STATEMENTS OF COMPAGNIE DES ALPES

The notes to the parent company accounts for the twelve-month period to September 30, 2004, contain complementary information to the summary accounts presented in the financial statements, in which total assets amount to €365,910,000 and the net profit amounted to €18,455,000.

The notes which follow are an integral part of the parent company accounts of Compagnie des Alpes.

1. Principal events during the fiscal year

Disposal of the Ski Shops

In November 2003, Compagnie des Alpes signed an agreement for the sale of the entire Ski Shops business. This operation is part of an effort to refocus on the two core businesses, Ski Areas and Family Leisure.

Liquidation of Funivie delle Alpi

The Italian holding company Funivie delle Alpi was wound up at the end of September 2004, following on a decision of an extraordinary General Meeting of the company on July 1, 2004. This operation is part of the company's evolving partnership with Intrawest. Prior to the liquidation, Compagnie des Alpes directly acquired 2,266,862 shares in Courmayeur Mont Blanc Funivie (CMBF), for a 29.8% stake.

2. Accounting principles, rules, and methods

The annual financial reports are presented in conformity with generally accepted accounting standards in France and take into account regulation CRC 99-03 of April 29, 1999, concerning redrafting of the French general accounting plan (Plan Comptable Général).

Generally accepted French accounting principles have been applied, with respect to prudence, and in conformity with these basic principles:
• the company as a going concern;
• continuity of accounting methods from one year to the next;
• independence of fiscal years.

Historical cost is the basic method used for measuring elements in the financial statements. More specifically, the following approaches are employed:

2.1. Intangible fixed assets

Amortizable intangible assets such as software are initially recorded on the balance sheet at their acquisition cost.
Subsequently, they are amortized on a straight-line basis over a period that ranges from one to three years depending upon the load factors and forecast useful life of the software.

Non-amortizable intangible assets are recorded on the balance sheet at their acquisition cost.

2.2. Tangible fixed assets

Tangible fixed assets are valued on the basis of their purchase price.

Depreciation is calculated as a function of the estimated useful life of different categories of assets.

	Useful life
General use installations	10 years
Transportation equipment	4 years
Office equipment and information systems (computers)	3 to 5 years
Office furniture	6,67 years

Tangible assets are depreciated on a straight-line basis with the exception of office equipment and information systems, which are depreciated on an accelerated basis for tax purposes; the difference between the accelerated and straight-line basis is accounted for as an adjustment to depreciation.

2.3. Long-term investments

Shares in affiliates are recorded on the balance sheet at their purchase price.

Provisions for impairment may eventually be made based upon net asset value, prospects for the growth and profitability of the concerned enterprises, and the estimated realizable value of these long-term investments.

Long-term loans, deposits, and other receivables are recorded at their face value, reduced as necessary by provisions for impairment.

2.4. Inventories

Inventories are recognized at acquisition cost and depreciated for impairment on the basis of net sales value.

2.5. Receivables

A provision for impairment is made when the inventory value is lower than the book value.

2.6. Retirement benefits

Compagnie des Alpes' commitments as concerns employee retirement benefits are measured and recorded as off-balance sheet commitments.

The commitment is measured on the basis of present salaries; the calculation of the benefits paid to employees on retirement, taking into account their seniority at that time. The following coefficients apply in calculating severance pay:
• probability of remaining within the company up to the date of retirement,
• probability of survival up to the date of retirement,
• expected changes in the calculation basis of the indemnity,
• inflation,
• an annual discount rate of 4.5%,
• pro-rata adjustments for seniority.

3. Long-term financial investments

(in euros '000)	As of 9/30/03	Augmentations	Decreases	As of 9/30/04
Shareholdings	353,954	6,331	– 11,031	349,254
Related receivables	9,866	1,260	– 245	10,881
Other lt investments	405			405
Deposits & guarantees	78	18		96
Gross total	**364,303**	**7,609**	**– 11,276**	**360,636**
Provision for impairment of shareholdings	– 4,128		4,128	
Net total	**360,175**	**7,609**	**– 7,148**	**360,636**

3.1. Shareholdings

The net decline of €4.7 m in the line item "Shareholdings" is due mainly to the following operations:
• disposal of all Ski Shops shares on the balance sheet, at a price of €5.3 m (see note 1);
• acquisition of shares in Grévin & Cie for €3.5 m, following on the exercise of stock options (first distribution under Plan 2 of May 27, 1999). This acquisition follows on Compagnie des Alpes's commitment to repurchase said shares, in the context of the tender offer realized in 2002;

• taking a 17.18% stake in Serre-Chevalier Ski Développement, through participation in a capital increase for €300,000;
• purchase from the Italian holding company Funivie delle Alpi of a 29.8% direct shareholding in Courmayeur Mont Blanc Funivie and subsequent liquidation of Funivie delle Alpi (see note 1). This overall operation led to a drop of €3.2 m in shareholdings on the books of Compagnie des Alpes.

The subsidiaries and shareholdings for which shares are entered in the balance sheet under "Shareholdings" are listed below.

Financial information *(in euros '000)* Shareholding	Legal Structure	Closing date of last fiscal year	Share of capital held as 9/30/04	Capital Stock [a]	Additional paid in capital [a]	Loans and advances granted by the company and yet to be reimbursed	Amounts of guarantees and cautions granted by the company	Sales (excl. VAT) [a]	Net Income [a]	Dividends received by CDA during the year
Subsidiaries (at least 50% of the capital held by the company)										
CI2S - n° SIREN 443140694 92100 BOULOGNE BILLANCOURT	SAS	9/30/2004	100.00 %	1,000	–1		–	37		
SWISSALP GENEVE (SWITZERLAND)	SA	9/30/2004	100.00 %	6,184	50	4,822	–	129	–10	
CIEL - n° SIREN 324685437 92100 BOULOGNE BILLANCOURT	SNC	9/30/2004	100.00 %	502	2,671		–		1,864	1,850
CDA-DS - n° SIREN 477855787 [b] 92100 BOULOGNE BILLANCOURT	SAS	9/30/2004	100.00 %	37	–3		–		–3	
GREVIN & CIE - n° SIREN 334240033 60128 PLAILLY	SA	9/30/2004	99.11 %	66,130	36,330		–	67,695	3,106	3,611
SELALP - n° SIREN 306574781 73210 PEISEY NANCROIX	SAS	9/30/2004	95.07 %	68,163	56,475		–	4,775	7,834	6,884
SEVABEL - n° SIREN 353065964 73440 LES MENUIRES	SA	9/30/2004	81.62 %	11,145	16,007		–	32,179	5,994	2,230
STGM - n° SIREN 076920024 73320 TIGNES	SA	9/30/2004	77.79 %	3,240	34,917		–	39,188	6,157	2,723
MERIBEL ALPINA - n° SIREN 075520064 73551 MERIBEL	SNC	9/30/2004	63.63 %	3,287	22,612		–	21,425	6,299	3,261
Affiliates (10 to 50% of the capital held by the company)										
EXTEL - n° SIREN 349777243 92514 BOULOGNE BILLANCOURT	SAS	5/31/2004	35.00 %	39	47	31	–	371	11	
CMBF COURMAYEUR (ITALY)	SA	9/30/2004	29.81 %	7,833	–2,824		–	9,530	703	
DSF - n° SIREN 602056012 74300 FLAINE	SA	9/30/2004	23.81 %	6,698	15,411		–	14,162	817	
SCSD - n° SIREN 348799529 05240 LA SALLE LES ALPES	SEM	10/31/2003	17.18 %	1,403	–2,547		–	17,305	16	
CMB - n° SIREN 605520584 [c] 74400 CHAMONIX	SA	5/31/2004	15.12 %	5,046	26,485	5,918	–	48,790	4,584	360

(a) Last fiscal year closed.
(b) Company registered in July 2004.
(c) Following on the merger of Mont-Blanc et Compagnie (MBC) into Compagnie du Mont-Blanc (CMB) in May 2004.

The gross and net book values of each subsidiary and shareholding have not been disclosed due to the prejudice that such disclosure may cause.

The net total net book value of shares held as of September 30, 2004, comes to €349,254,000 and is divided as follows:
• Ski areas: €206,343,000
• Family leisure (Grévin & Cie): €141,904,000
• Other: €1,007,000

3.2. Change in the provisions for impairment of Long-Term Financial Investments

The provision of €4.1 m on shares in Funivie delle Alpi was fully recovered after the liquidation of that company (see note 13).

3.3. Detail of related receivables

(in euros '000)	Receivables as of 9/30/03	Increases	Decreases	Receivables as of 9/30/04
FUNIVIE DELLE ALPI	132		– 132	
EXTEL	31			31
SWISSALP	3,672	1,150		4,822
"Participatory Loan" [(a)] CMB	5,918			5,918
Interest receivable CMB	70	65	– 70	65
Interest receivable Swissalp	43	45	– 43	45
Total	**9,866**	**1,260**	**– 245**	**10,881**

In September 2004, an additional advance was made to Swissalp to enable it to finance acquisitions in Switzerland.

3.4. Maturity of receivables related to shareholdings

(in euros '000)	Maturity of 1 year or less	Maturity from 1 to 5 years	Maturity of more than 5 years	Receivables on 9/30/04
Advance to Extel			31	31
Advance to Swissalp			4,822	4,822
"Participatory loan" CMB [(a)]	5,918			5,918
Interest receivable CMB	65			65
Interest receivable Swissalp	45			45
Total	**6,028**		**4,853**	**10,881**

(a) The "participatory loan" (a low-interest loan that can be converted to equity by decision of a shareholders' General Meeting) was indeed converted to equity in CMB through a capital increase on December 1, 2004.

3.5. Other securities

The line item "Other securities" includes 144,500 convertible bonds issued by Grévin & Cie (including interest receivable but not due).

4. Inventory

Compagnie des Alpes owns land in Val d'Isère that has been provisioned for impairment at 100% of its book value due to the impossibility of making any improvements thereto.

5. Trade receivables

The €1.6 m increase in "trade receivables" is mainly due to the position of intra-group accounts on September 30, 2004, connected to the tax consolidation regime.

6. Cash and cash equivalents

The securities portfolio includes money-market securities for €26,000 and shares in Compagnie des Alpes for €71,000, purchased in the context of the implementation of the liquidity contract included in the goals set by the extraordinary General Meeting of March 10, 2004. As of September 30, 2004, there were no unrealized gains on these shares.

7. Equity

7.1. Composition of equity

As of September 30, 2004, share capital is comprised of 6,243,975 shares, all fully paid. There are no preferred shares, no shares receiving dividends but without votes and no shares with multiple voting rights.

Subsequent to the conversion of equity to euros in November 2000, the par value of shares has been eliminated.

The process of privatization begun end- 2002, took a decisive step as control passed from the public sector in May 2004 (Decree of the Prime Minister and the Minister of the Economy and Finance, published in the Journal Officiel of May 8, 2004). Caisse des Dépôts-Développement reduced its stake from 52.7% to 40%, by sale of shares to Crédit Agricole des Savoie and Banque Populaire des Alpes, financial institutions in the in the Rhône-Alpes Region that were already shareholders in Compagnie des Alpes, as well as to Caisse Nationale des Caisses d'Epargne, which invested jointly with Caisse d'Epargne des Alpes, also a shareholder in Compagnie des Alpes.
In parallel to this transfer, Alpark's sold its entire 13.2% stake to Compagnie Européenne de Loisirs, an investment company affiliated with IPE (Investors in Private Equity).

As of September 30, 2004, the share capital of Compagnie des Alpes is divided as follows:

Caisse des Dépôts Group	41.4%
Compagnie Européenne des Loisirs	13.1%
Crédit Agricole des Savoie	7.2%
Groupe Caisses d'Epargne	6.0%
Banque Populaire des Alpes	3.6%
Float and other	28.7%
	100.0%

7.2. Potential share capital

The following table shows Compagnie des Alpes stock options that remain to be exercised:

Options granted as of September 30, 2003	441,903
Options granted during the fiscal year (Plan 7)	130,704
Options granted as of September 30, 2004	**572,607**
Options exercised	– 159,042
Options lapsed (due to employees' departure)	– 5,398
Options under Plan 6 cancelled (earnings targets not reached)	– 28,232
Options under Plan 7 that will be cancelled since net income targets for the fiscal year ending September 30, 2004, were not reached	– 49,645
Options that may be exercised on September 30, 2004 (5.29% of the share capital of Compagnie des Alpes)	**330,290**

7.3. Changes in Shareholders' Equity

(in euros '000)	Share-holders' equity	Additional paid in capital and merger bonus	Reserves	Retained Earnings	Net Income	Advance payment of dividends	Regulatory Reserves	Total share-holders' equity
As of September 30, 2003	**93,856**	**87,782**	**10,436**	**69,203**	**11,763**	**– 4,925**	**7**	**268,122**
Appropriation of income 9/30/03			588	709	– 11,763	4,925		– 5,541
Exercise of warrants	1,334	1,710						3,044
Net Income 9/30/04					18,455			18,455
As of September 30, 2004	**95,190**	**89,492**	**11,024**	**69,912**	**18,455**		**7**	**284,080**

The merger premium in the amount of €2,929,000, included under "Additional paid in capital," resulted from the merger of Compagnie des Alpes with FINALP in 1992/93.

The appropriation of net profit for the fiscal year ended September 30, 2003, approved by the shareholders at their General Meeting held March 10, 2004, resulted in the payment of dividends in the amount of €10,466,000, of which €4,925,000 was paid as an interim dividend on October 20, 2003 (as decided by the Management Board on August 28, 2003), and a balance of €5.541 m was paid out on March 15, 2004.

8. Provisions for contingent liabilities

(in euros '000)	As of 9/30/2003	Increases	Reversals (provisions used)	Reversals (provisions not used)	As of 9/30/2004
Provisions for risks	23		– 4	– 19	
Provisions for expense	344		– 148		196
Total	367		– 152	– 19	196

The partial reversal of the provision for expenses concerns provisions for social security charges payable on share price discounts beyond the allowable limit in the context of the exercise of Compagnie des Alpes stock options over the year.

The balance of the provision for expense corresponds to the future financial impact of the social security charges on the surplus rebate (15%) of the totality of the concerned stock options of Compagnie des Alpes remaining to be exercised as of September 30, 2004.

9. Borrowings and other financial debt

Financial Debt *(in euros '000)*	Maturity up to 1 year	Maturity from 1 to 5 years	Maturity at more than 5 years	Gross 9/30/2004
Bank borrowings	8,280	29,721	36,700	74,701
+ Interest payable	202			202
Bank overdrafts	1,105			1,105
+ Interest payable	5			5
Total	9,592	29,721	36,700	76,013

The change in the level of borrowings in the fiscal year to September 30, 2004, conforms to the applicable payment schedules.

The borrowings that are now in place are not guaranteed. However, all borrowings are subject to the same recall provisions:

➡ Shareholding
Direct or indirect shareholding by Caisse des Dépôts-Développement in Compagnie des Alpes equal to or superior to 33.33%.

➡ Financial covenants (multiples based on the consolidated financial statements of the Compagnie des Alpes Group)
- Gearing < 1.25
- EBITDA*/Financial Expense** > 5
- Net Debt/EBITDA* < 4

As of September 30, 2004, these covenants have been respected.

10. Other liabilities and accruals

The decline in this line item is explained by the dividend of €4.925 m recognized on September 30, 2003, and paid out on October 20, 2003.

** EBITDA is exclusive of expense linked to extraordinary maintenance.*
*** This includes interest on borrowings, leases, and other financial expense.*

11. Operating income

11.1. Operating revenue

Sales, at €11.798 m, includes fees and personnel expense rebilled to subsidiaries.

11.2. Operating expense

Operating expense, net of expenses transferred, amounted to €14,630,000. The increase in this account results from the change in the composition of the Group and its reorganization, in particular the cost of the departure of several managers, as well as accounting work necessary for the shift to IFRS standards and the application of the financial security act (Loi de Sécurité Financière).

12. Net financial income

The improvement in net financial income is due essentially to an increase of €4.328 m in dividend distributions from subsidiaries and the €931,000 decline in financial expense on loans and bank overdrafts. The high level of previous financing expense was due to the short-term debt incurred in the financing of the tender offer for Grévin & Cie.

13. Net exceptional income

Net exceptional income includes the €2.013 m capital gain on the disposal of Ski Shops and the impact of the liquidation of the holding company Funivie delle Alpi, including recovery of the provision on the shares. The net effect is €578,000.

14. Corporate income tax

For the period ended September 30, 2004, Compagnie des Alpes declared income based upon the prevailing corporate tax code. The list of tax-consolidated companies includes:

- Grévin & Cie
- Musée Grévin
- France Miniature
- S.M.V.P.
- SELALP

The tax expense of €115,000 recognized includes the tax savings of €239,000 through the application of tax consolidation.

At the close of this fiscal year, Compagnie des Alpes no longer has any deferred depreciation or loss carry-forwards. Net long-term capital losses carried forward (valid through September 30, 2011) come to €826,000, after imputation of long-term capital gains realized during the fiscal year.

15. Operations with related companies

Amount of financial income and expense concerning linked companies (in € ‘000)	
Income from long-term investments	20,919
Income from receivables attached to long-term investments	323
Income from other long-term assets	6
Income from receivables attached to long-term investments	259
Amount of payables and receivables concerning linked companies (in € ‘000)	
Accounts payable	84
Cash accounts, creditors (tax consolidation)	34
Receivables linked to LT investments (including accrued interest)	10,881
Other long term securities (including accrued interest)	405
Trade accounts receivable	1,638
Cash accounts, debtors (tax consolidation)	1,147
Sales concerning related companies (in € ’000)	
Sales	11,795

16. The consolidating company

Compagnie des Alpes S.A. establishes consolidated accounts that are in turn fully consolidated within the Caisse des Dépôts-Développement (C3D) group.

17. Personnel

The average number of personnel during the twelve months of the period is categorized as follows:

Executives	39
Employees	4
Total Personnel	**43**

18. Information on market risks

Compagnie des Alpes’s borrowings do not include loans in foreign currencies, and hence the company has no foreign exchange exposure. Borrowings do include variable-rate loans and hence there is an interest-rate exposure.

As of September 30, 2004, the financial debt of Compagnie des Alpes, including borrowings and bank overdrafts based on variable interest rates, is €72 m.

Company policy is to limit the level of exposure by setting up contracts designed to cap interest rates payable, depending on the ratio of variable rate debt to total debt.

In this framework, la Compagnie des Alpes has hedged 100% of its variable-rate borrowings. The hedge is comprised of collars for half of the amount (three-year contracts) and caps for the other half (two to four-year contracts).

The cost of cap operations during the fiscal year was €704,000, spread over the duration of the contracts concerned (as prepaid expenses). The expense for the fiscal year closed on September 30, 2004, was €69,000.

As of that date, the market value of the hedging instruments concerned was €229,000.

19. Remuneration of senior officers

The gross remuneration and perquisites of all types paid to members of the Management Board for the fiscal year by Compagnie des Alpes and by the companies covered by article L. 233-16 of the Code of Commerce are as follows:

(In €)

Chairman of the Management Board	291,511
Other members of the Board	947,098

The remuneration of the members of the Supervisory Board were based exclusively upon their service on the board.

(In €)

Chairman of the Supervisory Board	7,000
Other members of the Supervisory Board	62,000

20. Off-balance sheet commitments

20.1. Retirement commitments

Retirement commitments of Compagnie des Alpes vis-à-vis its staff amount to €1,057,000.

20.2. Contractual penalties

The employment contracts of the members of the Management Board who receive salaries from Compagnie des Alpes provide for the payment of a penalty in the event of cancellation of their employment contract that is equal to two years of gross salary, including the usual severance indemnity.

20.3. Commitments on financial instruments

Recall provisions on debt and interest-rate hedges are commented in Notes 9 and 18, respectively.

20.4. Grévin & Cie stock options

In the context of the takeover bid for the shares of Grévin & Cie made in July 2002, Compagnie des Alpes gave a commitment to holders of stock options on Grévin & Cie, to acquire the shares of Grévin & Cie obtained on exercise of these stock options when legally permissible. As of September 30, 2004, the exercise of stock options came to €5.9 m.

20.5. Commitment to transfer shares of Grévin & Cie

In the context of the share purchase agreement concluded with Grévin & Cie, Compagnie des Alpes must transfer to Grévin & Cie the shares of the latter necessary for the exercise of those stock options, beyond the 75,808 shares already transferred in this context and in the limit of 58,531 additional shares, at the price of €33 per share.
The commitment was concluded for the remaining period to maturity of the concerned stock options, i.e., those attributed in the context of plan 2 on May 27, 1999, and October 25, 2001, and of plan 3 on October 25, 2001, in other words at the latest by October 24, 2005.

20.6. Latent capital gains subject to deferred taxation

As of September 30, 2004, the total amount of latent capital gain on which tax is not yet payable was €91,345,000 (of which an amount of €3,782,000 taken from Méribel Alpina since it was not immediately taxed at the time of the transformation into an SNC). Compagnie des Alpes does not foresee any operation susceptible of triggering payment of said tax.

21. Events occurring after closing

21.1. Reorganization of the Group

Following the tender offer on Grévin & Cie in 2002, the Group's business is divided between the operation of ski lift companies (Ski Areas) on the one hand and family leisure sites (theme parks and amusement parks) on the other.
In this context, Compagnie des Alpes has decided to simplify its internal organization by creating two entities, Ski Areas and Family Leisure sites (theme parks and amusement parks). Grévin & Cie is the sub-holding company for the companies in the latter entity.

Since October 1, 2004, the sub-holding company for Ski Areas companies is Compagnie des Alpes – Domaines Skiables, registered in July 2004. This company has the legal form of an SAS (a limited liability company operating under "streamlined procedures"), with Compagnie des Alpes as sole shareholder. It brings together the Group's shareholdings in the French and Italian ski areas in which it has preponderant influence.

The stake in Compagnie du Mont-Blanc (CMB) has changed due to two events: the acquisition of 29,037 shares in the context of a capital increase and the capitalization of a "participatory loan" (See Note 3.4) by the issue of 81,633 new shares in the company.
As of December 1, 2004, CDA's stake in CMB is 23.46%.

In December 2004, CDA increased its stake in SCSD (Serre Chevalier Ski Développement, the company operating part of the Serre Chevalier ski area) from 17.5% to 19.95%. CDA has also successfully bid for the ski-lift concession of the municipality of Saint-Chaffrey (which operates the rest of ski area).

21.2. . Change in the Tax Consolidation Group

A new composition of the tax consolidation group has been created. Beginning October 1, 2003, the list of the companies consolidated within the group is as follows:
- Grévin & Cie
- Musée Grévin
- France Miniature
- S.M.V.P.
- SELALP
- CDA-Domaines skiables
- Compagnie Immobilière des 2 Savoie

EARNINGS AND OTHER KEY FEATURES OF THE PAST FIVE REPORTING PERIODS

Information *(in euros)*	5/31/2001	5/31/2002	9/30/2002 4 months	9/30/2003	9/30/2004
Capital at year-end					
a) Share capital	63,507,000	63,683,370	63,683,370	93,856,163	95,189,816
b) Number of ordinary shares outstanding	4,165,741	4,177,310	4,177,310	6,156,494	6,243,975
c) Number of convertible bonds					
Operations and income					
a) Sales excluding VAT	7,368,618	8,928,755	3,165,882	11,126,403	11,798,472
b) Earnings before tax, profit-sharing, depreciation, and provisions	11,425,029	82,169,232	– 2,991,105	12,214,178	14,436,407
c) Income tax	– 70,143	3,811	–	469,958	114,647
d) Net income	9,963,565	78,687,294	– 3,159,692,75	11,763,195	18,455,357
e) Distributed income	6,248,612	9,754,403	–	10,466,040	ND
Earnings per share					
a) Earnings after tax, profit-sharing, before depreciation and provisions	2.76	19.67	– 0.72	1.91	2.29
b) Net Income	2.39	18.84	– 0.76	1.91	2.96
c) Dividend allocated per share	1.50	1.60	–	1.70	ND
Staff					
a) Average employee workforce	24	34	38	42	43
b) Yearly workforce	2,066,643	2,842,843	1,294,779	4,529,907	6,437,640
c) Payroll taxes paid during year	903,739	1,102,163	505,537	2,069,173	2,416,644

LIST OF INVESTMENT SECURITIES

Money market instruments	€26,000
1,164 shares in Compagnie des Alpes	€71,000

SPECIAL REPORT OF THE STATUTORY AUDITORS CONCERNING AGREEMENTS WITHIN THE SCOPE OF ARTICLES L.205-86 ET SEQ. OF THE CODE OF COMMERCE

Fiscal year ended September 30, 2004

Dear Shareholders,

As statutory auditors of your company, we present to you our report concerning agreements within the scope of Articles L. 205-86 et seq. of the Code of Commerce.

Agreements authorized during the period

In application of Article L. 225-88 of the Code of Commerce, we have been advised of the following agreements that are subject to prior authorizations by your Supervisory Board.

It is not our duty to research the existence of other contracts, but to communicate to you, on the basis of the information which was given to us, the characteristics and essential aspects of those for which we have been advised, without commenting upon their utility or appropriateness. It is your responsibility, according to the terms of Article 117 of the decree of March 23, 1967, to evaluate the objectives that underlay the conclusion of the contracts in view of their approval.

We have conducted our examination in accordance with standards of the profession as applied in France. These standards require that we plan and perform an audit to verify the agreement between the information that you have been given and the documents that form the basis from which the information was obtained.

General Assistance Contract C3D

The general assistance contract between C3D and CDA, bearing upon strategic, legal, fiscal , management, audit and accounting aspects was maintained. It was amended on April 8, 2004, to delete the sustainable development and innovation service, provide for new services, and replace the remuneration of C3D by an annual payment equal to the cost to C3D of the services provided plus an 8% margin. The resulting expense to the company for the year amounted to €1,926,500.

Supervisory Board Meeting of April 7, 2004.

Member of the Supervisory Board concerned: Mr. Michel Gonnet, C3D.

General assistance agreement between the company and Grévin & Cie

The general assistance agreement between Compagnie des Alpes and Grévin & Cie, enabling Grévin & Cie and its subsidiaries to benefit from the experience of CDA concerning the supervision and management of family leisure companies, has been continued. It was modified by Amendment No. 1, that set the remuneration of said services at €2.1 m for the fiscal year.

Supervisory Board Meeting of November 24, 2003

Members of the Management Board concerned: Jean-Pierre Sonois, Olivier de Bosredon and Jacques François.

Agreements approved in prior fiscal years that continued in effect

In application of the Decree of March 23, 1967, we have been informed that the following agreements, approved in prior years, remained in effect over the course of the fiscal year.

Remuneration of members of the Management Board

Employment contracts between the company and the four members of the Management Board covering their operational functions are in effect since September 1, 2002. The annual remuneration provided for in these contracts are comprised of a fixed part and a variable part. They also are provided with the use of an automobile and, for the Chairman, a parking place. Severance indemnities are provided for in the event of a rupture in the contract and they correspond, essentially, to two years' salary. The net expense to the company of all of these was €1.445 m, excluding social security charges.

Stock options may be attributed to each member of the Management Board in the limit of 15,000 options per year. Over the course of the year, in the context of plan No. 7, 10,000 stock options were attributed to each of them, half subject to conditions concerning the attainment of financial targets.

Moreover, Mr. Jean-Pierre Sonois and Mr. André Surelle benefit from perquisites, amounting to respectively €25,300 and €73,000, linked to the 15% share price discounts attached to the exercise of stock options over the year.

Partial assumption of the cost of unemployment insurance of Mr. Jean-Pierre Sonois

Partial assumption of the cost of this insurance came to €7,900 for the fiscal year.

Agreement for making services available to Alpark

The agreement under which Compagnie des Alpes made certain services available to Alpark terminated on February 29, 2004. Income on this agreement was €2,000 per fiscal year.

Transfer of shares of Grévin & Cie to Grévin & Cie

The Supervisory Board authorized the company to transfer to Grévin & Cie a maximum of 134,339 shares in Grévin & Cie at a price of €33 per share, so that the latter could fulfill its obligation as regards the exercise of stock options granted to certain of its salaried personnel. No shares were sold during the fiscal year.

Signed in Paris on January 24, 2005.

PRICEWATERHOUSECOOPERS AUDIT	MAZARS & GUÉRARD
Francis Le Ber	Denis Grison

IV. Corporate governance

1. COMPOSITION AND FUNCTIONS OF THE MANAGEMENT AND SUPERVISORY BOARDS

1.1. General principles

The company was set up in 1989 as a corporation with a Board of Directors. On February 25, 2000, the company adopted the structure of a corporation with a Management Board and a Supervisory Board, enabling it to de-link management functions and powers from the supervisory aspects of management. No member of the Management Board can be a member of the Supervisory Board.
The Management Board exercises the management function in the company, while the Supervisory Board represents the shareholders and provides oversight.

The rules for the Supervisory Board's work and its relations with the Management Board (composition, competence, committees, majorities) are set forth in an internal regulation, which was adopted as a complement to the bylaws on May 27, 2004, and came into effect at the end of the General Meeting of Shareholders on July 5, 2004, under the title "Company Charter of Corporate Governance."

The four-person Management Board is collectively vested with the broadest powers, enabling it to act on the company's behalf in all circumstances. However, under the provisions of Article L. 225-68 of the Code of Commerce and the Company Charter of Corporate Governance, there are certain actions that the Management Board may take only after receiving the Supervisory Board's approval:
• commitments, on the company's behalf, to sureties, endorsements, or guarantees;
• transfers of tangible real assets; transfers, in whole or in part, of shareholdings; providing guarantees on corporate assets;
• investments and disinvestments in current businesses of over €15 million, as well as investments in areas outside of current business or in a country in which the Group has not heretofore been present;
• appointments and remuneration of the managing directors of the principal subsidiaries, stock options policy;
• conditions for implementing authorization for capital operations given by the shareholders' General Meeting.

Management Board decisions must be unanimous if the Board is composed of only two members; they must be taken by a majority of its serving members if the Board is composed of more than two members. In the latter case, the Chairman has a casting vote if the Board is evenly divided on any given issue.

The Supervisory Board has eleven members, of which nine reflect the status of shareholdings in the Group, including four who represent the CDC Group, the largest shareholder with over one third of voting rights. There are two outside members. In accordance with criteria for the corporate governance of listed companies set out by AFEP-MEDEF (AFEP is the association of private-sector corporations; MEDEF is the French employers' association), outside members can have no relationship to the company or its shareholders that might compromise their freedom of action.

The following would be disqualifying:
• to be an employee of Compagnie des Alpes or one of its subsidiaries, or an employee or director of any shareholder of Compagnie des Alpes that holds or has held more than a three percent (3%) stake in its capital at any time during the three previous years;
• to be a senior officer of a company of which Compagnie des Alpes is a director, whether directly or indirectly, or in which an employee of CDA designated for this purpose or a CDA senior officer (at present or during the three previous years) is a director;

• to be a customer, supplier, investment banker, or commercial banker providing significant financing to the CDA Group or for whom the CDA Group represents a significant share of business;
• to have a close family tie with a senior officer of the CDA Group;
• to have been statutory auditor of a company within the CDA Group during the last five years.

The preparation and organization of the work of the Supervisory Board are specified in the report of the Chair of the Supervisory Board foreseen in Article L. 225-68 of the Code of Commerce, which is attached to this report.

1.2. Members of the Management Board

During the fiscal year closed on September 30, 2004, membership in the Management Board was reduced from five to four following the resignation of André Surelle on July 5, 2004.
Yves Marty resigned September 13, 2004. As of September 30, 2004, the Supervisory Board thus comprised Jean-Pierre Sonois, Chairman, and Jacques François and Olivier de Bosredon, Vice Chairmen.
During its session on January 6, 2005, the Supervisory Board ended Olivier de Bosredon's term and appointed two new Management Board members: Franck Silvent, Director of Finance, Strategy, and Development, and Serge Naim, Director of the Theme Parks.

Listed below are the board memberships and functions of Management Board members who have been serving as of October 1, 2004, whose terms began after the closing of the fiscal year, and whose terms have ended.

Jean-Pierre SONOIS, Chairman

Date of birth: 5/10/1945
Date of appointment: 2/25/2000
Chairman of the Supervisory Board of VVF Vacances SA; Director of Courmayeur Mont Blanc Funivie (CMBF) (Italy) CIRI (Italy), Saas-Fee (Switzerland), Grévin & Cie SA, and VVF Patrimoine; CDA's Permanent Representative in Compagnie des Alpes-Domaines Skiables SAS, Mont Blanc et Compagnie SA, Compagnie du Mont Blanc SA, CIEL SNC, and Transdev SA.
Number of CDA shares held: 1.

Jacques FRANÇOIS, Vice Chairman, Director of the Ski Areas division

Date of birth: 6/5/1941
Date of appointment: 2/25/2000
Chairman of Compagnie des Alpes-Domaines Skiables SAS; Chairman of the Supervisory Board of SELALP SAS, Société d'Exploitation de la Vallée des Belleville (Sevabel) SA, and Société des Téléphériques de la Grande Motte (STGM) SA; Chairman and CEO of SADSI SA; CDA's Permanent Representative on the Board Of Directors of Société d'Aménagement de la Station de la Plagne (SAP) SA and Société les Montagnes de l'Arc (SMA), and on the Board of Management of Meribel Alpina; Director of Grévin et Cie SA, Foncière du Golf SA, and SAEML Serre Chevalier Ski Développement SCSD (as from 10/22/2004); Member of the Supervisory Boards of DSF and DSG (as from 7/1/2004); Permanent Representative of CIEL in Meribel Alpina; Chairman and CEO of SADSI (until 10/28/2004).
Number of CDA shares held: 5,686.

Franck SILVENT, Director of Finance, Strategy, and Development

Date of birth: 8/1/1972
Date of appointment: 1/6/2005
Member of the Supervisory Board of the Caisse Nationale of Caisses d'Epargne; Member of the Supervisory Board of the Société Nationale Immobilière; Director of the Société Forestière; Permanent Representative of CDA on the Board of Directors of Grévin et Cie SA.
Number of CDA shares held: 1.

Serge NAIM, Director of the Theme Parks

Date of birth: 4/14/1956
Date of appointment: 1/6/2005
Manager of Sofrapol.
Number of CDA shares held: 1.

Members of the Management Board whose term ended

Yves MARTY, Vice Chairman, Director of CDA's Finance-Strategy-Development Division

Date of birth: 9/18/1958
Date of appointment: 8/30/2002
Stepped down on 9/13/2004
Member of the Supervisory Board of VVF Vacances SA; Member of the Supervisory Committee of Compagnie des Alpes-Domaines Skiables SAS; CDA's Permanent Representative in Grévin & Cie SA, Sevabel SA, and STGM SA.
Other offices held and functions performed during the 2003/2004 financial year, which ended during that period
Chairman of Alpark SAS, C3D's Permanent Representative in VVF Participations SA, Director of Egis SA.

André SURELLE, Vice Chairman, Director of CDA Haute Savoie and related activities

Date of birth: 6/21/1946
Date of appointment: 7/5/2004
Stepped down on 7/5/2004
Manager or joint manager of the limited liability companies Imosuco, Sacmo, La Saintoise, Assistance Etudes Services and Neuilly Finances
Other offices held and functions performed during the 2003/2004 financial year, which ended during that period
Chairman of the Board of Directors of Sag SA; Chairman of the Supervisory Board of Domaine Skiable de Flaine (DSF) SA and Domaine Skiable du Giffre (DSG) SA; Director of CI2S SAS; Director and Permanent Representative of Sag SA on the Board of Directors of Funiflaine SAEML; CDA's Permanent Representative on the Board of Management of Méribel Alpina SNC; Vice Chairman of Middle Next.

Olivier de BOSREDON, Vice Chairman, Director of the Family Leisure division

Date of birth: 5/4/1946
Date of appointment: 1/21/2003
Chairman and CEO of Grévin et Compagnie SA and Musée Grévin SA; Director of France Miniature SA; Representative of the manager (Grévin et Compagnie SA) in Bagatelle SNC and Aquarium Saint Malo SNC; Chairman of Les Productions du Parc SAS and SMVP SAS; Chairman and CEO of BICI Entertainment.

1.3. Members of the Supervisory Board

Over the course of the fiscal year, the Supervisory Board expanded from nine to eleven members following the decision of the General Meeting of July 5, 2004. On this date, the entire Supervisory Board was reelected. Those members who had been chosen previously presented their resignations, and they and new members were then named.
The current members of the Supervisory Board adhere to the rules set out in the Company Charter of Corporate Governance, which was adopted on May 29, 2004, following the privatization of the company and went into effect on July 5, 2004.

Listed below are the board memberships and functions of the members of the Supervisory Board who were appointed or reappointed on July 5, 2004, and of persons whose membership ended during the fiscal year.

All memberships are set to expire at the end of the Annual General Meeting that will consider the financial statements of the fiscal year closing September 30, 2009.

Michel GONNET, Chairman

Date of birth: 5/18/2004
Date of appointment: 7/5/2004
Chairman of Financière Transdev SA; Director representing C3D in Egis SA; Director of Sinloc SA (Italy); Member of the Supervisory Board of CDC Ixis SA; Chairman and CEO of C3D SA (as of 7/31/2004); Director representing C3D in Icade (as of 9/9/2004) EMGP SA (as of 9/9/2004), EGIS Project SA, (as of 7/31/2004), SCET Tunisie (as of 9/17/2004), and VVF Vacances SA (as of 7/31/2004); Director representing Financière Transdev SA in Transdev SA (as of 9/14/2004); C3D Representative, Chairman of C3D Investment SAS (as of 7/31/2004); Director representing CDC in SNI SAEML (as of 4/25/2004).
Number of CDA shares held: 1.

Philippe SEGRETAIN, Vice Chairman

Date of birth: 10/14/1943
Date of appointment: 7/5/2004
Chairman and CEO of Transdev SA; Director of Société Financière Transdev SA; Permanent Representative of Transdev in RATP Développement; Director of Transdev Australia Pty Ltd, Transdev Victoria Pty Ltd, London United, and Transdev Plc.
Number of CDA shares held: 1.

Caisse des Dépôts et Développement (C3D)

Date of appointment: 7/5/2004.
Number of CDA shares held: 2,462,597

Permanent Representative:
Philippe SEGRETAIN (until July 5, 2004)
Serge BAYARD (from July 5, 2004)
Date of birth: 11/24/1963
Director, Representative of C3D, SCET SA, SCIC Habitat SA, and Transdev SA; Director of SCET Autoroute, Egis, and VVF Vacances; Director of Icade (as of 9/10/2004) and EMPG (as of 9/10/2004).

Caisse des Dépôts et Consignations (CDC)

Date of appointment: 7/5/2004
Number of CDA shares held: 124,795

Permanent Representative:
Eric FLAMARION
Date of birth: 5/18/1958
Chairman of Lille Gestion SA; Director of CDC I.AEW,Tdf (CDC representative), Tower Participation SAS, CDCDI (Germany), and Financière Lille SA.

Philippe NGUYEN

Date of birth: 1/31/1958
Date of appointment: 7/5/2004
Chairman of Investors in Private Equity SAS; Director of Financière Ermewa SA (foreign company); Chairman and Director of Compagnie Européenne de Loisirs SA; Chairman and Director of Compagnie Européenne de Fret SA; Chairman and Director of IPE Ross Management Limited.
Number of CDA shares held: 1.

Compagnie Européenne de Loisirs SA

Cooptation by the Supervisory Board of May 27, 2004, ratified on July 5, 2004
Number of CDA shares held: 820,078

Permanent Representative:
Philippe NGUYEN (until July 5, 2004)
François NICOLY (as of July 5, 2004)
Date of birth: 2/27/1959
Director of Financière ERMEWA (foreign company); Member of the Supervisory Board of WFS SAS; Director of Hercule Participations SA.

Crédit Agricole des Savoie

Date of appointment: July 5, 2004
Number of CDA shares held: 457,295

Permanent Representative:
Patrick GALLET
Date of birth: 7/5/1947
Chairman of Intellagri SA; Managing Director of Crédit Agricole des Savoie (a cooperative company); Chairman of the Management Board of Crédit Agricole des Savoie Capital (a venture capital company); Chairman of GIE AMT; Director representing Crédit Agricole des Savoie in Crédit Agricole Bourse SA, Union d'Etudes et d'Investissements SA, CAMCA (an insurance fund), Pleinchamp SA, Sté d'Exploitation des Téléphériques Tarentaise Maurienne SA, Sté d'Aménagement de la Savoie SAS and Sté des Trois Vallées SA; Director GIE Attica, Crédit Agricole Titres, ANCD SA, SAS Santéffi CA, SACAM Santéffi, Foncaris, Transfact, and Association d'Enseignement Agricole Privé Purpan; External delegate in Savoie Station Participation SA and Crédit Agricole Indosuez Cheuvreux; Member of the Management Committee of Adicam; Member of the Strategic Technology Committee; Member of the Progica Steering Committee.

Banque Populaire des Alpes

Date of appointment: 7/5/2004
Number of CDA shares held: 224,521

Permanent Representative:
Alain ROGES
Date of birth: 1/30/1942
Managing Director of the Banque Populaire des Alpes; Director of the Banque Populaire du Luxembourg, BICEC (Cameroon), Cerius Investissement (GIE), and Priam Banque Populaire (GIE); Member of the Supervisory Boards of Natexis Interepargne and Natexis Interepargne Entreprises; Chairman of the mutual fund Fructi Capi.

Caisse Nationale des Caisses d'Epargne et de Prévoyance (CNCE)

Date of appointment: 7/5/2004
Number of CDA shares held: 371,703

Permanent Representative:
Joël GELAS
Date of birth: 3/31/1944
Chairman of the Management Board of Caisse d'Epargne des Alpes; Member of the Supervisory Board of C.N.C.E; Vice Chairman of the Board of Directors representing Caisse d'Epargne des Alpes in G.I.E. Vivalis, Vivalis Investissements, and Vivalis Monétique; Member of the Supervisory Board of the public-private company 3 Valées; Member of the Supervisory Board of Rhône Alpes PME Gestion; Member of the Board of Directors of Eurotelis Valiance.

Gilles CHABERT, Independent Member

Date of birth: 8/5/1952
Date of appointment: 7/5/2004
Chairman of SNMSF (Syndicat National des Moniteurs du Ski Français, the National Union of French Ski Field Instructors); Chairman of the Association des Moniteurs Professionnels de l'Arc Alpin (Association of Professional Instructors of the Alpine Arc); Vice Chairman of Ski France International; Representative of the SNMSF on the Board Directors of the Professionnels Associés de la Montagne (PAM, the Associated Mountain Region Professionals), SKI France, the Association des Maires des Stations Françaises de Sports d'Hiver et d'Été (Association of French Winter and Summer Sport Resorts); Representative of the Conseil Supérieur de la Montagne on the Board of Directors of the Conseil National de la Montagne; Director of Golf de Corrençon.
Number of CDA shares held: 1.

Jacques MAILLOT, Independent Member

Date of birth: 11/17/1941
Date of appointment: 7/5/2004
Director of Generali Fr Assurances; Director of the SNCF; Manager of the SCP Feu Vert; Chairman of the Board of Directors of Eurotunnel; Chairman of DIC Holding SAS; Co-Manager of Dinamic Voyages.
Number of CDA shares held: 1.

Members of the Supervisory Board who left office during the fiscal year

Patrice GARNIER

Date of birth: 9/17/1947
Date of appointment: 2/25/2000
Stepped down on 7/5/2004
Member of the Supervisory Board of Cegos SA

Alpark

Date of appointment: 11/29/2002 - Stepped down on 5/27/2004

Permanent Representative:
Arnaud de MENIBUS (as of 9/15/2003)
Date of birth: 2/8/1946
Director of Iskander SA; Chairman of the Supervisory Board of Cogedim SAS, Chairman of Medico SAS; Director of Inbro BV; Chairman and CEO of Asset and Equity SAS; Director of Vittoria Assicurazioni; Director of Vittoria Immobiliare; Director of Iskander Luxembourg SAS; Chairman of Palmadour Développement; Chairman of MDPD.

François JOUVEN

Date of birth: 1/23/1947
Date of appointment: 11/16/2001
Stepped down on 7/5/2004
Director of Icade SA, SNI SA, and Ixis AEW Europe; Member of the Supervisory Board of Crédit Foncier de France SA.

1.4. The Supervisory Board's Committees

The Supervisory Board is supported by three permanent committees, the membership and methods of operation of which are specified in the Company Charter of Corporate Governance.

• The Audit Committee has three members: Serge Bayard, representative of C3D and chair of the committee; François Nicoly, representative of CEL; and Jacques Maillot, an outside member. This committee is charged with making all recommendations or proposals concerning the accounts, external and internal audits, and risk surveillance.

• The Appointments and Remuneration Committee has four members: Jacques Maillot, outside member and chair; Gilles Chabert, outside member; Philippe Segretain, representing C3D; and Philippe N'Guyen, representing CEL. This committee is charged with with making all recommendations or proposals concerning the appointment and remuneration of members of the Management Board and managing directors of the major subsidiaries, as well as questions of stock option plans.

• The Strategy Committee has five members: Michel Gonnet, Chairman of the Supervisory Board and of the committee; Eric Flamarion, representing CDC; Philippe N'Guyen and François Nicoly, representing CEL; and Gilles Chabet, an outside member. This committee is charged with examining strategic choices, investment policy, and budget, and making all recommendations on investment decisions for which prior authorization of the Supervisory Board is necessary.

2. REMUNERATION OF SENIOR OFFICERS

2.1. Directors' fees allocated to the Supervisory Board

The pool of funds which the General Meeting allocates to the Supervisory Board for directors' fees is distributed by the Board. The distribution of directors' fees among the Supervisory Board's members is based on a lump sum per attendance at Board or Committee meetings. The total amount of fees paid to members of the Supervisory Board for the financial year 2003/2004 was €69,000.

2.2. Determining remuneration of senior officers

Members of the Supervisory Board do not receive any remuneration other than directors' fees.
The Supervisory Board determines the remuneration of the Chairman and members of the Management Board, based on proposals by the Appointments and Remuneration Committee. It includes a fixed amount that is set by the Appointments and Remunerations Committee's proposal and a variable amount that is determined according to the Group's financial performance goals as regards net attributable income, share price, and, in one particular case, performance indicators of a sub-group. The variable amount can represent as much as 40% of the set amount, except under certain circumstances.
Indemnities are provided for in case of breach of contract, and may amount to two or three years' salary depending on the specific case.
Some Management Board members benefit from CDA's profit-sharing agreement.

2.3. Remuneration of senior officers

Remunerations net of fringe benefits and all perquisites in kind paid to CDA senior officers by CDA via the C3D company, which controls CDA, and via the companies controlled by CDA as defined by article L 233-16 of the Commerce Code are as follows:

MANAGEMENT BOARD	Set amount	Variable amount	Payment in kind
Jean-Pierre SONOIS (Chairman)	192,624	58,945	39,942
Yves MARTY	133,080	53,915	3,799
Jacques FRANÇOIS	133,958	62,300	1,501
Olivier de BOSREDON	160,361	86,097	20,126
André SURELLE	150,137	64,374	77,449

The variable amount category mainly includes bonuses received through the CDA profit-sharing agreement

SUPERVISORY BOARD	Total net remuneration	Director's fees
Michel GONNET (Chairman) *	400,054	
Philippe SEGRETAIN (Vice Chairman)*	244,135	
Serge BAYARD *	116,898	
François JOUVEN *	14,040	
Patrice GARNIER		8,000
Jacques MAILLOT		11,000
Gilles CHABERT		9,000
Philippe NGUYEN		4,000
Caisse des Dépôts-Développement (C3D)		23,000
Caisse des Dépôts et Consignations (CDC)		1,000
Compagnie Européenne de Loisirs (CEL)		3,000
Crédit Agricole des Savoie		2,000
Banque Populaire des Alpes		3,000
Caisse Nationale des Caisses d'Epargne et de Prévoyance (CNCEP)		1,000
Alpark		4,000

(*) Total remunerations paid by C3D. Directors' fees for participation in meetings of the Supervisory Board's and the Committees are directly paid to C3D in compliances with CDC Group regulations in force.

3. INTEREST OF MANAGERS AND EMPLOYEES IN THE CAPITAL OF COMPAGNIE DES ALPES

3.1. Stock option plans granted to employees and managers

Following the decisions of the Extraordinary General Meetings of November 21, 1997, November 19, 1999, November 16, 2001, March 14, 2003, and March 10, 2004, the Board of Directors or the Management Board of Compagnie des Alpes granted the Group's managers stock option plans for the following shares:

	Plan n° 1	Plan n° 2	Plan n° 3	Plan n° 4	Plan n° 5	Plan n° 6	Plan n° 7
Date of meeting	11/21/1997	11/21/1997	11/19/1999	11/19/1999	11/16/2001	3/14/2003	3/10/2004
Date of Board of Directors or Management Board meeting	9/9/1998	9/8/1999	7/28/2000	7/26/2001	7/29/2002	6/4/2003	4/7/2004
Number of shares that may originally be purchased	50,190	42,948	46,293	68,917	68,815	164,740	130,704
Including CDA Management committee or Board	15,230	10,990	10,225	30,748	34,676	75,000	50,000
Number of beneficiaries	16	19	38	37	38	148	172
Initial exercise date	9/9/1999	9/30/2000	7/28/2001	7/26/2002	7/29/2003	6/4/2003 (6)	4/7/2004
Strike price (in €)	22.58	25.41	29.04	36.61	53.95	45.19	61.96
Options exercised as of September 30, 2004	50,190	42,948	24,466	14,004	11,400	16,034	none
Options revoked	none	none	188	1,446	1,514	30,482	none
Options outstanding	0	0	21,639	53,467	55,901	118,224	130,704

(6) For 50% of the options. The remaining 50% may be exercised beginning 6/4/2004.

In all, 572,607 stock options have been granted, of which 130,704 under Plan No. 7 for FY 2003/2004 (at an issue price of de €61.96 per share).
Options corresponding to 159,042 shares have been exercised, while 33,630 options were cancelled before September 30, 2004.
65,352 options issued under Plan No. 7 are subject to conditions of exercise that depend on earnings in FY 2003/2004 and cannot in any case be exercised before June 4, 2005.
Of these 65,352 options granted subject to conditions, 49,645 shall be cancelled in the light of the earnings for the fiscal year ending on September 30, 2004.
The current total number of shares that may be purchased under the seven plans above is 330,290, or 5.29% of Compagnie des Alpes's share capital as of September 30, 2004.

3.2. Stock options granted to or exercised by senior officers during the fiscal year ended 9/30/2004

The following stock options were granted to senior officers by CDA and the CDA Group's companies during the fiscal year ended 9/30/2004:

Name	Company	Number of options assignec	Type of option [a]	Price (€)	Date of maturity	Plan n°
Jean-Pierre SONOIS	CDA	10,000	subscription	61.96	4/7/2009	7
Yves MARTY	CDA	10,000	subscription	61.96	4/7/2009	7
Jacques FRANCOIS	CDA	10,000	subscription	61.96	4/7/2009	7
André SURELLE	CDA	10,000	subscription	61.96	4/7/2009	7
Olivier de BOSREDON	CDA	10,000	subscription	61.96	4/7/2009	7

(a) A distinction is made in French practice between options to "purchase" and "subscribe": the former denotes repurchased shares and the latter denotes shares to be created by capital increase.

The following options granted by CDA and CDA Group companies were exercised by senior officers during the fiscal year ended 9/30/2004:

Name	Company	Number of options assigned	Type of option	Price (€)	Date of maturity	Plan n°
Jean-Pierre SONOIS	CDA	4,648	subscription	29.04	7/28/2004	3
Jean-Pierre SONOIS	CDA	4,700	subscription	25.41	9/30/2004	2
Jacques FRANÇOIS	CDA	2,000	subscription	25.41	9/30/2004	2
André SURELLE	CDA	1,974	subscription	25.41	9/30/2004	2
André SURELLE	CDA	1,986	subscription	29.04	7/28/2005	3
André SURELLE	CDA	7,687	subscription	36.61	7/25/2006	4
André SURELLE	CDA	8,669	subscription	53.95	7/28/2007	5
André SURELLE	CDA	13,068	subscription	45.19	6/4/2008	6
Olivier de BOSREDON	Grévin & Cie	16,000	purchase/subscription	19.55	8/26/2004	2

No option was granted to or exercised by the members of the Supervisory Board.

3.3. Options granted to and exercised by the ten leading employees during the fiscal year ended 9/30/2004

CDA stock options granted to and exercised by the 10 leading non-manager employees	Total number of options granted, shares subscribed or purchased	Average weighted price	Plan n°
Stock options granted during the fiscal year by CDA or option-granting subsidiary to the 10 employees of CDA or of any such subsidiary with the highest number of options thus granted	18,480	61.96	7
Stock options held on CDA and the aforementioned companies, exercised during the period by the 10 employees of CDA and these companies with the highest number of options purchased	30,338	30.10	2 to 6

3.4. Mandatory and voluntary profit-sharing

Compagnie des Alpes's policy is to develop profit-sharing within Group companies.

As of September 30, 2004, all French companies in the Group had voluntary profit-sharing agreements in force.

In the ski areas, these agreements are negotiated within each company. Grévin & Cie has a single agreement covering both the parent company and its French subsidiaries.

The agreement pertaining to the parent company (Compagnie des Alpes SA) covers the period from October 1, 2003, to September 30, 2006.

All of the Group's French companies with more than 50 employees also have mandatory profit-sharing schemes.

The following amounts were paid under profit-sharing arrangements:

(in millions of euros)	2002/2003	2003/2004
Voluntary	2,493	2,249
Mandatory	2,110	2,487
Total	4,603	4,736

4. REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD on the preparation and organization of its work and internal audit procedures

Article 117 of the Financial Security Act
Article 225-68 paragraph 6 of the Code of Commerce

In compliance with the provisions of Article L 225-68 of the Code of Commerce, the Chairman of the Supervisory Board is providing this report to inform shareholders of how the work of the Board is prepared and organized (Part I) and of the internal audit procedures that the company has set up (Part II).

The content of this report is based on an analysis of the situation and organization of the Compagnie des Alpes Group (CDA Group) that was developed in a series of meetings and working sessions with the heads of the operating and functional departments as well as with Group subsidiaries. The statutory auditors have been informed of this work.

4.1. Preparation and organization of the work of the supervisory board

Organization of the company

First established as a corporation with a board of directors in 1989, on February 25, 2000, CDA became a corporation with a Supervisory Board and a Management Board, a system that separates the management function and authority from its supervisory body.

The Supervisory Board confers the management function to a Management Board. The Management Board exercises its functions under the permanent oversight of the Supervisory Board, the members of which are chosen by the shareholders' General Meeting and can be dismissed by the General Meeting at any time.

The membership of CDA's Supervisory Board is in accordance with the Charter of Corporate Governance that went into effect at the General Meeting of July 5, 2004.

Functioning and meetings of the Supervisory Board

The Chair of the Supervisory Board, or the Vice-Chair in his absence, invites the Board to meet and leads its discussions.

The agenda is prepared by the Chair in consultation with the Chair of the Management Board. Except in urgent cases, members of the Management Board are informed of the agenda at least five days before the meeting. A file prepared by the Management Board, which details the content of the subjects on the agenda, is provided before the meeting. The administrative and financial director of the company serves as secretary of the meeting. Draft minutes are provided to members of the Board for approval at the following meeting.

The Board met six times during the last fiscal year, with members of the Management Board present. The average rate of participation of Board members was 82%.

The Supervisory Board is supported by three committees, the membership, responsibilities, and methods of operation of which are defined in the Charter of Corporate Governance. These are the Audit Committee, the Appointments and Remuneration Committee, and the Strategy Committee. Any Board discussion of a theme within the competence of a given committee must first be discussed in this committee and cannot be decided on without its recommendations or proposals.

Decisions of the Supervisory Board are taken by simple majority of those present, except in cases when a committee has given a negative opinion on a proposal under discussion, in which case a qualified majority of 7/11 of the members of the Council is required for adoption. The Chair's vote is decisive in case of a tie.

Remuneration of members of the Supervisory Board

Within the framework and limit of the authorization given by the General Meeting of March 10, 2004, members of the Supervisory Board receive a directors' fee of 1,000 euros for effectively participating in one meeting of the Board or one committee meeting. All travel expenses are reimbursed upon presentation of receipts.

Relations between the Supervisory and Management Boards

The Management Board of the company is collectively vested with the broadest authority to act in the name of the company in all circumstances, without prejudice to the powers entrusted to the Supervisory Board or the General Meeting by the law or company bylaws.

The Supervisory Board exercises permanent oversight of company management by the Management Board.

According to the Charter of Corporate Governance adopted on May 27 and effective on July 5, 2004, which is the equivalent of the company's internal regulations and is applicable to the Supervisory Board and the company, the Management Board cannot adopt certain decisions or conclude certain acts or commitments without the prior authorization of the Supervisory Board.

In accordance with the law and the company's bylaws, this applies to sureties, backing and guarantees, sales of buildings or shareholdings, and the distribution of directors' fees.

In addition to rules included in the law and bylaws, the Supervisory Board shall give first approval to decisions concerning:
- development strategy,
- annual capital expenditures budgets,
- any investment of over 15 million euros not provided for in the budget,
- any planned acquisition of shares of over 15 million euros,
- any investment or shareholding in a new area of business,
- any partnership agreement including a contribution of assets,
- appointments and remuneration of senior management of CDA and its major subsidiaries,
- general stock options policy,
- the conditions of implementation of CDA capital operations authorized by the General Meeting.

During the fiscal year, significant items treated by the Supervisory Board included:
- examination of the quarterly reports of the Management Board,
- prior authorization of the disposal of the Ski Shops,
- examination of Group strategy and trends in Group organization,
- examination of the annual parent company and consolidated financial statements for the year ending 9/30/2003 and the interim reports of 3/31/2004, as well as the reports of the statutory auditors,
- review of the budget for FY 2003/2004,
- review of development projects,
- authorization of stock option plan 7 for members of the Management Board,
- remuneration of members of the Management Board,
- makeup of the Management Board.

The committees of the Supervisory Board were consulted regularly on subjects within their competence and the Board followed their recommendations.

The information and documents transmitted to the Supervisory Board by the Management Board to enable the former to carry out its responsibilities were always sufficient to the task and fully transparent.

4.2. Internal audit procedures

Definition and goals of internal audit

The internal audit is a package of processes implemented by the Management Board, company managers, and employees, intended to provide reasonable assurance that goals in the following categories will be met:
• completion and optimization of operations;
• reliability of financial information;
• conformity to laws and regulations in effect.

The internal audit designed by the CDA Group aims at providing reasonable assurance that the goal of protecting Group assets is taken into account with the same consideration as expressed above, and that this goal is attained.

Hence, the internal audit procedures in effect in the company are intended to:
• one the one hand, ensure that management actions and the completion of operations, as well as the behavior of personnel, fall within the framework that is defined in the instructions given by the company's governing bodies, in the applicable laws and regulations, and in the internal values, standards, and rules of the company;
• on the other hand, certify that accounting, financial and management information provided to the governing bodies of the company provide a fair reflection of the business activity and situation of the company.

One of the goals of the internal audit system is to predict and control risks resulting from the company's business activity and risks of error or fraud, in particular in accounting and finance. Like any audit system, it cannot provide an absolute guarantee that these risks have been fully eliminated.

The audit environment

General organization of the Group

CDA is a recent Group, spun off from the Caisse des Dépôts Group, organized in a federal manner based on recognized professional values and cultures.

It developed first and mainly in the operation of ski areas, growing through successive acquisitions of independent ski lift companies, public service concessions in French ski resorts, and direct ownership of installations in Italy. In Switzerland, the Group holds minority interests in three ski lift companies though an intermediate Swiss holding company, SwissAlp.

Consistent with this active investment policy, the Group has adopted a decentralized structure that allows it to combine flexibility and the delegation of responsibility to the local level with a permanent search for the greatest overall efficiency.

Hence, the 13 ski area operators, all subsidiaries of Compagnie des Alpes, are led by operational teams fully in charge of local situations and fully responsible for operations on the ground and for the earnings of the companies they manage.

In June 2002, the Group diversified by acquiring Grévin & Cie, which unlike CDA is organized in a highly centralized fashion.

Grévin & Cie SA represents the Family Leisure business of CDA and functions as a subgroup made up of 15 subsidiaries in France and elsewhere in Europe (Germany, the Netherlands, the United Kingdom, and Switzerland).

They operate in three areas: theme parks, tourist sites, and animal parks. Other than acting as a holding company, Grévin & Cie SA manages Parc Asterix directly.

Within this organization, Group Headquarters provides:
• management of functional services such as consolidation of financial statements, establishment of accounting rules, engineering special financing, investor relations, and management of the group IT network;
• managing the reporting system and planning transmission of accounting and financial information to the parent company in such a way as to permit clear guidance at all levels and to ensure the reactiveness needed for sound operation of a decentralized organization;
• a certain number of support functions to operating companies: in marketing, quality control, development of technical know-how, purchasing, human resources management, security of information systems, and other functions more specific to ski areas;
• setting up an internal audit mechanism;
• taking full advantage of the complementary aspects of subsidiaries while respecting their specific characteristics.

Headquarters is where the Group's development paths are set, for adaptation and implementation at the local level.

In 2004, the CDA Management Board, supported by the Supervisory Board, began a process of reorganizing the Group with a view to a better sharing of Headquarters functions, in accordance with the strategic challenges particular to each business line. It also began to elaborate on the Charter of Corporate Governance adopted in May and July 2004.

This trend is shown expressly in the establishment of a structure for operational guidance for the ski areas subsidiaries, called Compagnie des Alpes – Domaines Skiables SAS.

The company, which has been operational since October 1, 2004, provides the ski area subsidiaries in France and Italy with the support functions previously provided by the CDA holding company.

Values and Action Principles of the CDA Group

Transparency and responsible senior office are key Group values.

Transparency allows for active dissemination to other Group companies of the know-how developed by each subsidiary.

Responsibility given to senior officers of subsidiaries is reflected in all aspects of their leadership of these affiliates and in their relations with stakeholders: customers, personnel, local governments, suppliers and shareholders.

These values apply on the local level through:

➡ A Code of Ethics, which:
• sets down the fundamental values of the Group,
• inspires and supports the action of all Group companies,
• serves as a guide to the thinking and professional behavior of all employees,
• reflects the rules of financial market ethics applicable to all.
This Code is being updated.

➡ The Charter of Corporate Governance, of which the principles are detailed in part I, in the paragraph on the functioning of the Supervisory Board.
The values and action principles supported by the CDA Group are adapted and completed by the French and foreign subsidiaries of the two business lines. These include:
• giving responsibility to each employee, since each of them has a role in an audit mechanism that is intended both to serve customer satisfaction and to respect the regulations;
• exhaustive coverage of activities and risks, using systems of inventory, measurement, and monitoring that make it possible to define prevention policies and manage risk is a satisfactory way;
• respect for standards, procedures, and directives, particularly in accounting and finance and in the treatment of information (conduct of operations);
• confidence and respect for the autonomy of each company, solidarity.

The role and functions of the Management Board

The Management Board organizes, leads, and assures the sound development of the Group and monitors profitability and the security of capital invested in the Group.

Meeting monthly, the Management Board:
• defines the Group's strategic and organizational orientation,
• approves or decides on acquisitions and monitors the process of consolidating the companies acquired,
• approves the medium-term budgets and plans of the principal subsidiaries and analyses their income statements,
• organizes the allocation of financial resources, particularly in defining capital expenditure resources, and organizes the circulation of cash flows,
• supervises the process of drawing up the parent company and consolidated financial statements, and seeks their approval,
• approves hedging policies for financial risk,
• defines the appointment and human resources policy for management officials of the Group,
• approves the principal internal audit procedures,
• approves the guidelines for corporate communications.

All decisions taken at this level are then adapted to local conditions by the Vice-Chairs of the Management Board responsible for providing guidance to subsidiaries, or by Headquarters services.

The Audit Committee

The Audit Committee, set up by the Supervisory Board, has a leading role on the audit questions, since it is in charge of monitoring the exactness and truthfulness of the parent company and consolidated financial statements and the information provided.

In particular, the Committee is mandated by the Supervisory Board to make all recommendations or proposals concerning the financial statements and in-house and external risk monitoring. This includes:
• accounting methods and procedures,
• the procedure for choosing statutory auditors, their responsibilities, and their remuneration,
• satisfactory application of internal audits and of procedures for providing information, giving its opinion on the organization of internal audit,
• monitoring the CDA Group's principal financial risks.

Risk detection and management

The CDA Group's risk management mechanisms center on the detection and anticipation of operating risks, especially those related to the safety of people and goods, on the one hand, and management of financial, legal, and tax risks, on the other.

Operating risks

Management of operating risks is a major concern for all Group subsidiaries. CDA has built on its significant experience in risk detection and anticipation, in a manner tailored to the situation of each business. The mechanisms are outlined below.

Quarterly reporting to the Management Board on specific risks is organized at the Group level, in liaison with the risks committee of the C3D group.

However, a better synthesis of the elements identified and treated by each business line still needs to be organized at the Group level. This can be attained by creating a dedicated service that makes it possible to centralize, prioritize, and evaluate all risks , and to draw up a risk table as part of a process that is dynamic, proactive and preventive.

Risks linked to the safety of people and goods

Safety policy, meaning the health and safety of both personnel and visitors, is a major priority for the CDA Group. It is reflected in accident prevention campaigns, training policy, procedures put in place, service memoranda, and risk management.

Procedures for the health and safety of personnel are closely monitored and documented within each business line, with the following goals in mind:
• Respect for operating authorizations and regulations (Règlement d'Exploitation Particulier, Règlement de Police Particulier, Règlements Liés aux Etablissements Recevant du Public Plan de Sauvetage, etc.);
• Creating awareness among operating personnel of the risk environment related to their particular occupation (manuals for safety and risk prevention for moving vehicles, specific procedures, advice pamphlets);
• Respect for labor legislation, especially by constantly updating guides to the evaluation of risks for the health and security of workers;
• Monitoring and keeping a record of work-related accidents in ski area companies;
• Close cooperation with the Labor Inspectorate and other organizations pertaining to hygiene, safety, working conditions and health insurance such as CHSCT, CRAM, etc.

Insurance

Insurance policy and management are now conducted and provided to each business line or entity.

Grévin & Cie SA manages insurance for the operation of all its sites in France, taking out policies that provide adequate coverage for risks incurred by their activities, including both goods and losses on operation as well as civil liability. It reviews and optimizes coverage for companies abroad as soon as they are consolidated.

Ski Areas subsidiaries manage their insurance in relation to their regulatory responsibilities (unlimited civil liability for the operation of ski lift equipment) and the risks applying to goods and operating losses. There is regular monitoring to ensure adequate coverage of the principal risks. Headquarters has also taken out civil liability insurance for senior officers of the entire Group.

As a risk management measure, in FY 2004/2005 the Group has also begun a diagnosis of "insurance and risks" to determine the most appropriate way of organizing insurance management at all levels.

IT ethics

The Group has formalized an IT Charter that describes the rights and obligations of each IT user. It includes the obligation to declare the electronic treatment of personnel data to the National Commission on Data Processing and Freedom (Commission Nationale de l'Informatique et des Libertés – CNIL), as well as the role relating to this obligation of the person responsible for treating this data within the company. The company has formally delegated authority and the right of signature at the Group level, and is doing the same at the subsidiary level. The IT Charter is being distributed to all Group employees concerned.

Crisis communications

The rules for crisis communications have been defined for each business line, enabling the deployment of the needed human, material, and communications resources.

Financial risks

The audit function of the CDA Group has thus far depended on the internal audit service of the C3D Group, when called on by the Chair of the CDA Management Board. Complemented by the internal audit service of Grévin & Cie, this service provides the preventive and alert measures needed to confront, evaluate, and limit identified risks.

Following CDA’s privatization, it was decided to create the Group’s own internal audit service, which will become operational at the beginning of 2005.

The mechanisms used for guiding the budget process and for monitoring the Group’s locally adapted performance indicators also serve to contribute to the detection and mastery of financial risks.

In 2004, the Group set up permanent mechanisms to monitor debt and “market” risks:
• A table of Group “cash and debt” indicators provides each entity with a monthly picture of cash flows, debt, and available resources, as well as an evaluation of the sensitivity of these elements to business activity;
• A permanent file on the debt of Group companies records all outstanding debt and interest rate hedges, making it possible to analyze components that are common to several companies or peculiar to each company, such as an interest rate referential, the average rate obtained, bank margins, the portion of debt exposed to interest-rate risk, maximum possible rates, an account of outstanding hedges, etc.

Legal and tax risks

Management of legal and tax risks is the responsibility of each company’s senior officers. It is supervised by Headquarters, which is alerted in case of litigation or lawsuits and makes investigations when necessary.

As a complement to its internal services, Headquarters can avail itself of the services of the director of legal and tax services of the C3D Group for purposes of evaluating risks and providing advice to Group companies.

Headquarters also centralizes information relative to the legal situation of subsidiaries and the application of rules limiting the accumulation of senior positions.

Internal audit procedures

The regulatory environment in which CDA’s business lines operate has enabled to Group to sensitize all employees to the need and the importance of internal audit.

Guidance of the CDA Group

Organization

Each Headquarters department monitors the activities that correspond to its functions and responsibilities. It reports directly to one of the members of the Management Board.

The organizational decisions of the CDA Group are based on giving subsidiaries responsibility and autonomy within a context of respect for the principles and procedures set down by the Management Board. These decisions take into account the economic, labor, and regulatory conditions specific to each activity.

Strategy and planning

The strategic goals of the CDA Group are defined by the Management Board and approved by the Supervisory Board.

Headquarters oversees the budgeting and planning process, defines its key objectives, sets the schedule for review and approval, and develops and oversees corresponding IT systems.

The strategic orientations and goals of each business line are determined by the Management Board after discussion with their respective managers. Subsidiaries first provide all information useful to this discussion.

Each subsidiary prepares a draft budget and plan, under the overall leadership of the Vice-Chair of the Management Board in charge of the business line involved. These drafts are presented at Headquarters, company by company, for review and enhancement by the operating entity if necessary.

At the conclusion of the review, Headquarters consolidates the projects. Necessary arbitrages are made throughout at the business line level, based on consolidated data. Headquarters approves the definitive budget for each subsidiary.

The establishment and programming of capital expenditures budgets is an integral part of the budget/planning process.

Acquisitions

The Group has an active acquisitions policy that is based on formalized operating procedures.

Acting under the authority of the Vice-Chair of the Management Board for Finance, Strategy and Development, the strategy department centralizes and reviews all acquisition and disposal projects.

The Management Board is informed before any expression of interest, and then at every significant step taken by the company. Decisions are taken at the competent level of management – Grévin & Cie, CDA Domaines Skiables, SwissAlp – and are subject to preliminary approval by the Management Board, regardless of the amount.

This process also applies to subsidiaries' responses to calls for tender for delegated public service contracts.

The following operations are also subject to prior approval by the Supervisory Board:
• acquisitions for over €15 m,
• acquisitions of shareholdings in areas outside the core businesses (ski areas and family leisure), regardless of the amount involved,
• sales of shareholdings.

Communications

Corporate communications are seen as a coherent whole, aimed at explaining Group strategy and highlighting its performance and prospects.

The communications department at Headquarters defines and implements corporate communications, under the authority of the Chair of the Management Board. It organizes relations with the financial press, the national press, analysts, asset managers, investors, etc.

Managers of the Group business lines relay corporate communications by harnessing "product" communications aimed at the public and the general and professional press.

Headquarters, in conjunction with managers of the business lines, also defines and implements Group internal communications that provide all managers with a common base of information. This job is partly done by an Operations Committee, made up of the Management Board and the principal operating managers.

Career development for key managers

Decisions on the appointment, remuneration, and career development for Group managers (i.e., the senior officers of the subsidiaries and the department heads at CDA Headquarters and at Grévin & Cie who are responsible for the Group's most important processes) are approved by the Management Board.

Decisions concerning the senior officers of Grévin & Cie and CDA Domaines Skiables require the preliminary approval of the Supervisory Board.

The process of appointing them is supervised directly by the Chairman of the Management Board. A Group human resources director is now being recruited to strengthening career planning for managerial skills.

Career development for key managers within the subsidiaries is provided at the business line management level.

Support to operations of CDA and its subsidiaries

Decentralization of the Group into two subgroups based on two clearly identified business lines fosters autonomy and decision-making power in the field, with strategic choices prepared and steered upstream.

Major support to the operations of subsidiaries is provided by Grévin & Cie and CDA-Domaines Skiables, respectively, except for legal, IT, and cash management, which are subject to treatment at Headquarters in accordance with the division of responsibilities within the Group.

For ski area operations, until 2002/2003 Headquarters provided extensive support for marketing and sales, operation and construction standards, purchasing, monitoring operating risks, and human resources. Managing these functions has made an important contribution to the internal audit mechanisms.

These are now covered by CDA Domaines Skiables.

Legal

Relations between Headquarters and the subsidiaries are covered by assistance agreements, by provision of services, and by making personnel and material available, all against billings depending on the level of services provided.

There are also agreements on interest rate risk management and tax consolidation.

The legal department, part of the administration and finance department, updates all of these agreements. It also serves as legal secretariat for the parent company and some subsidiaries, screens for potential legal problems, drafts and monitors the most complex contracts (particularly those involving several companies, such as the joint purchasing of sensitive goods and services like operations software and electricity), and analyzes Group legal risks.

It also monitors the remuneration of senior managers and their interest in the company's capital, as well as stock options plans and the management of the Group savings plan.

Information systems

The financial services department, part of the administration and finance department, manages IT within the Group, although each entity is responsible for the goals, means, and modes of IT organization within its area of competence. This covers both office and management applications, as well as “industrial” computer services linked to operations, such as sales and tickets.

All of these IT services are based on directives from Headquarters, and in particular the IT Charter and the “instruction book” (cahier de consignes). The network of IT personnel at Headquarters and in the subsidiaries allows for the real-time handling of common questions, in particular network security issues. An IT committee led by Headquarters brings these experts together several times a year. It facilitates exchanges among different IT teams within the Group, reviews work assigned, and steers future work on joint projects.

A diagnosis of the “Security of Information systems of the CDA Group,” carried out on different themes at regular intervals, makes it possible to:
• verify the level of security provided by the IT organization and the different systems in place,
• identify the risks resulting from the choice of technical architecture and the opening up of IT systems beyond the Group,
• propose recommendations and modes of deployment and distribution of CDA Group equipment adapted to existing local constraints on the organization of IT functions.

Cash management and debt

Each company or group of companies (Grévin & Cie, SELALP) manages its cash and its debt. The Group has begun a process of formalizing the procedures applied by these entities on the basis of a common CDA framework.

These procedures define the general organization of cash management and the missions and responsibilities of the various departments that are involved in the cash management of each company and of the Group. The respective responsibilities of Headquarters and affiliate companies are set down:
• Affiliate companies manage cash (investments, etc.) and debt within the framework of Group principles on liquidity and counterparty risk;
• Headquarters manages interest rate risks for the entire Group.

These procedures also identify processes related to all forms of financial security, including management of means of payment and delegations of authority.

Drawing up and treating accounting and financial information

Under the authority of the Vice-Chair of the Management Board in charge of Finance, Strategy and Development, the administrative and financial department is in charge of the following tasks:
• formalizing all methods and procedures on the basis the Group Accounting Principles. This referential is in the process of being updated in the context of the shift to the IAS/IFRS standards;
• the budgeting process and medium-term plan;
• the reporting process;
• the process of preparing consolidated financial statements and required publications;
• providing documentation required to present the financial statements to the Management and Supervisory Boards, and for communication of earnings to the public.

The project for the shift of the entire Group to the IAS/IFRS standards is managed by the administrative and financial department in close cooperation with three statutory auditors. As of today, these standards are being applied by all Group subsidiaries, without prejudice to adjustments required by the evolution of the standards, particularly as concerns concession agreements.

The reporting process

The reporting process is based on a series of forms; their coherence is assured by the management control service. These include:
• Weekly monitoring of receipts (all consolidated companies);
• Monthly financial indicators (fully consolidated companies);
• Monthly cash indicators (fully consolidated companies);
• Periodic transmission of specific analytical reports to Headquarters, such as sales data, labor and environmental indicators, etc.

The reason for these reports is to allow the Management Board to monitor the business and financial situation of the entire Group with regard to both historical trends and budget goals. The management control department annexes the data and key events of both divisions in liaison with management control personnel at each of the subsidiaries.

The process of preparing consolidated financial statements

The administrative and financial department of the CDA Group is in charge of drawing up the consolidated financial statements on the basis of information provided by the management and financial departments of the subsidiaries.

The upward transmission of information is structured in such a way as to guarantee consistency in recognizing transactions in accordance with the Group Accounting Principles:
- uniform accounting standards, methods and rules for consolidation,
- standardization of forms for data reporting,
- a Group-wide computer-based system for data transmission and consolidation.

The instructions provided and the monitoring performed are intended to guarantee a standardized, consistent process for formalizing accounting files and supplementary analysis. Particular attention is given to monitoring such specific areas as provisions for risks, deferred taxes, and off-balance sheet commitments.

Preparing information is the responsibility of the subsidiaries, which are formally committed to representing their situation truthfully.

The administrative and financial department ensures close coordination with the statutory auditors, who work with both the subsidiaries and the consolidation service on the basis of a jointly-established schedule. The statutory auditors present their observations in meetings with the Vice-Chair of the Management Board for Finance and the administrative and financial director.

The consolidated accounts are submitted to the Vice-Chair of the Management Board for Finance prior to approval by the Management Board and examination by the audit committee. A summary of the observations of the statutory auditors is provided to the Management Board and the audit committee.

At the conclusion of the process, the consolidated financial statements are presented to the Supervisory Board for their examination and approval.

Trends in the internal audit mechanism

The internal audit mechanism of the CDA Group is a growing system that adapts as necessary to trends in the organization and challenges to Group companies.

With the suppression of C3D, which provided certain services that contributed to the audit mechanism, Group Headquarters will take on new capacities, particularly in human resources management, risk monitoring, and internal audit.

A study on strengthening legal services is also under way.

In this context, the Group has set short- and medium-term ways of improvement, with the aim of strengthening the formalization and dissemination of procedures and good practices, particularly in the operating and financial areas and in monitoring subsidiaries abroad and certain ancillary activities.

These efforts should foster exchange between Headquarters, the functional departments, and the subsidiaries.

The goal is to increase the efficiency of internal audit in Group organizations and to set up permanent means to guide and evaluate this mechanism in all consolidated companies.

5. REPORT OF THE STATUTORY AUDITORS drawn up in application of the last paragraph of article L. 225-235 of the Code of commerce, concerning the report of the Chairman of the supervisory board of Compagnie des Alpes on the subject of internal audit procedures applying to the treatment of financial and accounting information

Fiscal year closed September 30, 2004

Dear Shareholders,

In our capacity as statutory auditors of Compagnie des Alpes and in accordance with the provisions of Article L. 225-235 of the Code of Commerce, we hereby provide our comments on the report of the Chairman of the Supervisory Board of Compagnie des Alpes in conformity with the provisions of Article L. 225-68 of the Code of Commerce of the fiscal year closed September 30, 2004.

Under the responsibility of the Supervisory Board, it is up to the Management Board to define and implement internal audit procedures that are adequate and efficient. In making his report, is the duty of the Chairman of the Supervisory Board to discuss how the work of the Board was prepared and organized and also describe the company's internal audit procedures.

It is our duty to give you our observations on the information provided in the report of the Chairman concerning internal audit procedures applying to the treatment of accounting and financial information.

We have carried out our audit in accordance with the professional standards applicable in France. These require the examinations necessary to obtain a reasonable assurance that the information given in the Chairman's report concerning internal audit applying to the treatment of accounting and financial information gives a good and fair view of the same. These examinations include:

- being informed of the goals and the general organization of internal audit as well as the internal audit procedures applying to the treatment of accounting and financial information, as presented in the report of the Chairman;
- being informed of the work underlying information thus provided in the report.

On the basis of this examination, we have no comments to make on the information on the company's internal audit procedures applying to the treatment of accounting and financial information contained in the report of the Chairman of the Supervisory Board, drawn up in application of the provisions of the last paragraph of Article L. 225-68 of the Code of Commerce.

Done in Paris, January 24, 2005.

PRICEWATERHOUSECOOPERS AUDIT	MAZARS & GUÉRARD
Francis Le Ber	Denis Grison

6. FEES OF THE STATUTORY AUDITORS AND THEIR NETWORKS

The amount of fees paid by fully consolidated companies to the statutory auditors of Compagnie des Alpes and to members of their networks for the fiscal year closed on September 30, 2004, is as follows:

	Mazars & Guérard				Coopers & Lybrand			
	Amounts		%		Amounts		%	
Figures in '€ '000	2004	2003	2004	2003	2004	2003	2004	2003
Audit								
Statutory audit, certification, examination of individual and consolidated financial statements	350	245			497	432		
Ancillary assignments	70				249	20		
Subtotal	**420**	**245**	**100%**	**94%**	**746**	**452**	**98%**	**90%**
Other services								
Other		17			12	51		
Subtotal		**17**		**6%**	**12**	**51**	**2%**	**10%**
Total	420	262	100%	100%	758	503	100%	100%

V. Resolutions submitted to the Combined General Meeting of February 24, 2005

1. EXPLANATION OF DRAFT RESOLUTIONS

This report provides the General Meeting with the purposes of the proposed draft resolutions.

1.1. Resolutions pertaining to the agenda of the Ordinary General Meeting

The First Resolution concerns approval of the parent company financial statements of the fiscal year ending September 30, 2004.

The Second Resolution concerns approval of the consolidated financial statements, in compliance with the provisions of Article L. 225-100 paragraph 3 of the Code of Commerce.

The Third Resolution concerns the special report of the Management Board on stock options granted or exercised since the General Meeting of March 10, 2004, as provided for in Article L. 225-184 of the Code of Commerce.

The Fourth Resolution concerns agreements within the scope of Article L. 225-86 of the Code of Commerce that were authorized by the Supervisory Board during the fiscal year closed on September 30, 2004, and are the subject of a special report of the Statutory Auditors.

The Fifth Resolution concerns appropriation of earnings and the amount of the dividend.

Dividends of the last five fiscal years distributed by Compagnie des Alpes are as follows (in €):

Fiscal Year	Date of payment	Dividend	Tax credit	Total income
1999/2000	12/15/2000	€1,30	€0,65 (1)	€1,95 (1)
2000/2001	12/14/2001	€1,50	€0,75 (1)	€2,25 (1)
2001/2002	12/13/2002	€1,60	€0,80 (1)	€2,40 (1)
2002 (2)	–	–	–	–
2002/2003	3/15/2004	€1,70	€0,85 (1)	€2,55 (1)

The Management Board proposes that the General Meeting vote to pay a net dividend of €1.70 per share on the earnings of fiscal year 2003/2004. This means that net income for FY 2003/2004, in the amount of €18,455,356.51, will be appropriated as follows, based on the 6,244,175 shares entitled to a dividend as of December 31, 2004, as follows:

Net income for the fiscal year	€18,455,356.51
Appropriated to the legally required reserve	€922,767.83
Balance after appropriation to the legally required reserve	€17,532,588.68
Previous carry-forward	€69,911,931.32
Total distributable earnings	€87,444,520.00
Dividend	€10,615,097.50
New carry-forward (creditor)	€76,829,422.50

In order to enable shareholders to benefit from the last year in which the tax credit was available, an interim dividend on FY 2003/2004 of €0.80 (€1.20 with the tax credit at 50%) was paid out on December 15, 2004.

(1) Assuming a tax credit of 50%.

(2) Fiscal year running from 6/1/2002 to 9/30/2002.

The balance on the net dividend payable per share is €0.90 and will be paid on February 28, 2005. In conformity with the Budget Act for 2004 (Act 2003-1311 of December 30, 2003), this distribution does not give rise to a tax credit.

It should be noted that, should the company hold some of its own shares at the time of the dividend payout, the amount corresponding to the dividend not paid on these shares will be appropriated to the carry-forward.

Conversely, should the number of shares eligible for a dividend exceed 6,244,175 on the date of payout – because of the exercise of stock options – the amount corresponding to the excess dividends paid out will be deducted from the carry-forward.

In case of either of the above-mentioned cases, we ask that you give power to the Management Board to revise the definitive amount of the dividend distribution and the definitive amount of the earnings carry-forward.

The Sixth Resolution gives the Management Board the authorization needed to trade in shares in the company.

The ordinary General Meeting of March 10, 2004, authorized the Management Board to have the company buy its own shares in the framework of the share repurchase program authorized by the French Financial Markets Authority (Autorité des Marchés Financiers – AMF – Visa 04-115, dated February 20, 2004).

This authorization, valid for a period of 18 months beginning on March 10, 2004, has been implemented through a liquidity contract that complies with the Charter of the French Association of Investment Firms (Association Française des Entreprises d'Investissements – AFEI).

The record of use of the authorization as of September 30, 2004 is as follows:

• percentage of own shares held directly or indirectly	not significant
• number of shares cancelled during the last 24 months	none
• number of shares held	1,164
• book value of shares held	€71,000
• market value of shares held on September 30, 2004	€71,000

Cumulative gross share transactions on September 30, 2004	Purchases	Sales	Transfers
Number of shares	1,211	47	None
Weighted average transaction price	€61.59	€62.82	None
Prix d'exercice moyen	€62.17	€62.71	None
Montants	**€74,000**	**€3,000**	**None**

The General Meeting is asked to renew this authorization subject to the conditions stated in Articles L. 225-209 et seq. of the Code of Commerce and in European Regulation 2273/2003 of December 22, 2003. The principal purposes of this authorization are the following, in order of priority:
• to ensure an active market by means of a liquidity contract that conforms to the principles of the Charter of the AFEI;
• to hold, sell, or, more generally, transfer these shares in any way, and especially through exchanges or cessions of shares by all appropriate means, in particular in acquisition operations or in the issuance of securities providing access to share capital – the modalities of all of the above being in compliance with the relevant regulations in effect;
• grant these shares to employees as a share in the profits of the company, in the context of a Group or company employee savings plan or a voluntary employee savings plan.

The maximum purchase and resale prices are set at 85 euros and 55 euros.

This new authorization will be effective at the termination of the stock repurchase program approved by the AMF on February 20, 2004, and by the shareholders' General Meeting of March 10, 2004. It will replace the last-named resolution no later than September 10, 2005, and will remain valid for 18 months beginning on that date. A maximum of 624,397 shares may be held under this resolution.

The Seventh Resolution pertains to carrying out the legal formalities necessary subsequent to the ordinary General Meeting.

1.2. Resolutions pertaining to the agenda of the Extraordinary General Meeting

The Eighth and Ninth Resolutions concern the special premium granted to shareholders in accordance with the provisions of Articles L. 131-2 and L. 225-147 of the Code of Commerce.

A system to grant discounted entrance fees and ski passes to individual shareholders during the 2004/2005 season was approved at the extraordinary General Meeting of March 10, 2004. 738 shareholders met the required conditions applied to shareholdings.

The General Meeting is requested to renew this system, adapting it to the modalities outlined in the draft of the Eighth Resolution.

The shareholders who may receive these premiums are individual registered shareholders who will have held at least 50 shares (premiums 1 through 4), at least 100 shares (premium 5), at least 150 shares (premium 6), at least 300 shares (premium 7), or at least 600 shares (premium 8) in Compagnie des Alpes on a continuous basis between November 1, 2004, and January 31, 2005.

The Tenth Resolution pertains to carrying out the legal formalities necessary subsequent to the extraordinary General Meeting.

2. DRAFT RESOLUTIONS

Resolutions 1 to 7 fall under the competence of an ordinary General Meeting:

First resolution

(To approve the parent company financial statements for the fiscal year ending September 30, 2004)

The General Meeting, in accordance with the rules determining the quorum and majority that apply at ordinary general meetings, and after having reviewed the management report presented by the Management Board, the report of the Supervisory Board, and the report of the Statutory Auditors, as well as additional explanations provided orally, approve the parent company financial statements for the fiscal year ending September 30, 2004, as presented, which indicate a net profit of EUR 18,455,356.51, and also approve the operations reflected in the financial statements or summarized in the reports. The shareholders further approve the non-deductible expenses (Article 39.4 of the General Tax Code) mentioned in the management report of the Management Board. As a result, the shareholders grant a discharge to the Management Board for its management during the fiscal year from October 1, 2003, to September 30, 2004.

Second resolution

(To approve the consolidated financial statements for the fiscal year ending September 30, 2004)

The General Meeting, in accordance with the rules determining the quorum and majority that apply at ordinary general meetings, and after having reviewed the report of the Management Board, the report of the Supervisory Board, and the report of the Statutory Auditors, as well as additional explanations provided orally, approve the consolidated financial statements of the Compagnie des Alpes Group for the fiscal year ending September 30, 2004, as presented, which indicate a net attributable income of EUR 29,001,000, and also approve the operations reflected in the financial statements or summarized in the reports.

Third resolution

(Relating to the special report on the Management Board concerning stock options granted or exercised since the Annual General Meeting of March 14, 2004)

The General Meeting, in accordance with the rules determining the quorum and majority that apply at ordinary general meetings, states that the special report provided for in Article L. 225-184 of the Code of Commerce, concerning operations effected in accordance with Articles L. 225-117 to L. 225-186 of the Code (i.e., stock options), has been provided to them by the Management Board.

Fourth resolution

(Relating to approval of the special report on agreements within the scope of regulations)

The ordinary General Meeting, having reviewed the special report of the Statutory Auditors on agreements within the scope of Article L. 225-86 of the Code of Commerce, approves said report and the agreements referred to therein.

Fifth resolution

(To fix the net dividend per share at 1.70 euros)

The General Meeting, in accordance with the rules determining the quorum and majority that apply at ordinary general meetings, recognizing that the net income for the fiscal year was 18,455,356.51 euros and that earnings carried forward were 69,911,931.32 euros, increasing thus to 88,367,287.83 euros, approves the Management Board's proposals for the appropriation of earnings and the determination of the dividend and decide:

- to add 922,767.83 euros to the legal reserve,
- to appropriate 10,615,097.50 euros for the distribution of dividends to shareholders, on the basis of 6,244,175 shares conferring the right to a dividend
- to carry forward 76,829,422.50 euros.

As a result, the net dividend paid per share with a date of record of October 1, 2004, comes to 1.70 euros.

According to the terms of the decision by the CDA Management Board of October 28, 2004, interim dividends were paid out in the amount of 4,995,340 euros or 0.80 euros per share giving rise to a credit for income tax already paid (avoir fiscal) of 0.40 euros for each of the 6,244,175 shares having the right to the same and paid from the dividends to be distributed for the period ended September 30, 2004. This interim dividend was paid out on December 15, 2004.

A final dividend of 5,619,757.50 euros is payable corresponding to 0.90 euros per share.

The shareholders decide that the ex-dividend date for the final dividend will be February 28, 2005, and that it will be payable on the same date.

It is specified that, should the company hold some of its own shares at the time of the dividend payout, the amount corresponding to the dividend not paid on these shares will be appropriated to the carry-forward. The shareholders grant the Management Board the right to revise if necessary the final amount of the dividend and the final amount of earnings carried forward.

It is specified that, should the number of shares conferring the right to a dividend exceed the above number of 6,244,175 shares on the date of payout because of the exercise of stock options, the amount corresponding to the excess dividends paid out will be deducted from the carry-forward. The shareholders grant the Management Board the right to modify if necessary the final amount of the dividend and the final amount of earnings carried forward.

The shareholders acknowledge to the Management Board that they have been duly informed that dividends paid out for the last five financial periods, with the corresponding tax credits, were as follows (in euros):

FY	Number of shares with dividend coupons	Net dividend per share	Tax credit per share	Total income per share
1999/2000	4,165,741	€1.30	€0.65 (1)	€1.95 (1)
2000/2001	4,165,741	€1.50	€0.75 (1)	€2.25 (1)
2001/2002	6,096,502	€1.60	€0.80 (1)	€2.40 (1)
2002 (4 months)	–	–	–	–
2002/2003	6,156,494	€1.70	€0.85 (1)	€2.55 (1)

(1) On the basis of a 50% tax credit.

Sixth resolution

(Authorization to the Management Board to purchase and resell Compagnie des Alpes shares, subject to a maximum purchase price of 85 euros and a minimum sale price of 55 euros)

The General Meeting, in accordance with the rules determining the quorum and majority that apply at ordinary general meetings, after having reviewed the report of the Management Board, authorizes the Management Board to have the company purchase its own shares in accordance with the provisions of Articles L. 225-209 et seq. of the Code of Commerce, and of European Regulation 2273/2003 of December 22, 2003, on one or more occasions, for the following purposes and in the following order of priority:

- to assure, an active market by means of a liquidity contract in compliance with the principles of the Charter of the French Association of Investment Firms (Association Française des Entreprises d' Investissements – AFEI);
- holding, selling, or transferring said shares according to all means, and in particular through the exchange or remittance of shares, in connection with acquisitions or the issuance of securities conferring rights to equity capital, all in conformity with the relevant regulations in effect;
- granting these shares to employees as a share in the profits of the company, in the context of a Group or company employee savings plan or a voluntary employee savings plan.

The shares may be purchased, held, transferred, or sold, according to the case, at any one time or at intervals, including during periods when tender offers are in effect, by any means, in the open market or over-the-counter, and notably through block trades, recourse to derivatives, and warrants, in compliance with applicable regulations.

For the implementation of this authorization, the shareholders set the maximum purchase price at 85 euros per share and the minimum sale or transfer price at 55 euros per share. The maximum number of its own shares which Compagnie des Alpes can hold may not exceed 10% of the shares comprising its share capital on September 30, 2004, or 624,397 shares, representing an aggregate investment of 53,073,745 euros at the maximum purchase price of 85 euros per share.

In the event that capital is increased through the capitalization of reserves and the distribution of stock dividends as well as in the event of stock splits or reverse splits, the foregoing prices will be adjusted by a multiplier factor corresponding to a ratio of shares outstanding before and after such transactions.

This authorization will take effect at the term of the share repurchase program approved by the French financial markets authority (Autorité des Marchés Financiers – AMF) on February 20, 2004, and approved at the shareholders' General Meeting of March 10, 2004, and will therefore replace the preceding resolution no later than September 10, 2005. It will then be in force for a period of 18 months beginning on that date, including any period of tender offers for shares in the company, provided that such offers are for payment in cash.

The Management Board is vested with full authority, and may further delegate said authority as provided for by law, to place all orders, conclude all agreements, established all documents, carry out all formalities, filings and notices to all bodies, in particular the AMF, concerning transactions carried out in connection with this resolution, fixing the conditions and procedures destined to protect, when applicable, the rights of holders of securities that confer rights to acquire shares in the company at a future date and holders of stock options in compliance with applicable regulations, and in general, doing everything that is necessary.

Seventh resolution

(Delegation of powers for the performance of legal formalities subsequent to the ordinary General Meeting)

The General Meeting, in accordance with the rules determining the quorum and majority that apply at ordinary general meetings, confers on the bearer of extracts or copies of the minutes of this meeting all powers necessary to accomplish all legal or administrative formalities following from the decisions taken in resolutions 1 to 6 above.

Resolutions 8 to 10
fall under the competence of an extraordinary General Meeting

Eighth resolution

(Granting of special premiums to individual registered shareholders who have continuously held at least 50, 100, 150, 300, or 600 shares in Compagnie des Alpes, respectively as discussed below, between November 1, 2004, and January 31, 2005)

The General Meeting, in accordance with the rules determining the quorum and majority that apply at extraordinary general meetings, and after having heard the reports of the Management Board and the Commissioners for Special Advantages, authorizes Compagnie des Alpes to grant a special premium to such shareholders, providing them with special rates for the use of ski lifts in ski areas operated by certain Group companies, or for admission to Parc Astérix theme park, Musée Grévin, or the Grand Aquarium in Saint Malo, subject to the following conditions and in accordance with the provisions of Articles L. 131-2 and L. 225-147 of the Code of Commerce:

- 1. This special premium is reserved for registered individual shareholders of Compagnie des Alpes.

- 2. These shareholders will have held certain minimum numbers of Compagnie des Alpes shares on a continuous basis from November 1, 2004, through January 31, 2005:

➡ Holders of a minimum of 50 Compagnie des Alpes shares may claim any of the following:
• Premium No. 1, providing a free ski pass for two days at any of the following five ski areas: Trois Vallées, Espace Killy (Tignes, Val d'Isère), Paradiski, Le Grand Massif, or Chamonix during the winter season 2005/2006.
• Premium No. 2, providing a shareholder with two free passes, valid on the same day, to Parc Asterix during calendar year 2005.
• Premium No. 3 providing a shareholder with four free passes to Musée Grévin, valid on the same day from April 1, 2005, to December 31, 2005.
• Premium No. 4 providing a shareholder with four free passes to the Grand Aquarium in Saint Malo valid on the same day from April 1, 2005, to December 31, 2005.

➡ Holders of a minimum of 100 Compagnie des Alpes shares may claim Premium No.5, providing the shareholder concerned with a premium of 100% of the full price of an adult four-day ski pass, valid only when this pass is requested for the season 2005/2006. Should a shareholder wish to purchase a ski pass for more than four days, the discount received will be 100% of the full price of an adult four-day ski pass. If the shareholder concerned prefers to obtain one of the Premiums Nos. 1 through 4, all that is required is to request this when purchasing their admission tickets.

➡ Holders of a minimum of 150 Compagnie des Alpes shares may claim Premium No. 6, providing the shareholder concerned with a premium of 100% of the full price of an adult six-day ski pass, valid only when this pass is requested for the season 2005/2006. Should a shareholder wish to purchase a ski pass for more than six days, the discount received will be 100% of the full price of an adult six-day ski pass. If the shareholder concerned prefers to obtain one of the Premiums Nos. 1 through 5, all that is required is to request this when purchasing their admission tickets.

➡ Holders of a minimum of 300 Compagnie des Alpes shares may claim Premium No. 7, providing the shareholder concerned with a 50% discount on the full price of an adult season pass, on condition of buying a “season” pass for the season 2005/2006 at the “high season” rate. Should such shareholders prefer receiving Premiums Nos. 1 through 6, they must make this request when they purchase their admission tickets.

➡ Holders of a minimum of 600 Compagnie des Alpes shares may claim Premium 8, providing the shareholder concerned with a premium of 100% of the full price of an adult season pass, on condition of buying a “season” pass for the season 2005/2006 at the “high season” rate. Should such shareholders prefer receiving one of Premiums 1 through 7, they must make this request when they purchase their admission tickets.

● 3. Apart from the requirement of holding the minimum amount of shares indicated above, only one premium will be granted and accumulating premiums is prohibited. However, holders of a minimum of 100 shares may benefit from any one of Premiums 1 through 4 in lieu of Premium 5, holders of a minimum of 150 shares may benefit from any one of Premiums 1 through 5 in lieu of Premium 6, holders of a minimum of 300 shares may benefit from any one of Premiums 1 through 6 in lieu of Premium 7, holders of a minimum of 600 shares may benefit from any one of Premiums 1 through 7 in lieu of Premium 8, in particular should they not wish to buy a season pass.

● 4. No cash premiums are paid, even partially.

● 5. Premiums are limited to the winter season 2005/2006 and to the 2005 season at Parc Asterix or from April 1, 2005, to December 31, 2005, for Musée Grévin or the Grand Aquarium in Saint Malo. The company reserves the right to renew or not to renew these shareholder premiums in future years.

● 6. The ski premium can be used only once during the winter season 2005/2006 and at a single ski area chosen among the following:

- Trois Vallées ;
- Espace Killy ;
- PARADISKI ;
- Le Grand Massif ;
- Chamonix (CHAM’SKI) ;

Passes to Parc Asterix are valid during the 2005 season and passes to Musée Grévin or the Grand Aquarium in Saint Malo from April 1, 2005, to December 31, 2005.

● 7. The premium applies exclusively to passes sold at the lift ticket windows of Compagnie des Alpes Group or at the ticket windows especially dedicated to this purpose at Parc Asterix, Musée Grévin, or the Grand Aquarium in Saint Malo.

- 8. The premiums are based on adult "high season" rates applied to the general public. They cannot be combined with any other discounts or rebates given for any reason.

- 9. The premium applies only to the holder of the shares and in no case to relatives, even ascendants or descendants.
When shares are jointly held by spouses (“Mr. and Mrs.” or “Mr. or Mrs.”), only one premium is given.
In this case, Compagnie des Alpes should be informed of the name of the intended beneficiary no later than March 1, 2005.

- 10. Should the shareholding be divided between an owner and a usufructuary, the premium is accorded to the latter.

- 11. Should there be several usufructuaries, joint owners, or heirs, they should inform Compagnie des Alpes of the name of the beneficiary of the premium no later than March 1, 2005. Failing this, no premium will be granted.

The shareholders present acknowledge that all these terms and conditions have been communicated to shareholders in time to permit them to take advantage of these benefits.

They further acknowledge that the list of shareholders eligible for the benefits stipulated in this resolution as of the date of this meeting has been made available to them.

Ninth resolution

(Implementation of Resolution 8)

The General Meeting, in accordance with the rules determining the quorum and majority that apply at extraordinary general meetings, grant full powers to the Management Board, including the right to delegate them, to implement the preceding resolution.

Tenth resolution

(Delegation of powers for the performance of legal formalities pursuant to extraordinary general meetings)

The General Meeting, in accordance with the rules determining the quorum and majority that apply at extraordinary general meetings, confer all powers on the bearer of a copy or extracts of the minutes of this meeting to accomplish all legal or administrative formalities following decisions made in the above resolutions Nos. 8 to 9.

VI. General Information

1. INFORMATION ABOUT COMPAGNIE DES ALPES

Company name

Compagnie des Alpes

Headquarters

Boulogne-Billancourt (Hauts de Seine), 6 place Abel Gance

Legal form

The company is a limited liability company (S.A.) under French law, with a Management Board and a Supervisory Board, created on January 26, 1989.

Duration

The company's duration is fixed at 99 years starting from the registration date; hence, the company will expire on February 12, 2088.

Purpose of company (Article 2 of the bylaws)

Compagnie des Alpes has the following purposes, in France and internationally:

• the acquisition, holding, management, and divestiture of all forms of investment securities and all forms of participation in all companies, both French and foreign, in whatever form they may be, and particularly those having activities in mountain vacations;

• the participation, direct or indirect, by the company in any of the aforementioned operations, by means of creation of new companies, transfers, subscription to new shares or purchase of existing shares or company rights, mergers, partnerships, or otherwise, including providing financing under any form to such companies, and this whether in France or abroad;

• and, generally, any commercial, financial, industrial, investment, and real estate operation, similar to or related directly or indirectly, in the whole or in part, with the stated purpose of the company.

Register of Commerce

The company is registered at the Registrar of Commerce and Companies of Nanterre under number B 349 577 908.

A.P.E.

741 J (Administration of companies)

Where the legal documents can be consulted

The bylaws, financial statements, reports of the statutory auditors, and minutes of the general meetings can be seen at the headquarters of the company.

Fiscal year

From October 1 to September 30.

Rights attached to shares

All shares are of the same category and benefit from the same rights including the participation in earnings and the division of assets upon liquidation. At the time of general meetings, each share gives the right to one vote. Unclaimed dividends and advances on dividends revert to the government after five years.

Bylaws applying to appropriation of earnings of profit

Five percent of each year's net income, diminished if necessary by losses carried forward, is appropriated to regulatory reserves; this appropriation ceases to be obligatory when the reserves rise to the level of one tenth of the share capital.

After the appropriation of the regulatory reserve, the Shareholders, on the proposition of the Management Board, may appropriate amounts they choose either to retained earnings or to one or more reserve accounts, ordinary or extraordinary.

Income available for distribution is comprised of the net income for the year as reduced by losses carried forward and by the amounts appropriated to reserves in application of the law or the bylaws, and increased by retained earnings.

After approval of the accounts and recognition of the amount available for distribution, the Shareholders' Annual General Meeting may determine the part to be distributed in the form of dividends. The Shareholders may further decide to distribute amounts to be sourced from available reserves, either to supply funds for dividends or to complete a dividend, or for the purpose of making an exceptional distribution. In this case, the decision will indicate the reserve accounts from which the funds will be taken. However, dividends will, in priority, be paid from the earnings available for distribution from the year in review.

The payment method for dividends is fixed by the Shareholders Annual General Meeting, or otherwise by the Management Board.

The Shareholders may grant to each shareholder, for all or a part of the dividend or partial payment of dividend to be paid, a choice between payment in the form of cash or in the form of shares.

General Meetings (Articles 18 to 27 of the bylaws)

Shareholders general meetings are called and held under the conditions set by the law. Each share gives the right to participate and to vote at the general meeting, within the conditions fixed by the law.

Surpassing shareholding limits

Any legal person or individual who comes to hold, alone or in cooperation with others, at least 2.5% of the share capital or voting rights in the company, or a multiple of this percentage, shall inform the company of the number of shares and voting rights held within five days of having crossed this threshold. Notification shall be by registered letter with return of receipt, addressed to company headquarters. The same information shall be provided the French financial markets authority (Autorité des Marchés Financiers – AMF), within the same time limit.

The above-mentioned requirement to give notice also applies each time a reduction in shares or voting rights held crosses one of the 2.5% thresholds.

In case of failure to make the notifications stated above, shares and voting rights exceeding the fraction that should have been declared shall be deprived of voting rights at Shareholders' General Meetings, provided that said failure to declare has been recognized and that one or more other shareholders having at least 2.5% of the share capital include this request in the minutes of the General Meeting.

The above provisions apply without prejudice to the declarations concerning crossing thresholds provided for by law.

2. SHAREHOLDERS' AGREEMENTS

On May 13, 2004, C3D, C3D Investment, Paroma, and Alpark terminated the shareholders' agreement signed on May 2, 2002, which came into effect on November 8, 2002.
On May 13, 2004, a new shareholders' agreement concerning Compagnie des Alpes (CDA) was concluded between C3D, on the one hand, and Compagnie Européenne de Loisirs, IPE Ross Management Limited, and IPE Expansion Fund (hereinafter the IPE Group) on the other. The agreement is for five years, ending on May 12, 2009, and is renewable by tacit agreement for periods of one year thereafter. .

The substance of the agreement is summarized below. A more detailed summary was published by AMF, the French market authority (notice and decision no. 204C0690 dated June 2, 2004).

2.1. Agreement

If one of the parties plans to transfer all or part of its CDA shares to a private equity fund not managed by the IPE Group, or to an industry competitor of CDA, this party shall notify the other party. The latter shall have a period of ten days to inform the party ready to sell that it is opposed to the planned transfer. If the objection is justified, the party ready to sell has the option of either abandoning the transfer or requiring the opposing party to acquire the shares under the same conditions.

2.2. Right of preemption

Should a party plan to sell a block of CDA shares, in the sense of Article 4403/2 A of the harmonized Euronext rules, to a third party other than a competitor, it will notify the other party. If, after the party ready to sell has discussed selling the block of shares to the other party and they have not reached an agreement, the latter shall have a right of preemption, the timing and modalities of which will depend on the size of the block of shares.

2.3. 50% threshold

Should C3D's right of agreement or right of preemption result in its attaining a threshold of 50% of the share capital of CDA, C3D will have an additional 30 calendar days to find a third party that would replace it either entirely or partially. Failing this, IPE Group will be free to proceed with its proposed transfer.

2.4. Case in which refusal of agreement or use of preemptive rights obliges a party to initiate a tender offer for CDA

In a case in which the exercise of its right of agreement or its right of preemption by one party results in this party crossing a threshold requiring it to make a tender offer for shares in CDA, this party will have an additional 30 calendar days, if it wishes, to find a third party to replace it as holder of the number of shares that exceed the threshold.

2.5. Transfers in the course of a tender offer

As an exception to the rules provided in paragraphs 1 and 2 of this summary, if one of the parties plans to offer its CDA shares for sale in response to a takeover bid for CDA shares launched by any third party, it shall first inform the other party, which will have ten working days in which to notify the party ready to sell of its intention to make a competing tender. In this case, the first party shall sell its shares to the other party assuming that the new offer is and remains the most advantageous. Failing this, the first party is free to sell its CDA shares in response to the tender of the third party.

2.6. Unrestricted transfers

Transfers of CDA shares are unrestricted under certain conditions when they are carried out: i) for C3D, for the benefit of a statutory entity that belongs to the C3D Group; ii) for the IPE Group, for the benefit of any investment fund managed by IPE Ross Management or any company in which a fund managed by IPE Ross Management has a stake (but excepting any fund managed by IPE Ross Management which is more than 50%-owned by a group active in ski areas or leisure parks).

2.7. Sale of shareholdings

If the minimum shareholding level of the IPE Group (at least 10 % of the share capital and voting rights in CDA, or a smaller stake in certain circumstances) and the minimum total shareholding level (at least one third of the share capital and voting rights in CDA held by the C3D group and the IPE Group together) continue to be observed and in effect on June 15, 2008, each party will inform the other of its individual intentions for its stake in CDA in 2009.
If the both parties intend to sell their respective shares, the parties will give the corresponding mandate to an investment bank under given minimal conditions. Conversely, if the intentions of both parties are not the same, and if one of the parties notifies the other party of its desire to sell all of its shares in CDA, an investment bank will be given a mandate to find a solution for said shareholding. Modalities are provided for cases in which only one of the parties wishes to sell its shares or accept an offer to buy proposed by the inverstment bank.

2.8. No coordination

Whether under the terms of this agreement or in its implementation, in no case do the parties intend to act in concert relative to CDA.

3. EQUITY CAPITAL OF COMPAGNIE DES ALPES

3.1. Equity capital changes over the past five years

Year	Nature of transaction	Amounts of capital change		Successive capital amounts	Number of shares after transaction
		Nominal	Premium		
April 2000	Capital increase through exchange offer	27,528,000 F	37,959,500 F	416,574,100 F	4 165 741
Nov. 2000	Capital conversion to euros	€687.85		€63 507 000.00	4 165 741
May 2002	Capital increase through exercise of stock options	€176,370.18	€117,530.76	€63,683,370.18	4,177,310
Nov. 2002	Capital increase through new share issue	€29,258,210.33	€65,741,793.67	€92,941,580.51	6,096,502
Dec. 2002	Capital increase through exercise of stock options	€59,974.09	€47,009.27	€93,001,554.60	6,100,436
June 2003	Capital increase through the exercise of stock options	121,991.02	€81,633.66	€93,123,545.62	6,108,438
Sept. 2003	Capital increase through the exercise of stock options	€732,616.93	€407,041.81	€93,856,162.55	6,156,494
Sept. 2004	Capital increase through the exercise of stock options	€1,333,653.70	€1,709,563.00	€95,189,816.25	6,243,975

Two thousand shares were created after 9/30/2004 due to the exercise of stock options.

3.2. Changes in the share capital structure and voting rights

Capital and voting rights distribution (bearer-share lists and registered shareholders)

	5/31/2002		12/31/2002		9/30/2003		9/30/2004	
	Shares	%	Shares	%	Shares	%	Shares	%
Caisse des Dépôts-Développement (C3D)	1,406,187	33.7%	2,464,235	40.4%	2,463,948	40.0%	1,684,504	27.0%
C3D Investment	778,093	18.6%	778,093	12.8%	778,093	12.6%	778,093	12.5%
CDC - DFE	124,795	3.0%	124,795	2.0%	124,795	2.0%	124,795	2.0%
Cie Européenne de Loisirs	–	–	–				820,080	13.1%
Crédit Agricole des Savoie	79,608	1.9%	83,589	1.4%	83,589	1.4%	452,295	7.2%
Groupe des Caisses d'Epargne	99,781	2.4%	104,770	1.7%	104,770	1.7%	371,703	6.0%
Banque Populaire des Alpes	81,635	2.0%	85,716	1.4%	85,716	1.4%	224,521	3.6%
Other companies	495,999	11.9%	1,285,991	21.1%	988,245	16.1%	141,317	2.3%
OPCVM	389,262	9.3%	406,953	6.7%	510,900	8.3%	457,697	7.3%
Financial intermediaries abroad	194,833	4.7%	250,106	4.1%	402,932	6.5%	548,328	8.8%
Public and miscellaneous	527,117	12.6%	516,188	10.5%	613,506	10.0%	640,642	10.3%
Total	4,177,310	100%	6,100,436	100%	6,156,494	100%	6,243,975	100%

There has been no significant change in the division of the share capital since 9/30/04.

3.3. Portion of the company's share capital affected by collateralization or other restrictions

To the best of the Company's knowledge, 27,032 shares, i.e. 0.43% of the share capital, are pledged as collateral against loans or are the subject of other restrictions as at September 30, 2004.

3.4. Increasing the number of shareholders who are physical persons

A measure intended to grant a special price advantage in the 2004/2005 season to shareholders who are natural persons was approved by the Extraordinary General Meeting of shareholders held on March 10, 2004. 738 shareholders met the shareholding criteria that were agreed upon.
The next Meeting will be asked to approve the extension of this measure, in circumstances which take account of changes in the Group's business activities.

3.5. Employee shareholders

Since 1995, CDA has had in place a Group Savings Scheme whose chief objective is to enable all CDA Group employees, i.e. more than 3,500 people (the maximum number of staff at the peak time of the year), to have a share in growth in earnings through increases in the value of CDA shares. Through the Group Savings Scheme, employees are able to invest in a "CDA Shareholders" Common Investment Fund which invests exclusively in CDA securities. As at September 30, 2004, the "CDA Shareholders" Common Investment Fund held 2.96% of CDA's share capital.

3.6. Share redemption

The Ordinary General Meeting held on March 10, 2004, authorized the Management Board to have the company buy back its own shares in the context of a repurchase program that has received AMF approval (visa 04-115 dated February 20, 2004).

This authorization, valid for a period of 18 months, or until March 10, 2004, was implemented through a liquidity contract in conformity with the AFEI (French Association of Investment Firms) Code of Ethics.

A summary of the use of this authorization through September 30, 2004, follows:

• percentage of capital held directly or indirectly	insignificant
• number of shares cancelled during the last 24 months	none
• number of reacquired shares held	1,164
• valeur comptable du portefeuille	€71,000
• market value of reacquired shares on September 30, 2004	€71,000

	Cumulative gross share transactions on September 30, 2004		
	Purchases	**Sales**	**Transfers**
Number of shares	1,211	47	none
Weighted average transaction price	€61.59	€62.82	none
Average transaction price	€62.17	€62.71	none
Amounts	€74,000	€3,000	none

3.7. Authorizations to increase the share capital

The Extraordinary General Meeting held on March 10, 2004, approved the following authorizations, subject to an overall limit of a maximum nominal amount of €20 m (exclusive of premiums) for share capital increases and €150 m for securities that were representative of claims giving access to the share capital:
• authorization given to the Management Board for a 26-month period, i.e. until August 10, 2006, to issue, with rights of preemption, in one or several issues, company shares together with any securities giving access to company shares (either immediately or long-term), to a maximum value of €20 m (exclusive of premiums) for share capital increases and €150 m for securities which were representative of claims giving access to the share capital.
• authorization given to the Management Board for a 26-month period, i.e. until August 10, 2006, to issue, without rights of preemption, in one or several issues, company shares together with any securities giving access to company shares (either immediately or long-term), to a maximum value of €20 m (exclusive of premiums) for share capital increases and €150 m for securities that were representative of claims giving access to the share capital.

These authorizations were not implemented during FY 2002/2003.

4. COMPAGNIE DES ALPES'S SECURITIES MARKET

The Compagnie des Alpes share is listed on the Second Marché of Euronext Paris SA. It is a component of the following indices: CAC Mid 100, CAC Mid and Small 190, and SBF 250.

Share price and volume traded over 18 months

Date	High (€)	Date of hight	Low (€)	Date of low	Ave-range (closing) (€)	Number of shares traded	Vale of shares traded (millions	Number of trading days
June 2003	50	30 June	46.9	18 June	47.79	44,337	2.12	21
July 2003	56.5	29 July	49.5	01 July	51.78	277,381	13.89	23
Aug. 2003	55.9	01 Aug.	52.65	28 Aug.	54.1	52,959	2.87	21
Sept. 2003	57.5	26 Sept.	52.35	1 Sept.	55.18	42,268	2.34	22
Oct. 2003	57.95	17 Oct.	56	1 Oct.	56.94	36,760	2.09	23
Nov. 2003	63.15	24 Nov.	56.3	4 Nov.	59.73	66,785	3.95	20
Dec. 2003	64.95	15 Dec.	60.4	30 Dec.	62.51	31,537	1.98	21
Jan. 2004	68.5	16 Jan.	61.5	2 Jan.	65.5	74,294	4.9	21
Feb. 2004	70.9	18 Feb.	64	5 Feb.	67.38	73,293	4.96	20
March 2004	69.5	2 March	63.15	31 March	66.57	229,746	15.44	23
April 2004	65.2	29 April	62.55	1 April	64.06	27,840	1.77	20
May 2004	66.85	17 May	64.2	19 May	65.39	22,704	1.48	21
June 2004	64.8	1 June	61.2	15 June	62.73	16,109	1.01	22
July 2004	63	29 July	57.85	15 July	60.1	46,461	2.81	22
Aug. 2004	62.55	02 Aug.	58	17 Aug.	60.27	17,930	1.08	22
Sept. 2004	58.8	1 Sept.	56.55	21 Sept.	58.11	34,674	2.02	22
Oct. 2004	60.9	27 Oct.	56.6	4 Oct.	59.22	35,241	2.07	21
Nov. 2004	65.5	30 Nov.	59.8	4 Nov.	63.01	25,823	1.62	22

Source: Euronext.

Custodian

EURO EMETTEURS FINANCE
48, boulevard des Batignolles - 75850 Paris cedex 17

Establishment performing market-making activities through a program of share buy-backs

IXIS – MIDCAPS
47, rue d'Austerlitz - 75013 Paris

5. DIVIDENDS

Over the last five years, Compagnie des Alpes has distributed the following dividends (in euros):

Fiscal year	Date of payment	Dividend	Tax credit	Aggregate income
1999/2000	12/15/2000	€1.30	€0,65 (9)	€1,95 (9)
2000/2001	12/14/2001	€1.50	€0,75 (9)	€2,25 (9)
2001/2002	12/13/2002	€1.60	€0,80 (9)	€2,40 (9)
2002 (7)	–	–	–	–
2002/2003 (8)	3/15/2004	€1.70	€0,85 (9)	€2,55 (9)

(7) Fiscal year from 6/1/2002 to 9/30/2002.
(8) An advance payment of €0.80 per share was paid out on 10/20/2003 (€1.20 if a €0.40 avoir fiscal – tax credit – was applied) and the €0.90 balance was paid out on 9/30/2004.
(9) If a 50% avoir fiscal applies.

It is proposed that a net dividend of €1.70 per share be paid out on 2003/2004 earnings.

At 12/31/2004, the number of shares with the right to a dividend stood at 6,244,175.

In order to enable shareholders to benefit from an avoir fiscal (tax credit) one last time, an advance payment of €0.80 (€1.20 if a 50% avoir fiscal was applied) on the dividend for 2003/2004 was paid out on 12/15/2004. The balance of the net dividend to be paid out per share will be €0.90 (excluding the avoir fiscal).

The dividend is paid through Euro Emetteurs Finance. Any dividend not claimed within 20 years of its payment date loses its value as stipulated by law.

6. INFORMATION POLICY

Compagnie des Alpes's financial communications policy is to provide the most transparent information possible. Institutional and individual shareholders, clients, and suppliers must all be able to find answers to meet their needs and to make their own opinions on the quality of the CDA share.

Disclosure documents

Compagnie des Alpes makes regulatory disclosure documents public in both French and English. These documents are available on request and are posted on the CDA website:
• The reference document (document de référence) filed with the AMF (Autorité des Marchés Financiers, France's financial markets regulator).
• The Group "ID" card, which gives a succinct illustrated presentation of the company.
• Compagnie des Alpes shareholders' newsletter, sent out three times per year to all registered shareholders as well as to any others who request it.
• All financial information published in the press.
• All financial operations registered with the AMF.
• The guide to price reductions given to individual CDA shareholders. On the condition that individuals have continuously held at least 50 shares from November 1, 2004, through January 31, 2005, and on the condition that these shareholders be identified through the procedure for registered shares, such shareholders may receive reductions on ski lifts or entrance tickets to some of the Group's theme parks. The lists of advantages as well as the nominative list of beneficiaries is subject to annual approval by the shareholders according to the procedure of specific advantages. The guide providing full details of this program may be downloaded from the website or may be obtained upon request at the company's headquarters.

Website: www.compagniedesalpes.com

The bilingual Compagnie des Alpes website is kept up-to-date with useful shareholder information. Official documents and all press releases can be downloaded. This website won awards in 2001 and 2003 from Boursoscan, a panel composed of several thousand web users.

Public meetings

Senior management at Compagnie des Alpes regularly hold meetings to present the Group in Paris and the provinces. The calendar for these meetings is published in advance in the local press and on the CDA website. Compagnie des Alpes also participates in the Actionaria fair held each year in Paris in mid-November. At the fair, shareholders can meet and discuss with CDA Group representatives.

Shareholders' 2005 calendar

February 24, 2005: Annual Shareholders' Meeting in Boulogne Billancourt.
May 11, 2005: Q2 Interim Report 2004-2005
June 30, 2005: H1 Interim Report 2004-2005
August 5, 2005: Q3 Interim Report 2004-2005
September 30, 2005: Closing of FY 2004-2005
November 9, 2005: Sales Figures for FY 2004-2005
December 15, 2005: FY 2004-2005 Results

Person in charge of financial information and communications

Mr. Eric Guilpart, CDA Director of Marketing and Communication
Tel: +33 (0)1 46 94 46 03; Fax: +33 (0)1 46 94 46 99; e-mail: eric.guilpart@compagniedesalpes.fr

Shareholder relations

Ms. Muriel Giffaut
Tel: +33 (0)1 46 94 44 49; Fax: 01 46 94 46 99; e-mail: muriel.giffaut@compagniedesalpes.fr

VII. Persons responsible for this document and auditing the financial statements

1. NAME AND FUNCTION OF THE PERSON RESPONSIBLE FOR THIS DOCUMENT

Jean-Pierre Sonois, Chairman of the Management Board, 6 place Abel Gance – 92652 BOULOGNE BILLANCOURT Cedex, appointed on February 25, 2000, whose term ends on conclusion of the Annual General Meeting held to approve the financial statements for the year 2005/2006.

2. STATEMENT OF THE PERSON RESONSIBLE FOR THIS DOCUMENT

To my knowledge, the data presented in this document is consistent with the actual situation of the company. It includes all information necessary for investors to form an opinion on the assets, activity, financial situation, profitability, and prospects of Compagnie des Alpes. There is no omission such as to bear prejudice to such an opinion.

Boulogne-Billancourt, February 14, 2005

Jean-Pierre SONOIS
Chairman of the Management Board

3. OPINION OF THE STATUTORY AUDITORS CONCERNING THE REFERENCE DOCUMENT

As statutory auditors of Compagnie des Alpes, and in application of Articles 211-1 to 211-42 of the general rules of the AMF (French Financial Markets Authority), we have examined, in conformity with the standards of the profession as practiced in France, the information bearing upon the financial situation and the historical data presented in the reference document.

The reference document was established under the responsibility of Jean-Pierre Sonois, Chairman of the Management Board. It is our responsibility to issue an opinion concerning the truthfulness of the financial and accounting information that it contains.

Our examination, in conformity with the standards of the profession as practiced in France, consisted of an assessment of the truthfulness of the information bearing upon the financial situation and a verification of its agreement with the financial statements. It also included a perusal of the other information contained within the reference document for the purposes of identifying any significant incoherence with information bearing upon the financial situation or statements, and for the purposes of discovering any information that is manifestly incorrect as based upon our general knowledge of the company acquired within the context of our mission. This document does not contain any isolated forecast data resulting from a structured analysis.

In accordance with professional standards applicable in France, we have audited the parent company and consolidated accounts for the fiscal years ended September 30, 2004 (12 months), September 30, 2003 (12 months), and September 30, 2002 (four months), which were approved by the Management Board. We certified them without reservation or observation.

On the basis of our examination, we have no observation to make concerning the truthfulness of the information bearing upon the financial situation or statements presented in the reference document.

Paris, February 23, 2005.

PRICEWATERHOUSECOOPERS AUDIT	MAZARS & GUÉRARD
Francis Le Ber	Denis Grison

This reference document also includes:
• The Statutory Auditors' general report and report on the consolidated financial statements (on page 75 in chapter III and page 39 in chapter II, respectively), which include justifications for the Statutory Auditors' evaluation, in application of Article L. 225-235 of the Code of Commerce;
• The report of the Statutory Auditors (page 119 in chapter IV), in application of the last paragraph of Article L. 225-235 of the Code of Commerce, concerning the report of the Chairman of the Supervisory Board of Compagnie des Alpes on the subject of internal audit procedures applying to the treatment of financial and accounting information.

4. STATUTORY AUDITORS

Names, addresses, and details of the Statutory Auditors

PricewaterhouseCoopers Audit SA 32, rue Guersant 75017 Paris	Statutory auditor, represented by M. Francis LE BER. Appointed March 14, 2003, as alternate auditor. Replaced Coopers & Lybrand on June 30, 2003. Term of appointment ends upon close of the Ordinary General Meeting that will consider the financial statements for 2004/2005
M. Yves NICOLAS 32, rue Guersant 75017 Paris	Substitute auditor Appointed March 10, 2004, to replace PricewaterhouseCoopers Audit SA. Term of appointment ends upon close of the Ordinary General Meeting that will consider the financial statements for 2004/2005.
Cabinet MAZARS & GUERARD 125, rue de Montreuil 75011 Paris	Statutory Auditor, represented by M. Denis GRISON. Appointed March 10, 2004. Term of appointment ends upon close of the Ordinary General Meeting that will consider the financial statements for 2008/2009.
M. Guillaume POTEL 125, rue de Montreuil 75011 Paris	Alternate Auditor Appointed November 18, 1998. Term of appointment ends upon close of the Ordinary General Meeting that will consider the financial statements for 2008/2009.

AMF

The French version of this reference document has been deposited at the *Autorité des Marchés Financiers* on 2005, february the 14th in conformity with rule no. 211-1 to 211-42 of the *Autorité des Marchés Financiers*'s general regulation. It may be used as a supporting document for a financial operation if it is completed by a prospectus approved by the *Autorité des Marchés Financiers.*

VIII. Reference table

Compagnie des Alpes
Le loisir en bonne compagnie

6, place Abel Gance - 92100 Boulogne-Billancourt - France
Tel.: 01 46 94 46 00 - Fax: 01 46 94 46 99

www.compagniedesalpes.com

communication@compagniedesalpes.fr