ANNUAL REPORT 2003/04

STOCK EXCHANGE ANNOUNCEMENT NO. 20/2004 · 28. SEPTEMBER 2004

IC COMPANYS

SUMMARY

The Board of Directors of IC Companys A/S today considered and adopted the audited Annual Report for the year ended 30 June 2004.

- With revenue of DKK 2,612 million and a pre-tax loss of DKK 294 million, performance was in line with our forecasts.
- The loss was partially attributable to the combined effect of changes in accounting estimates and one-off items totalling DKK 226 million. Net of these items, the loss would have been DKK 68 million.
- The cash flow for the year was an inflow of DKK 75 million, and net interest-bearing debt was consequently reduced from DKK 572 million at 30 June 2003 to DKK 497 million at 30 June 2004.
- Five of the Group's six key brands from the merger (the sixth brand is Peak Performance) have stabilised their position in the market following recent years' insufficient focus and consequent fall in revenue. This is reflected in the order intake for the autumn/winter of 2004 and the spring of 2005, and we expect that these important brands will show renewed growth.
- Peak Performance generated very satisfactory revenue growth from DKK 357 million to DKK 471 million, as Switzerland, Italy and Austria have become important markets together with our core markets in the Nordic region.
- Tiger, which was acquired in the 2002/03 financial year, saw growth from six-months revenue of DKK 91 million in 2002/03 to full-year revenue of DKK 223 million in 2003/04. On a full-year basis, the growth rate was 15%. The factory in Hungary was closed down in June 2004 and production transferred to Romania.
- The Wholesale Division posted a segment profit, but events of a one-off nature described later in this report reduced the segment profit substantially compared with last year's level.
- The Retail Division's management was replaced in the last few months of the financial year; the Division will continue to reduce the number of unprofitable stores in the 2004/05 financial year by closing down stores or converting them into franchises. The Division again posted considerable losses, which are, however, expected to be significantly lower in 2004/05.
- Growing revenue in the Outlet Division combined with new intercompany prices resulted in a significant improvement in the segment's performance, although a loss was posted again this year. Further improvement is expected in 2004/05.
- The areas of focus in 2004/05 will be prioritisation of sustainable brands, markets and retail concepts, a simplification of the organisation and business procedures, development of saleable collections with a clear profile and the development and addition of professional and management competencies.
- Revenue for 2004/05 is forecast to be in the region of DKK 2,800 million, with a break-even pre-tax profit. A moderate cash inflow is forecast after capital investments of about DKK 60 million, primarily in refurbishment of stores and expansion of the franchise network.

The annual general meeting will be held on Wednesday, 27 October 2004 at 3.00 p.m. at "Den Sorte Diamant", Søren Kirkegaards Plads 1, DK-1221 Copenhagen K.

As in 2002/03, the Annual Report for 2003/04 in the form of this announcement replaces the printed version of the financial statements.

The Annual Report can be downloaded from www.iccompanys.com.

ADDITIONAL INFORMATION

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Chief Financial Officer
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CONTENTS

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK '000	2003/04 12 months	2002/03 12 months	2001/02 12 months	Proforma 2000/01 12 months*	Proforma 1999/00 12 months*
Income statement					
Revenue	2,612,204	2,685,251	2,890,840	3,154,729	3,263,727
Gross profit	1,291,446	1,436,826	1,450,919	1,700,930	1,678,708
0perating profit/(loss) before depreciation, amortisation & special items	(20,835)	222,900	248,093	274,276	143,698
Operating profit/(loss) before special items	(183,953)	108,573	112,315	101,207	(23,982)
Operating profi	(274,953)	44,273	112,315	101,207	(123,471)
Net financial items	(18,560)	(25,753)	(49,932)	(44,611)	(58,545)
Profit/(loss) before tax and merger costs	(293,513)	18,520	62,383	56,596	(182,016)
Profit/(loss) before tax	(293,513)	18,520	62,383	(193,508)	(182,016)
Profit/(loss) for the year	(308,753)	959	42,902	(149,492)	(165,819)
Balance sheet					
Fixed assets	552,974	666,166	633,883	528,587	740,523
Current assets	848,973	1,141,572	1,122,070	1,270,750	1,200,718
Total assets	1,401,948	1,807,738	1,755,953	1,799,337	1,941,242
Equity	290,242	599,651	582,951	546,464	695,656
Debt and provisions	1,111,705	1,208,087	1,173,002	1,252,873	1,245,586
Cash flow from operating activities	129,831	183,506	205,518	114,612	71,376
Cash flow from investing activities	(77,038)	(161,549)	(73,483)	(70,776)	(254,646)
Cash flow from financing activities	22,398	(31,419)	(64,146)	(14,946)	17,801
Cash flow for the year	75,191	(9,462)	67,889	28,890	(165,469)
Key ratios					
Gross margin (%)	49.4	53.5	50.2	53.9	51.4
EBITDA margin (%)	neg	8.3	8.6	8.7	4.4
EBIT margin (%)	neg	4.0	3.9	3.2	neg
Return on equity (%)	neg	0.2	7.6	neg	neg
Equity ratio (%)	20.7	33.2	33.2	30.4	35.8
Capital employed	1,039,451	1,170,329	1,142,223	1,255,831	1,350,262
Return on capital employed (%)	neg	9.3	9.8	8.1	neg
Net interest-bearing debt	496,579	571,559	542,963	611,213	646,876
Gearing (%)	171.1	95.3	93.1	111.8	93.0
Share data					
Average number of shares	18,351,650	18,277,677	17,607,683	17,340,877	17,310,603
Market price per share at year-end	42.5	45.0	35.0	59.9	75.1
Earnings per share (EPS)	(16.8)	0.1	2.4	(8.6)	(9.6)
Cash flow per share (CFPS)	7.1	10.0	11.7	6.6	4.1
Net asset value per share	15.8	32.8	33.1	31.5	40.2
Price/earnings	neg	857.3	14.4	neg	neg
Employees					
Number of employees (full-time equivalents at year-end)	2,026	2,344	2,096	2,503	2,652

Note: * Not adjusted to the new Danish financial statements Act

The key ratios and share data have been calculated according to the recommendations in "Recommendations and Ratios 1997" issued by the Danish Society of Investment Professionals. See definitions of ratios on page 53 of this Annual Report.

MANAGEMENT'S REVIEW

OPERATING REVIEW

Revenue was DKK 2,612 million, which was DKK 73 million, or 3% lower than in 2002/03. The consolidation of Tiger over 12 months as opposed to six months in 2002/03 increased revenue by DKK 112 million, whilst store closures and exchange differences reduced revenue by DKK 75 million and DKK 36 million respectively.

A breakdown of revenue by brand is shown in the table below. The key brands comprise five of the Group's brands at the merger of InWear and Carli Gry. The sixth key brand is Peak Performance, which is stated separately because it targets a different market segment.

Sales performance by brand - 2003/04

DKKm	2003/04	2002/03*	Change
Jackpot	504	660	-24%
InWear	392	487	-20%
Matinique	232	278	-17%
Part Two	222	284	-22%
Cottonfield	198	238	-17%
Total key brands	**1,548**	**1,947**	**-20%**
Peak Performance	471	357	32%
Brands at merger	**2,019**	**2,304**	**-12%**
Saint Tropez	130	155	-16%
Tiger	223	91	145%
Other own brands	153	92	66%
Other (external brands)	87	43	107%
Total brands bought and developed in-house	**593**	**381**	**56%**
Net sales	**2,612**	**2,685**	**-3%**

*The Tiger acquisition is included in the 2002/03 figures for the period 1 January - 30 June

The sizeable investment in acquisitions and the in-house development of many new brands in recent years has hampered the development of the key brands. Consequently, all the key brands except for Peak Performance have suffered major losses of revenue.

The 20% full-year fall in revenues from the key brands is composed of a considerably larger drop in the early part of the year and a smaller decline in the last quarter of the year. The 2004/05 order intake to date gives reason to expect that 2004/05 year will show a small improvement over performance in 2003/04. The negative trend seen in recent years seems to have been reversed and, going forward, we expect the key brands to show satisfactory growth.

Gross profit was DKK 1,291 million, equivalent to a gross margin of 49.4% (2002/03: DKK 1,437 million, or 53.5%). The gross margin was reduced by approximately seven percentage points due to the Group's changed accounting estimates for the valuation of surplus stocks, price reductions before October 2003 and a shift towards relatively higher wholesale revenues and relatively lower retail revenues. Lower hedged buying prices in USD-based currencies increased gross profit by about three percentage points. This brought the net effect to a gross margin decline of approximately four percentage points.

Capacity costs amounted to DKK 1,475 million compared with DKK 1,328 million last year. Of this amount, the change in the amortisation period for goodwill accounts for DKK 38 million and the effect of goodwill impairment relating to Saint Tropez amounts to DKK 20 million. This brings capacity costs excluding amortisation and impairment of goodwill to DKK 1,404 million (2002/03: DKK 1,317 million). This substantial increase was primarily due to Tiger being consolidated over 12 months rather than the six months in 2003/04 (DKK 47 million), a rise in the bad debt provision (DKK 20 million) and severance payments (DKK 21 million).

A pre-tax loss of DKK 294 million was recorded, which is the level that was forecast in the interim financial statements for the nine months to 31 March 2004.

Consequences of accounting estimate changes and one-off items
The changes decided during the year with respect to the Group's business would have brought the loss to DKK 208 million, had the accounting estimates applied in 2002/03 been used. This amount includes a DKK 45 million inventory writedown made necessary, also under the previous accounting estimates, when it was decided to abandon the plans of opening additional outlets. Moreover, the loss includes DKK 75 million for the closure of stores with large losses as well as DKK 20 million for impairment of goodwill.

Further to the above mentioned loss of DKK 208 million there were additional amortisation and impairment charges totalling DKK 50 million following the change in accounting estimates for goodwill and inventories and DKK 36 million following the change in accounting estimates and the need to make provisions for bad debts and the costs of vacant leases. This brought the total loss to DKK 294 million before tax.

Although one-off costs must be expected in companies in general and in our Group in particular in view of its major requirements for changes, it might be interesting to see what the profit/(loss) would have been had the above mentioned changes in accounting estimates not been implemented (see below).

A pre-tax loss of DKK 68 million would have been recorded without the above-mentioned adjustments, which totalled DKK 226 million.

DKKm	
Pre-tax profit/(loss) 2003/04	**(294)**
Amortisation of goodwill - accounting estimate change	38
Inventory writedowns - accounting estimate change	12
Provision for bad debts - accounting estimate change	20
Provision for costs of vacant leases - accounting estimate change	16
Pro forma profit/(loss) before tax and accounting estimate changes	**(208)**
Impairment of goodwill	20
Restructuring of Retail	75
Inventory writedown - decision not to open new outlets	45
Pro forma profit/(loss) before tax, accounting estimate changes and one-off items	**(68)**

The financial review contains a more detailed description of the reasons behind the changes.

CAPITAL AND CASH AND CASH LIQUIDITY

The Group's assets excluding cash and cash equivalents declined from DKK 1,593 million to DKK 1,292 million, whilst equity declined from DKK 600 million to DKK 290 million. This was in line with our forecasts.

The Group's capital and liquidity position is well ordered, but the moderate equity ratio reflects the need for continuing precise management of the business and for care in the management and application of the Group's funds. In the evaluation of the overall position it should be noted, however, that a number of the Group's activities involve significant values over the carrying amounts.

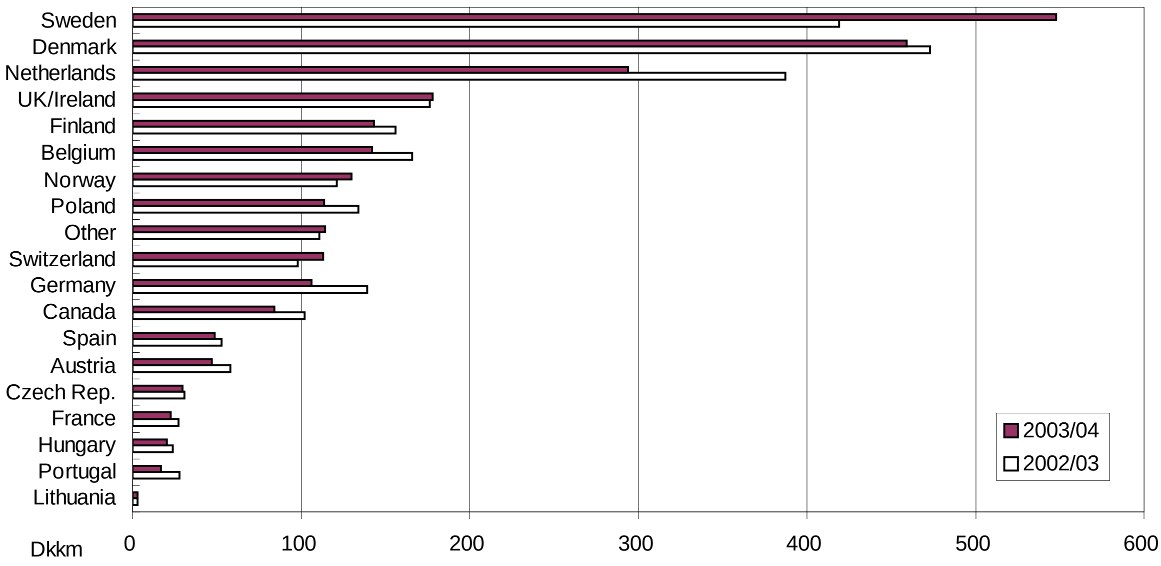
Interest-bearing debt less cash and cash equivalents was reduced from DKK 572 million to DKK 497 million as a result of the cash inflow for the year, whilst the ratio of equity to total assets less cash and cash equivalents fell from 38% to 22%.

SALES AND MARKET PERFORMANCE

Wholesale sales take place through the Group's own sales subsidiaries in 16 countries plus exports to 27 other countries. In addition, the Group operates its own stores in 17 countries. Sales outside Denmark make up 82% of total sales.

Wholesale revenues were down 2% to DKK 1,607 million (2002/03: DKK 1,635 million), whilst retail revenue including outlets was down 4% to DKK 1,005 million (2002/03: DKK 1,050 million). Sales were down in all countries except Sweden, the UK, Ireland, Norway, Switzerland and the group "Other".

Revenue by country



The Dutch market has traditionally been the Group's main market, but this market has fallen significantly in recent years. In July 2004, the subsidiary's management was replaced and the sales force reorganised.

Wholesale revenue

Wholesale revenue was down in all countries except Sweden, Norway and Ireland, which enjoyed an upward trend, and the UK and Austria, whose sales remained at the same level. OTB[1]-sales rose by approximately 20%, while other revenue fell by approximately 6%.

The segment profit from the Wholesale Division was DKK 166 million (2002/03: DKK 377 million). To a great extent, the decline was caused by the above mentioned price reductions and the one-off effect of the change in inventory valuation estimates and the increased bad debts provision. The combined effect of these factors is estimated to be DKK 135 million.

The drop in revenues emphasises the need to enhance the efficiency of the Wholesale Division and the strength of our key brands.

[1] Open-to-Buy = Products with short delivery times available for in-season purchase

The number of franchisees is growing. Some of this increase is due to the conversion of our own retail stores into franchises.

The total number of retailers is about 9,000 (2002/03: roughly 8,600).

Own concept stores
Retail revenue was down 7% to DKK 868 million (2002/03: DKK 933 million). Revenue increased only in Switzerland, whilst it remained unchanged in Denmark, Sweden, Norway, the UK, France, Spain and Lithuania.

A segment loss of DKK 71 million was recorded (2002/03: a loss of DKK 51 million). Had the estimates for inventory valuation and the outlet strategy remained unchanged, the segment loss would have been DKK 50 million. This performance is still highly unsatisfactory. Our new retail director joined the Group very late in the year and thus did not have an opportunity to make any appreciable impact on performance.

The new retail strategy is expected to result in a significant strengthening of store operations, but Management expects that performance will remain unsatisfactory in 2004/05. A significant number of the most unprofitable stores will be closed. Some 20 stores had been closed as of 30 June 2004, and a further 40 are scheduled for closure. Moreover, some 25 stores are under conversion into franchise stores.

By the end of the 2005/06 financial year, the number of stores owned by IC Companys will have been reduced to about 120 from about 200 at 1 July 2003. The buying and inventory management systems are being overhauled and made more efficient, and the managers of the individual stores will have increased influence on buying and other areas and will thus be able to assume responsibility for their results.

In the 2003/04 Annual Report, DKK 75 million is recognised as restructuring charges, i.e. for the closure of 35 stores. DKK 35 million of the charge was used to write down fixed assets and DKK 40 million represents a provision in respect of leases involving losses.

Own outlet stores
The Outlet Division generated revenue of DKK 137 million (2002/03: DKK 117 million) and a segment loss of DKK 7 million (2002/03: DKK 32 million).

Earnings are expected to improve significantly in 2004/05, partly as a result of the full-year effect of the Group‘s new intercompany pricing of products transferred from the wholesale level and concept stores to the outlets and improvements in product flow management.

ORGANISATIONAL STRUCTURE

The head office departments comprise product/design/marketing, production, logistics, finance/treasury, HR, etc., all of which handle jobs for the Group’s sales channels and for each other.

As regards production, the Group’s Asian resources are located in Hong Kong and Shanghai, with the latter gaining in importance. The European production resources have been moved from Portugal to Romania with a view to sourcing in the Balkan region and Turkey.

Converted into full-time equivalents, the Group had 2,026 employees at 30 June 2004, compared with 2,344 a year earlier.

SHARE-BASED INCENTIVE PLANS

The Group has both a stock option plan and a warrant plan for executive employees. The existing stock option plan comprised 59,775 options at 30 June 2004 which entitle holders to subscribe one share per option. A total of 471,650 warrants were outstanding at 30 June 2004. For further details on the plans, please see note 2 to the financial statements.

The value of the existing option and warrant plans calculated using the Black-Scholes formula was DKK 4 million at 30 June 2004.

PROFIT ALLOCATION

The Board of Directors proposes that no dividend be paid in respect of the financial year ended 30 June 2004, and that the loss for the year be allocated to retained earnings.

EVENTS AFTER THE BALANCE SHEET DATE

Apart from the events described in this Annual Report, the Management is not aware of any events subsequent to 30 June 2004 which are expected to have a material impact on the Group's financial position or outlook.

STRATEGIC INITIATIVES

Focus

Our aim is for the Group's product base to be brands of considerable size with distinctive international potential. Thus the necessary investments are being made in the design and marketing of our key brands InWear, Jackpot, Matinique, Cottonfield and Part Two. We intend for Peak Performance and Tiger to retain their rate of expansion.

The collections must have a clear focus and design profile, and we will be simplifying them in order to reduce production costs and strengthen sales efficiency and delivery precision.

Our key brands will primarily be concentrated in the Nordic market and the Benelux, where they enjoy substantial brand awareness, and their individual profiles will be sharpened. Peak Performance has a larger geographical primary area; Tiger's main market is the Nordic countries.

Organisation and responsibility

We wish to ensure strong professional competencies among management and employees in the Group's core business areas. Management competencies will ensure both efficiency and a strong utilisation of resources all the way from the planning stage through implementation.

Retail

Our goal is for the retail area – including outlets – to eliminate their substantial losses and build up a sound business. Each store manager must have more influence on purchasing and store operations. Stores owned by IC Companys will be operated in fewer countries, and the number of store concepts will be reduced. Storefronts and in-store design and layout will reflect brand concepts.

We intend to expand our franchise operation through the conversion of stores owned by IC Companys and third parties.

Efficiency improvements

The structure of the Group will be made simpler in order to enhance performance, impact, dynamics and transparency. Work routines and codes of practice will be simplified quickly and efficiently. A number of the Group's brands will be hived off in terms of organisation and management.

The sales organisation for the wholesale operation will be strengthened. Sales will be increased through a direct impact on customers' through-sales and earnings.

In production, an efficient general overview of total product sourcing will be maintained in order to ensure that the Group's own production companies maintain a good grip on supplier agreements, quality, delivery times and prices.

We intend to improve our business acumen and cost consciousness. A targeted simplification of the organisational structure, better-planned processes, better management tools, quicker reporting, etc. will enable both line departments and back-office functions to improve the relationship between performance and costs.

OUTLOOK FOR THE FINANCIAL YEAR ENDING 30 JUNE 2005

Revenue for 2004/05 is forecast to be in the region of DKK 2,800 million, with a break-even pre-tax profit. A moderate cash inflow is forecast after capital investments of about DKK 60 million, primarily in refurbishment of stores and expansion of the franchise network.

Based on the forecast break-even profit before tax for 2004/05, Management expects equity to remain largely unchanged at 30 June 2005, and that the consolidation of the operations will be continued in order to ensure that operating profits will be generated in the subsequent years.

However, it should be noted that, in view of the ongoing comprehensive restructuring of the Group's business, it must be expected that there may be both positive and negative deviations to the forecasts. It is still Management's goal for IC Companys to achieve satisfactory financial performance within the next three years.

SHAREHOLDER INFORMATION

ADDRESS

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Raffinaderivej 10
2300 Copenhagen S
Denmark

Company reg. no. (CVR) 62816414

Tel +45 3266 7788
Fax +45 3266 7703

ANNUAL GENERAL MEETING

The annual general meeting will be held on Wednesday, 27 October 2004 at 3.00 p.m. at "Den Sorte Diamant", Søren Kirkegaards Plads 1, DK-1221 Copenhagen K.

As required by the Company's articles of association, the agenda of the annual general meeting will be:

1. Report by the Board of Directors on the activities of the company.
2. Presentation of the annual report with the auditors' report and approval of the annual report
3. Resolution as to the application of the profit, including the declaration of dividends, or for the treatment of the loss according to the approved annual report.
4. Election of members to the Board of Directors.
5. Appointment of auditors.
6. Authority to the Board of Directors to acquire for the company up to 10% of the company's shares during the period until the next annual general meeting at market price +/- 10%
7. Resolution proposed by a shareholder:

   It is proposed that the following text be included in the Code of Conduct of IC Companys A/S:

   "IC Companys does not use any kind of real fur for any of our brands. We use only fur from animals grown for food production and not fur from animals primarily grown for their fur, including rabbit fur."
8. Any other business.

SHAREHOLDERS STRUCTURE

At 30 June 2004, the share capital amounted to DKK 183,516,500. The share capital consists of 18,351,650 shares of DKK 10, which are listed on the Copenhagen Stock Exchange.

Corporate governance
The Board of Directors is committed to promoting the long-term interests of the Group, and thus of all shareholders.

The Board of Directors intends to revise the guidelines for the Group's management in the course of the 2004/05 financial year, and consider the Group's relationship with its stakeholders and the community and with respect to the Board of Directors' and Executive Board's work and relationship with each other.

Shareholders

At 30 June 2004, the Company had some 9,081 registered shareholders, who hold approximately 95% of the share capital. Some 3% of the total share capital is held by non-Danish shareholders.

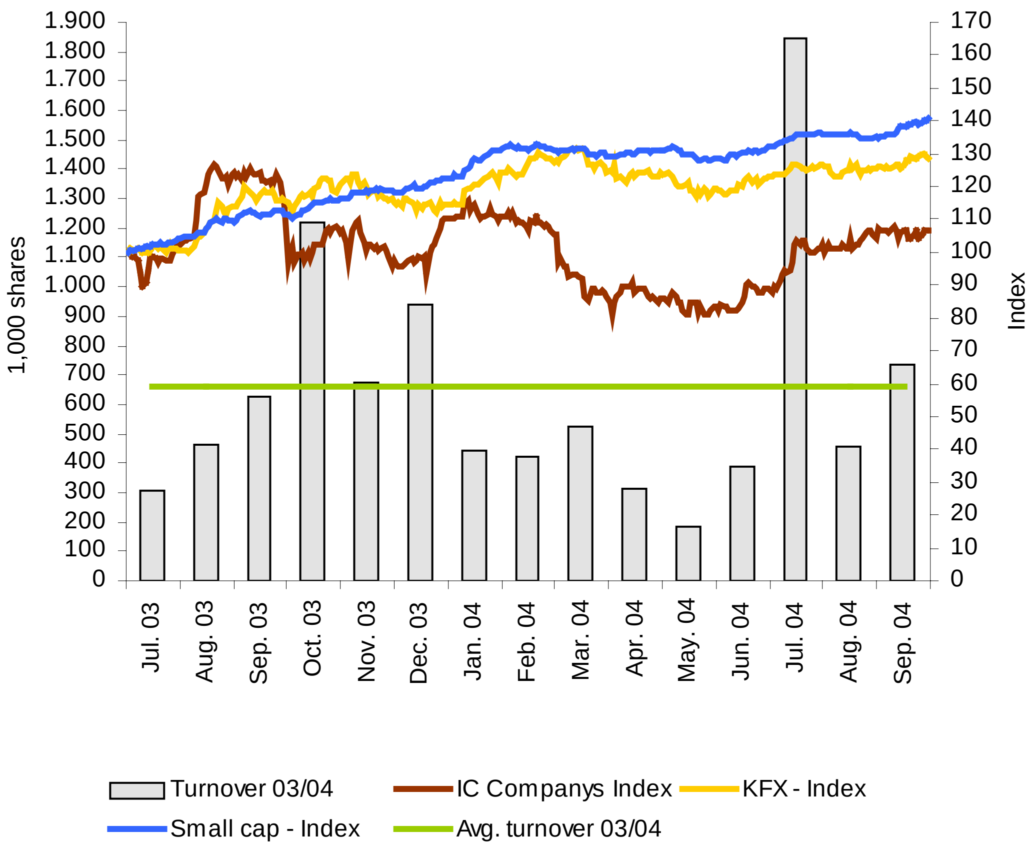
LD Pensions has reduced its investment in IC Companys A/S to below 5% after the balance sheet date.

Shareholders at 30 June 2004	Number of shares	Capital and votes
Friheden Invest A/S	6,983,892	38.1%
Danish Labour Market Capital Pension Fund (ATP)	2,541,174	13.8%
LD Pensions	1,668,774	9.1%
Treasury shares	350,182	1.9%
Other shareholders	6,807,628	37.1%
Total	**18,351,650**	**100.0%**

Employee shares

The Group has issued a total of 549,870 employee shares in recent years, of which 269,870 shares are still held in blocked accounts. The company's articles of association authorise the Board of Directors to make one or more issues of shares to the employees at a discount to the market price for at total nominal value of DKK 2,000,000, equivalent to 200,000 shares.

Share price performance



Investor relations
The Group has a goal of maintaining a high and uniform flow of information and to maintain an open and active dialogue with investors and analysts. For relevant investor information go to www.iccompanys.com, which also contains the Group's announcements to the Copenhagen Stock Exchange, financial statements and presentations.

Enquiries from shareholders, financial analysts or other interested parties should be directed to:

Henrik Theilbjørn, CFO, IC Companys A/S, Raffinaderivej 10, DK-2300 Copenhagen S, tel +45 3266 7646, fax +45 3266 7561, e-mail investorrelations@iccompanys.com.

Announcements to the Copenhagen Stock Exchange
The following announcements were released to the Copenhagen Stock Exchange during the financial year:

2003	
07/2003 – 1 July 2003	Trading in the company's shares
08/2003 – 11 July 2003	Quarterly statement of insiders' holdings
09/2003 – 25 July 2003	Financial calendar for the year 2003/04
10/2003 – 19 September 2003	Annual Report and information meeting
11/2003 – 25 September 2003	Annual report 2003/04
12/2003 – 25 September 2003	Management change
13/2003 – 20 October 2003	Quarterly statement of insiders' holdings
14/2003 – 28 October 2003	Annual general meeting
15/2003 – 29 October 2003	New Board of Directors' principal occupation and other important directors' duties
16/2003 – 29 October 2003	Announcement regarding Q1 2003/04
17/2003 – 6 November 2003	Executive Board change
18/2003 – 14 November 2003	Quarterly statement of insiders' holdings
19/2003 – 21 November 2003	Q1 Report 2003/04
20/2003 – 28 November 2003	Revised financial calendar for the financial year 2003/04
2004	
01/2004 – 12 January 2004	Quarterly statement of insiders' holdings
02/2004 – 11 February 2004	Management change
03/2004 – 12 February 2004	Presentation of interim report 2003/04
04/2004 – 23 February 2004	H1 Report 2003/04
05/2004 – 27 February 2004	Current statement of shareholdings
06/2004 – 27 February 2004	Trading in the company's shares
07/2004 – 10 March 2004	Retail Division
08/2004 – 26 March 2004	Quarterly statement of insiders' holdings
09/2004 – 26 March 2004	New CEO appointed
10/2004 – 30 April 2004	3rd Quarter announcement 2003/04 and information meeting
11/2004 – 19 May 2004	Q3 Report 2003/04
12/2004 – 26 May 2004	Current statement of shareholdings
13/2004 – 7 June 2004	Current statement of shareholdings
14/2004 – 8 June 2004	Current statement of shareholdings
15/2004 – 10 June 2004	Current statement of shareholdings
16/2004 – 17 June 2004	Current statement of shareholdings
17/2004 – 18 June 2004	Quarterly statement of insiders' holdings

Financial calendar

27 October 2004:	Annual general meeting
24 November 2004:	Expected release of interim report for the three months ending 31 September 2004
16 February 2005:	Expected release of interim report for the six months ending 31 December 2004
19 May 2005:	Expected release of interim report for the nine months ending 31 March 2005
21 September 2005:	Expected release of Annual Report for the year ending 30 June 2005
26 October 2005:	Annual general meeting expected to be held

Analysts

IC Companys shares are being monitored by the following analysts:

Securities house	*Name*	*E-mail*
Alfred Berg Bank	Jesper Breitenstein	jesper.breitenstein@alfredberg.dk
Carnegie	Peter Rothausen	peter.rothausen@carnegie.dk
Cheuvreux Nordic	Frans Høyer	fhoyer@caicheuvreux.com
Danske Bank	Michael West Hybholt	michael.hybholt@danskebank.dk
Gudme Raaschou	Jesper Ilsøe	jil@gr.dk
Jyske Bank	Anette Nikolajsen	anettenikolajsen@jyskebank.dk
Nordea Securities	Maiken Lausen	maiken.lausen@nordeasecurities.com

BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND OTHER EXECUTIVES

BOARD OF DIRECTORS

Ole T. Krogsgaard **Chairman**	President & CEO of OTK Holding A/S *Chairman of:* Skandinavisk Group A/S, Friheden Invest A/S, A/S Stelton, Beck & Jørgensen A/S, Fire Eater A/S, FR Invest A/S, F Group A/S, PhaseOne Trials A/S, Nigadan A/S, Nellemann Holding A/S, OTK Holding A/S, Privathospitalet Hamlet A/S *Deputy Chairman of:* H. Reimar Nielsen Holding A/S *Board member of*: Codan A/S, Codan Forsikring A/S
Bjarne Hansen **Deputy Chairman**	Partner of WingPartners *Chairman of*: VT Holding A/S, Comwell a-s *Deputy Chairman of:* Aalborg Industries A/S *Board member of*: F. Uhrenholdt Holding A/S, Copenhagen Airports A/S, Keppel Offshore and Marine Ltd. Singapore
Leif Juul Jørgensen	*Chairman of*: MAN B&W Diesel A/S *Deputy Chairman of*: Scandlines AG *Board member of:* Burmeister & Wain Scandinavian Contractors A/S, Samsølinien A/S, MAN B&W Diesel A.G.
Kaja Møller	
Niels Erik Martinsen	President & CEO of Friheden Invest A/S *Board member of*: Friheden Invest A/S
Ole Wengel	President & CEO of Pinus Møller Holding A/S

EXECUTIVE BOARD

Klaus Holgaard Rasmussen	President & CEO
Henrik Theilbjørn	Chief Financial Officer

FUNCTIONSAL DIRECTORS

Mikkel V. Olesen	Product & Marketing Director
Claus S. Juul	Sales Director, Wholesale
Simon Stampe	Sales Director, Retail
Peter Hansen	Director, Supply Chain
Kaare von Essen Müller	Director, HR

AUDITORS	Deloitte Statsautoriseret Revisionsaktieselskab Ernst & Young Statsautoriseret Revisionsaktieselskab

FINANCIAL REVIEW

The financial information in this financial review is based on the same accounting policies as in the 2002/03 financial year. The Group's accounting policies are described on page 25 of this Annual Report.

CHANGES IN ACCOUNTING ESTIMATES FOR CERTAIN ASSETS AND PROVISIONS

In the following is an account of why the Board of Directors has deemed it necessary to change the Company's accounting estimates for certain of the Group's most important balance sheet items.

Goodwill on consolidation
In recent years, the Group has amortised goodwill on consolidation over 20 years, a very long amortisation period in the fashion industry, which is subject to significant risks of vulnerability to changes in fashion and trends.

If a 20-year amortisation period is applied, the Group must employ significant financial management resources to maintain the carrying amount.

Consequently, since 1 July 2003, purchased goodwill has been amortised over five or ten years, based on the following main principles:

- Purchased goodwill relating to operations with a mainly nationally recognised and established brand or a more recent profitable brand will be amortised over five years, as is the case with the Saint Tropez acquisition.

- Purchased goodwill relating to operations from which the profit assumptions are to a great extent to be realised through subsequent business integration in the Group's platform are amortised over five years, as is the case with Tiger of Sweden.

- Purchased goodwill relating to operations with an internationally recognised, established and profitable brand will be amortised over ten years, as is the case with the Peak Performance acquisition.

This change has the following effects:

- Saint Tropez is being amortised over five years, of which 2.5 years remained at 1 July 2004.

- Tiger is being amortised over five years, of which 3.5 years remained at 1 July 2004.

- Peak Performance is being amortised over ten years, of which 4.5 years remained at 1 July 2004.

Amortisation and impairment losses of goodwill for 2003/04 amounted to a combined DKK 72 million (2002/03: DKK 12 million). Going forward, the annual goodwill amortisation charges will be approximately DKK 48 million.

Inventories
Until now, the Group has applied a policy involving gradual writedowns over a period of 18 months once the primary season for the products is over. This is mainly the case with products unsold in the Group-owned retail stores, but also to some extent residual products from the wholesale division.

Under the policy applied so far, the Group has, as a consequence of the very large quantities of surplus products in the Outlet Division, calculated the need to take extraordinary writedowns to broker/clearing prices when interim financial statements are prepared. These estimates were made by deducting from the total quantity of products from earlier collections the volume of products expected to be sold in the Outlet Division, taking into account the existing sales capacity. If the existing sales capacity was insufficient, capacity was increased by opening new outlets.

These estimates of future sales capacity were subject to significant uncertainty. Consequently, it has been necessary to limit the flow of products to the outlets by introducing simpler and more market-based writedown policies with related higher writedowns in the primary sales channels (wholesale and own stores) immediately following the primary season.

The Management expects that this will provide the necessary incentives for applying better business acumen in all the Group's sales channels and reduce the flow of products to the outlets.

Trade receivables
In connection with the presentation of the financial statements for the first quarter of 2003/04, the Board decided to increase the bad debts provision.

Provision for vacant office leases
In the financial statements for the year ended 30 June 2003, a charge was recognised under special items for the costs of three administrative office leases that the merger made superfluous. However, the Group has not managed to dispose of all outstanding leases, so this provision was increased in 2003/04.

CONSOLIDATED PROFIT/(LOSS)

A pre-tax loss of DKK 294 million was posted (2002/03: a pre-tax profit of DKK 19 million). After tax, the loss amounted to DKK 309 million (2002/03: a profit of DKK 1 million).

REVENUE

Consolidated revenue fell by 3% to DKK 2,612 million (2002/03: DKK 2,685 million), consisting of a 2% decline in wholesale revenue to DKK 1,607 million (2002/03: DKK 1,635 million) and a 4% decline in retail sales to DKK 1,005 million (2002/03: DKK 1,050 million). The consolidation of Tiger over 12 months as opposed to six months in 2002/03 increased revenue by DKK 112 million, whilst store closures and exchange differences reduced revenue by DKK 75 million and DKK 36 million respectively.

Revenue in own stores was adversely affected by shop closures and a fall in same-store sales by 7%.

Revenue from company-owned stores in 2003/04 accounted for approximately 38% of total revenue, which was at the same level as in 2002/03.

GROSS PROFIT

Gross profit amounted to DKK 1,291 million (2002/03: DKK 1,437 million), equivalent to a gross margin of 49.4% (2002/03: 53.5%). The gross margin was reduced by seven percentage points due to the Group's changed accounting estimates for the valuation of surplus stocks, price reductions primarily in the Wholesale Division decided before October 2003, and a shift towards relatively higher wholesale revenue and relatively lower retail revenue. The gross margin was increased by three percentage points due to hedged buying prices in USD-based currencies. This brought the net effect to a fall in the gross margin by four percentage points.

SELLING AND DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

Capacity costs increased by DKK 147 million to DKK 1,475 million (2002/03: DKK 1,328 million). The increase was due to significantly higher goodwill amortisation and impairment (DKK 58 million) following the Board of Directors' changed estimate of the life of purchased goodwill, an increase of the bad debt provision (DKK 20 million) as a result of the estimate change, the acquisition of the Tiger Group (DKK 47 million), lower costs due to store closures (DKK 64 million), severance pay (DKK 21 million), and higher priority assigned to costs in certain divisions (DKK 65 million). Costs excluding goodwill amortisation and impairment increased by a total of five percentage points to 54% (2002/03: 49%).

OTHER OPERATING INCOME AND COSTS

The Group's other operating income amounted to DKK 15 million (2002/03: DKK 10 million) coming from royalties and income from subleasing parts of the existing store and administrative premises.

SPECIAL ITEMS

Exceptional items amounted to DKK 91 million. A DKK 75 million charge was recognised for impairment of assets and leases involving losses until a number of store leases have been terminated. Furthermore, a DKK 16 million charge was taken to cover rent and other costs of leases of vacant office premises.

NET FINANCIAL ITEMS

Net financial items amounted to an expense of DKK 19 million (2002/03: DKK 26 million). The fall in net financial items was primarily due to the generally positive cash generation and the continuing lower average interest rate level.

INCOME TAX

Income tax amounted to DKK 15 million (2002/03: DKK 18 million). The high tax relative to the year's income reflects the fact that the Group posted profits and paid tax in a number of countries, whilst the Management believes that the Group's expectations of future taxable income on the current basis should not give rise to recognition of significantly larger tax assets (see below). Accordingly, the tax value of the year's loss is not reflected in increased deferred tax assets.

FIXED ASSETS

Fixed assets stood at DKK 553 million at 30 June 2004 (2003: DKK 666 million). The decline was primarily attributable to depreciation and writedowns for the year totalling DKK 198 million, which exceeded the year's DKK 95 million in investments by a total of DKK 103 million. Assets disposed during the year totalled a net amount of DKK 9 million and primarily represent disposals as a result of store closures.

The carrying amount of intangible assets was DKK 241 million at 30 June 2004 (2003: DKK 314 million). The drop was primarily the result of the Board of Directors changing their view on the life of purchased goodwill.

DEFERRED TAX ASSETS

The Group's tax assets totalled DKK 344 million at 30 June 2004 (2003: DKK 256 million). The tax assets included net assets of DKK 103 million recognised at 30 June 2004 (2003: DKK 113 million). Thus, writedowns of the assets had increased to DKK 241 million at 30 June 2004 (2003:143 million). The writedowns comprise DKK 37 million relating to timing differences and DKK 204 million relating to tax losses carried forward.

Tax assets are written down in the following cases:

- if at the balance sheet date there is uncertainty with respect to the value of the tax asset, for instance as a result of an ongoing tax audit or pending tax litigation,

- if the Management believes that it is not sufficiently likely that the individual tax object (company) or a group of jointly taxed companies will be able to generate a profit within the foreseeable future (typically three to five years), or

- if the expected taxable income is insufficient for the tax assets to be utilized in full.

Expectations as to taxable income of the individual companies are based on the applicable local tax rules and a projection of the budget for 2004/05 approved by the Board of Directors. Uncertainty regarding future performance is reflected in the projection of the Group's budget.

INVENTORIES

Inventories totalled DKK 381 million at 30 June 2004 (2003: DKK 443 million). On 30 September 2003, the Board of Directors decided to write down the Group's inventories by an additional DKK 57 million, partly as a result of the accounting estimate changes and partly as a result of the decision not to open additional outlets.

TRADE RECEIVABLES

Trade receivables totalled DKK 201 million at 30 June 2004 (2003: DKK 279 million). The fall in trade receivables was obtained through adjustments in the collection structure combined with a continued reduction in the average credit time. As mentioned earlier, the bad debt provision was increased during the 2003/04 financial year.

EQUITY

Equity fell by 52% during the period to DKK 290 million at 30 June 2004 from DKK 600 million at 30 June 2003, which means that the equity ratio has been reduced from 33% to 21%.

The equity was increased by DKK 2 million through a reduction of the reserve for negative fair value of derivative financial instruments used to hedge expected future transactions.

In addition, equity was reduced by DKK 2 million as a result of currency translation relating to the Group's foreign subsidiaries. It is Group policy solely to hedge risks relating to the Group's expected cash flows; thus significant fluctuations may occur in Group investments in subsidiaries.

OTHER PROVISIONS

Other provisions primarily comprise a DKK 46 million provision for losses on leases relating to stores scheduled for closure, of which DKK 40 million relate to 2003/04, and a DKK 18 million provision for losses on leases of administrative premises no longer used by the Group, of which DKK 16 million relate to 2003/04.

CASH FLOW AND CAPITAL INVESTMENTS

The cash flow from operating activities was an inflow of DKK 130 million (2002/03: DKK 184 million). Movements in working capital were favourable for inventories, receivables as well as short-term debt. The primary reason for this improvement was optimisation of sourcing combined with a continuing optimisation of Group inventories.

The cash flow from investing activities was DKK 77 million (2002/03: DKK 162 million) and related to investments in operating equipment, primarily for use in franchise stores and the Group's own stores.

The cash flow from investing activities was an inflow of DKK 22 million (2002/03: an outflow of DKK 31 million) and mainly related to the repayment of tax relating to a deduction for the discount on employee shares issued in earlier years.

INTEREST-BEARING DEBT

Consolidated net interest-bearing debt was reduced by DKK 75 million during the financial year to reach DKK 497 million at 30 June 2004 (2003: DKK 572 million).

The Group's available committed credits amounted to DKK 1,053 million at 30 June 2004 (2003: DKK 1,054 million). Out of this amount, a total of DKK 497 million had been drawn at 30 June 2004, and DKK 80 million had been used for letters of credit and similar purposes. Thus, the Group's available unused credits totalled DKK 476 million at 30 June 2004 (2003: DKK 381 million).

RISK MANAGEMENT

The Group is exposed to risks of a commercial as well as a financial nature that are normal for the clothing industry. Below is a description of the most important risk factors and the steps the Group has taken to reduce them.

COMMERCIAL RISK FACTORS

Suppliers
The Group's products are solely produced by third parties, which ensures a high level of flexibility. Approximately 60% of production takes place in Asia, and approximately 40% in Europe. No supplier accounts for more than 10% of total production.

Inventory risk
Sales through IC Companys' own stores and the need to carry stock service products and supplementary products for the retailers involves a risk that products, which, during the year, have been allocated for sale through the Group's own stores or purchased to meet retailers' needs for supplementary shipments during the season, remain unsold at the end of the year.

The Group has a network of outlets for the ongoing sale of such stocks. Capacity in these outlets can be adjusted to some extent. Products that cannot be sold through the Group's own outlets are sold to brokers for resale outside the Group's established markets.

Debtor risk (retailer risk)
The Group's customers are credit rated according to the Group debtor policy before a customer relationship commences and subsequently on a regular basis. Nevertheless, losses do occur. Individual trade receivables are not normally insured as the Management believes that the costs of doing so would be too high compared with the realistic loss risk.

The credit times vary in line with individual market customs.

Bad debts have not exceeded 1% of revenue in recent years.

Dependence on IT systems
The Group is highly dependent on reliable IT systems for day-to-day operations, including to ensure control of product sourcing and to increase efficiency in the Group's supply chain.

FINANCIAL RISKS

The Group monitors and manages all its financial risks through the parent company's treasury department. The Group's financial risks consist of exchange rate risks, interest rate risks and liquidity risks, including counterparty risks. The use of financial instruments and the related risk limits are managed through the Group treasury policy.

The Group uses financial instruments solely to hedge risks. All financial transactions are based on commercial activities, and IC Companys does not enter into speculative transactions.

Foreign exchange risks
The Group's commercial transactions expose the Group to significant foreign exchange risks, which arise through purchases and sales of products in foreign currency. A significant part of Group purchases are made in the Far East and are denominated in US dollars or US-dollar-related currencies, whereas most revenues and capacity costs are denominated in the euro, Danish kroner or other European currencies. Thus, there is only a limited natural currency match in the Group's transactions.

The Group basically hedges all material commercial risks. As a result, the net cash flow in foreign currency is normally hedged 12 months into the future, except for the net position in euros, which is not hedged.

The Group primarily uses forward currency contracts and options to hedge the exchange-rate exposure. Net assets (equity stakes) denominated in foreign currency are generally not hedged.

Interest rate risks
The Group's interest-rate risks are related to the Group's interest-bearing assets and liabilities and off-balance-sheet items.

The Group's interest-rate risks are managed by obtaining floating-rate and fixed-rate loans and/or by financial instruments matching the interest rate risk on the underlying investment.

Liquidity risks
The Group's cash resources and capital structure are planned so as to always ensure and support Group operations as well as planned investments.

STATEMENT BY THE MANAGEMENT

The Board of Directors and the Executive Board have today presented the Annual Report of IC Companys A/S.

The Annual Report is presented in accordance with the Danish Financial Statements Act, Danish accounting standards and other rules imposed by the Copenhagen Stock Exchange on the presentation of financial statements by Danish listed companies. We consider the accounting policies to be appropriate to the effect that the Annual Report gives a true and fair view of the Group's and the Parent Company's assets and liabilities, financial position, results of operations and cash flows.

We recommend that the Annual Report be adopted by the shareholders at the Annual General Meeting.

Copenhagen, 28 September 2004

Executive Board:

KLAUS H. RASMUSSEN President & CEO	HENRIK THEILBJØRN Chief Financial Officer

Board of Directors:

OLE T. KROGSGAARD Chairman	BJARNE HANSEN Deputy Chairman	LEIF JUUL JØRGENSEN
KAJA MØLLER	NIELS ERIK MARTINSEN	OLE WENGEL

AUDITORS' REPORT

To the shareholders of IC Companys A/S

We have audited the Annual Report of IC Companys A/S for the financial year ended 30 June 2004. The Annual Report is the responsibility of the Company's Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. An audit also includes assessing the accounting policies used and significant estimates made by the Management, as well as evaluating the overall Annual Report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 30 June 2004 and of the results of their operations as well as the consolidated cash flows for the financial year 1 July 2003 – 30 June 2004 in accordance with the Danish Financial Statements Act and Danish Accounting Standards.

Copenhagen, 28 September 2004

DELOITTE
Statsautoriseret Revisionsaktieselskab

DAVID HOLM
State Authorised Public Accountant

KIRSTEN AASKOV MIKKELSEN
State Authorised Public Accountant

ERNST & YOUNG
Statsautoriseret Revisionsaktieselskab

LEIF SHERMER LARSEN
State Authorised Public Accountant

ROBERT CHRISTENSEN
State Authorised Public Accountant

ACCOUNTING POLICIES

The Annual Report of IC Companys A/S (the “Company”) and its subsidiaries (together the “Group”) have been prepared in accordance with the Danish financial statements legislation for class D companies and the requirements of the Copenhagen Stock Exchange to the presentation of financial statements by listed companies, including current Danish accounting standards. The accounting policies are unchanged from the 2002/03 financial year.

In connection with the implementation of Danish accounting standard 22 on revenue recognition and as described in the Annual Report for the year ended 30 June 2003, cash discounts have been reclassified from a financial expense to a reduction of revenue. The amount was DKK 21 million in both 2002/03 and 2003/04. In addition, the comparative figures have been reclassified.

As described in “Management’s review” on page 6, and as described in the “Financial review” on page 17, IC Companys changed its accounting estimates for inventory valuation, writedowns of trade receivables and the useful economic life of goodwill in connection with the presentation of the interim report for the three months ended 30 September 2003.

RECOGNITION AND MEASUREMENT IN GENERAL

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Group and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when they are probable and can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below in respect of each individual item.

Certain financial assets and liabilities are measured at amortized cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is stated as original cost less any principal payments and plus or minus the accumulated amortisation of any difference between cost and the nominal amount.

Recognition and measurement take into consideration gains, losses and risks that arise before the time of presentation of the Annual Report and that confirm or invalidate matters existing at the balance sheet date.

Income is recognised in the income statement when earned. This includes the recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Also recognised are costs incurred to achieve the year’s revenues, including amortisation, depreciation, impairment losses and provisions as well as reversals made to reflect changed accounting estimates concerning amounts previously recognised in the income statement.

BASIS OF CONSOLIDATION

The consolidated financial statements consolidate the financial statements of IC Companys A/S (the “Parent Company”) and subsidiaries in which the Company’s voting rights directly or indirectly exceed 50%, or in which the Company has a controlling interest in any other way.

The consolidated financial statements are prepared on the basis of the annual financial statements of the Company and the individual subsidiaries by combining items of a like nature. Equity interests, intercompany transactions, intercompany balances, unrealised intercompany gains on inventories and dividends are eliminated.

Investments in subsidiaries by the Parent Company and its subsidiaries are offset by the proportional share of the fair value of the net assets of the subsidiary at the time of acquisition.

Newly acquired or newly established companies are recognised in the consolidated financial statements from the date of acquisition.

Acquisitions of new subsidiaries are accounted for using the purchase method, under which identifiable assets and liabilities are measured at fair value on the date of acquisition. The determination of the fair values of the acquired net assets includes provisions arising in the acquired enterprise in connection with the acquisition, including the costs of implementing decided and announced restructuring plans. The tax value of revaluations is taken into account. If the purchase price exceeds the fair value of the net assets of the enterprise acquired, the remaining positive differences (goodwill) are recognised as intangible assets and amortised systematically through the income statement on the basis of an individual assessment of the useful economic lives of the assets, not to exceed 10 years.

The acquisition value of goodwill is adjusted for any changes to the purchase consideration after the acquisition. The cost price of an enterprise includes the purchase consideration plus costs directly related to the acquisition.

The line items of subsidiaries' financial statements are fully consolidated in the Group's financial statements. The proportionate shares of the results and equity of subsidiaries attributable to minority interests are adjusted annually and recognised separately in the income statement and the balance sheet. If minority interests represent an asset, they are written down to a lower fair value, if applicable.

FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate ruling at the transaction date.

Exchange differences arising between the transaction date and the date of payment are recognised in the income statement under financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates ruling at the balance sheet date. The difference between the exchange rate ruling at the balance sheet date and the exchange rate at the time when the receivable or payable arose or was recorded in the most recent annual financial statements is recognised in the income statement under financial income or expenses. Non-monetary assets denominated in foreign currencies on acquisition are not subsequently translated.

All the Company's subsidiaries are considered to be independent units. The balances of foreign subsidiaries are translated to the exchange rate ruling at the balance sheet date, while income statements are translated at average exchange rates for the year. Exchange differences arising on the translation of foreign subsidiaries' opening equity using the exchange rates ruling at the balance sheet date as well as on the translation of the income statements using average exchange rates at the balance sheet date are taken directly to equity. Exchange adjustments of receivables and subordinated loan capital in foreign subsidiaries that are considered to be part of the overall investment in the subsidiary are taken directly to equity.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are measured on initial recognition in the balance sheet at cost and subsequently remeasured at their fair value. Positive and negative fair values of derivatives are recognised under other receivables and other payables, respectively, as realised gains on financial contracts and unrealised losses on financial contracts, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of expected future transactions are recognised directly in equity. Income and expenses relating to such hedge transactions are transferred from equity on realisation of the hedged item and recognised in the same item as the hedged item.

For derivative financial instruments not qualifying as hedges, changes in the fair value are recognised in the income statement under financial income and expenses.

INCOME STATEMENT

Revenue
Revenue from the sale of goods is recognised in the income statement if delivery and transfer of risk to the buyer have taken place before year-end and if the income can be reliably measured and is expected to be received. Revenue is measured excluding VAT, indirect taxes and discounts related to sales.

Cost of sales
Cost of sales includes direct costs incurred to obtain the revenue for the year.

Selling and distribution costs
Selling and distribution costs include costs in the form of salaries to sales and distribution staff, store rent, marketing costs and collection-related costs, automobile operation, depreciation of property, plant and equipment and intangible assets relating to selling and distribution activities. The expenses are recognised when incurred.

Administrative expenses
Administrative expenses include expenses for the Management and the design and administrative staff, office expenses and other expenses, including depreciation of property, plant and equipment, amortisation of intangible assets relating to administrative activities as well as amortisation of goodwill. The expenses are recognised when incurred.

Other operating income/costs
Other operating income and costs comprise items of a secondary nature relative to the principal activities, including gains and losses on the sale of intangible assets and property, plant and equipment. In the Parent Company, other operating income/costs primarily comprise management fees from subsidiaries to the Parent Company for their share of the Group’s overheads.

Special items
Includes material amounts of a one-off nature that are not directly attributable to normal activities, including special impairment charges and provisions and the reversal thereof.

Financial income and expenses
Financial income and expenses include interest, realised and unrealised exchange differences, fair value adjustments of derivative financial statements which do not qualify for hedge accounting and supplements, deductions and allowances relating to the payment of income tax.

Income from investments in subsidiaries
The income statement of the Parent Company includes the proportionate share of the pre-tax profit or loss of each individual subsidiary after elimination of intercompany gains and losses. The share of the tax in subsidiaries is recognised under tax on profit/(loss) from ordinary activities.

Income tax
Tax for the year, consisting of the year’s current tax and movements in deferred tax, is recognised in the income statement as regards the amount that can be attributed to the profit for the year and posted directly on equity as regards the amount that can be attributed to movements taken directly to equity.

The Parent Company is taxed jointly with a number of wholly owned Danish and foreign subsidiaries. The current income tax liability is allocated among the companies of the Danish tax pool in proportion to their taxable income (full allocation subject to reimbursement in respect of tax losses). The jointly taxed companies pay tax under the on account tax scheme.

Deferred tax is calculated using the current tax rules and tax rates on temporary differences between carrying amounts and tax values. Deferred tax assets, including the tax value of tax losses carried forward, are recognised at the value it is expected can be used to determine future taxable income and offset against deferred tax liabilities within the same legal entity and jurisdiction. If deferred tax is an asset, it is included in investments based on an assessment of the potential of future realisation.

Deferred tax regarding investments in subsidiaries is not recognised as the investments are planned to be maintained for a number of years and, according to applicable tax rules, the related tax liability ceases three years after the time of acquisition of the investment.

BALANCE SHEET

Intangible assets and property, plant and equipment

Fixed assets are measured at historic cost less accumulated amortisation, depreciation and impairment losses.

Cost encompasses the purchase price and costs directly associated with the purchase until the time when the asset is ready to be brought into use. In the case of assets produced in-house, cost comprises direct and indirect costs for materials, components, third-party suppliers and labour.

The cost of finance leases is determined as the lower of the fair value and the present value of future lease payments. The present value is determined by discounting the leasing contract at the interest rate implicit in the lease.

Payments to take over leases (key money) are classified as leasehold rights.

The difference between the cost price and the expected residual value is amortised or depreciated on a straight-line basis over the expected useful economic lives of the assets. The amortisation and depreciation period is determined on the basis of the Management's experience in the Group's business area, and the Management believes this to be the best estimate of the economic lives of the assets, which are as follows:

Goodwill	5-10 years
Leasehold rights	up to 10 years
Software and IT development	3-5 years
Leasehold improvements	up to 10 years
Buildings	25-50 years
Equipment and furniture	3-5 years

Minor assets are recognised in the income statement under ordinary operations.

Gains and losses on the sale of fixed assets are stated as the difference between the selling price less selling expenses and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement under other operating income or other operating expenses.

Impairment

The carrying amount of intangible assets and property, plant and equipment is assessed annually in the event of indications of impairment. If impairment is deemed to have occurred, the carrying amount is written down to the higher of the present value of expected future revenue and an estimated realisable value. In the determination of the present value, a weighted cost of capital at market level is used.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method determined in accordance with the Parent Company's accounting policies less or plus any unrealised intercompany gains and losses. The Parent Company recognises the proportionate share of the results of subsidiaries in its income statement. The proportionate share of tax in subsidiaries is included in the line item "Income tax".

Investments in foreign subsidiaries are translated into Danish kroner at the exchange rates ruling at the balance sheet date. In the translation of the results of subsidiaries, average exchange rates for the period are used. Translation differences between the beginning of the year and the end of the year and translation differences relating to the translation of the income statement from average exchange rates to year-end rates are taken to equity.

Subsidiaries with a negative net asset value are recognised at DKK nil, and any receivable amount from these enterprises is written down, to the extent it is deemed to be irrecoverable, by the Parent Company's share of the negative net asset value.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation according to the equity method under equity to the extent that the carrying amount exceeds the cost.

Other investments
Securities are measured at their fair value on the balance sheet date.

Other investments are measured at cost or fair value at the balance sheet date, if this is lower for reasons that are not considered to be temporary.

Inventories
Inventories are measured at cost using the FIFO method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables includes the purchase price and direct costs to take delivery of the products.

The cost of finished products includes the cost of raw materials, consumables, external production costs and costs to take delivery of the products, including transportation costs and quotas.

The net realisable value of finished products is determined as the expected selling price less costs incurred to execute the sale.

Receivables
Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Prepayments
Prepayments recognised under assets comprise costs incurred relating to the following financial year, including collection samples, rent, insurance, etc.

Dividends
Proposed dividends are recognised as a liability at the time of adoption by the shareholders at the annual general meeting. Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

Treasury shares
The acquisition and sale of treasury shares and dividends thereon are taken directly to equity under the line item "Retained profit".

Provisions
Provisions are recognised when, as a consequence of a past event, the Group has a legal or otherwise concrete and actual obligation, and it is likely that the obligation will require an outflow of the Company's financial resources to redeem the obligation.

Other provisions include obligations relating to the restructuring of acquisitions and rent for premises that are being closed down. Provisions relating to acquisitions include provisions regarding the enterprise acquired decided at the time of acquisition, at the latest, and which are included in the calculation of the purchase consideration and, thus, in goodwill.

Financial liabilities
The capitalised lease liability under finance leases is recognised under financial liabilities.

Other debts
Other debts are measured at amortized cost.

Share-based incentive plans
The Board of Directors, Executive Board and a number of senior executives have been awarded share-based incentive plans.

Costs related to warrant-based incentive plans are recognised directly in equity. The obligation is covered by treasury shares.

Warrants are awarded free of any payment from the warrantee. The proceeds from the issue of shares in IC Companys A/S in connection with the exercise of warrants is recognised directly on equity.

All allotted stock plans carry an exercise price that corresponds to the market price of the Company's shares at the time of establishment or allocation. The costs or obligation is not recognised at the time of allocation, nor in connection with a subsequent value adjustment.

Pension plans
The Group primarily has defined contribution pension plans. Pension costs relating to defined contribution pension plans are recognised in the income statement in the year they relate to.

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows for the year, broken down by operating, investing and financing activities, and the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow statement shows cash flow from operating activities indirectly based on the operating profit before special items.

The cash flow from operating activities is calculated as the Group's share of results adjusted for non-cash operating items, the cash effect of special items, provisions, financial items paid, movements in working capital and income tax paid.

The working capital comprises current assets excluding cash items or items attributable to the investing activity, less short-term debt excluding bank loans, mortgages and income tax payable.

The cash flow from investing activities includes payments regarding the purchase and sale of fixed assets and securities, including investments in companies.

The cash flow from financing activities includes payments to and from shareholders, mortgage loans raised and instalments thereon and other long-term liabilities not included in working capital.

The Group's cash and cash equivalents includes cash at bank and in hand and net short-term bank debt.

SEGMENT INFORMATION

Segment information is reported by sales channel (primary segment) and geographic market (secondary segment). Segment information is reported in compliance with Group accounting policies and with the Group's internal reporting and financial management.

Fixed assets in a segment comprise fixed assets used directly in the operations of the segment, including intangible assets and property, plant and equipment.

Current assets in a segment comprise current assets used directly in the operations of the segment, including inventories, trade receivables, other receivables and prepayments.

Segment liabilities comprise liabilities attributable to the operation of the segment. As a result of the Group's centralised production and purchasing management, it is not possible to attribute trade payables to the segments.

TRANSITION TO IFRS IN THE 2005/06 FINANCIAL YEAR

IC Companys will implement the international accounting standards/international financial reporting standards (IAS/IFRS) as of 1 July 2005, and the comparative figures for the 2004/05 financial year will also be restated to IFRS. IC Companys has made an initial analysis to determine the differences between the accounting policies currently applied and the current IAS/IFRS standards. As a result of this analysis, the Management expects that IC Companys accounting policies will be changed in the following respects:

- **Revenue recognition –** Under the existing accounting policies, provisions are taken with respect to agreement-based return of products from wholesale customers. Additional analyses will be performed to determine how company practice will be affected by IFRS requirements.

- **Intangible assets –** Under the existing accounting policies, goodwill is amortised over a period of five to ten years. Under IFRS 3, goodwill is only to be tested for impairment. This means that no goodwill amortisation but only any impairment of goodwill will be charged to the income statement. Goodwill amortisation for 2004/05 is expected to be approximately DKK 48 million.

- **Accounting for intangible assets –** Under the existing accounting policies, leasehold rights are amortised of the minimum term of the lease acquired, not to exceed ten years. In some cases it is impossible to determine the useful economic life of intangible assets, and under IAS 38 they must therefore be tested for impairment on an annual basis rather than amortised. A more detailed analysis is needed to determine whether this would result in a change in the way IC Companys accounts for these assets.

- **Share-based incentive plans –** In prior years, the Group has used share-based incentive compensation for executives. Outstanding plans must be accounting for under IFRS 2.

- **Pension commitments –** The Group has defined benefit plans to a limited extent. Under the existing accounting policies, costs are recognised when payment takes place, and the liabilities are revalued on a regular basis. Under IAS 19, an actuarial calculation must be made of pension liabilities, which must be recognised under provisions.

- **Forward exchange contracts –** The Group uses foreign exchange contracts to hedge foreign exchange risks in connection with the purchase and sale of goods. In connection with the transition to IAS 39, the requirements will become stricter for such foreign exchange instruments treated as hedging of future transactions in foreign currency. A more detailed analysis of these requirements could show that the Company will have to change its current practice, under which value adjustments are recognised in the income statement together with and in the same line item as the hedged transactions; instead they may have to be recognised in the incomes statement on a current basis and be treated as a financial item. The deferred loss at 30 June 2004 was DKK 4 million.

- **Recognition of investments –** The Parent Company measures and recognises investments in subsidiaries based on the equity method. In connection with the transition to IAS/IFRS, these investments must be recognised at cost or fair value.

- In addition, there may be minor changes as a result of the first application of IFRS.

In a number of respects, the disclosure requirements under IAS/IFRS are more comprehensive than the reporting requirements applicable to Danish listed companies. IC Companys will evaluate the need to adjust existing notes or add new note disclosures.

It is not expected that the transition will give rise to major adjustments to the Company's financial systems and registration routines.

INCOME STATEMENT

1 July - 30 June

Note	(DKK '000)	GROUP 2003/04	GROUP 2002/03	PARENT COMPANY 2003/04	PARENT COMPANY 2002/03
1	**REVENUE**	**2,612,204**	**2,685,251**	**958,288**	**1,185,312**
	Cost of sales	(1,320,758)	(1,248,425)	(935,502)	(938,519)
	GROSS PROFIT	**1,291,446**	**1,436,826**	**22,786**	**246,793**
2, 3	Selling and distribution costs	(922,752)	(839,549)	(98,925)	(85,170)
2, 3, 4	Administrative expenses	(567,660)	(495,920)	(198,537)	(182,479)
5	Other operating income	15,013	9,766	62,160	67,550
6	Other operating costs	0	(2,550)	0	0
	OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS	**(183,953)**	**108,573**	**(212,516)**	**46,694**
14	Special items	(91,000)	(64,300)	(15,000)	(10,400)
	OPERATING PROFIT	**(274,953)**	**44,273**	**(227,516)**	**36,294**
12	Income/(loss) from investments before tax	-	-	(68,247)	(16,999)
8	Net financial items	(18,560)	(25,753)	2,250	(775)
	PROFIT/(LOSS) BEFORE TAX	**(293,513)**	**18,520**	**(293,513)**	**18,520**
9	Income tax	(15,240)	(17,561)	(15,240)	(17,561)
	PROFIT/(LOSS) FOR THE YEAR	**(308,753)**	**959**	**(308,753)**	**959**

PROFIT ALLOCATION

	PARENT COMPANY 2003/04	PARENT COMPANY 2002/03
Dividend	0	0
Retained earnings	(308,753)	959
PROFIT/(LOSS) FOR THE YEAR	(308,753)	959

BALANCE SHEET - ASSETS

As at 30 June

		GROUP		PARENT COMPANY	
Note	(DKK '000)	**2004**	**2003**	**2004**	**2003**
	FIXED ASSETS				
	Goodwill	171,999	233,718	0	0
	Software and IT systems	28,222	32,403	28,213	32,372
	Trademark rights	315	0	315	0
	Leasehold rights	40,101	47,860	0	0
10, 11	**Total intangible assets**	240,637	313,981	28,528	32,372
	Land and buildings	25,360	28,794	0	1,385
	Leasehold improvements	90,427	112,259	16,611	16,608
	Equipment and furniture	60,038	69,937	9,862	12,528
10, 11	**Total property, plant and equipment**	175,825	210,990	26,473	30,521
12	Investments in Group enterprises	-	-	495,110	645,175
14	Receivables from Group enterprises	-	-	10,183	28,675
13	Shares	208	254	0	0
13, 14	Deposits, etc.	27,583	26,567	2,332	2,490
15	Deferred tax assets	108,721	114,374	30,635	37,574
	Total investments	136,512	141,195	538,260	713,914
	Total fixed assets	**552,974**	**666,166**	**593,261**	**776,807**
	CURRENT ASSETS				
16	**Inventories**	380,840	443,309	151,829	91,289
	Trade receivables	200,956	279,494	25,239	16,471
	Receivables from Group enterprises	-	-	363,248	694,245
	Income tax receivable	53,007	97,042	30,047	57,071
18	Other receivables	40,986	41,687	4,020	4,780
19	Prepayments	62,790	65,169	9,430	9,302
17	**Total receivables**	357,739	483,392	431,984	781,869
	Cash and cash equivalents	110,395	214,871	9,795	79,441
	Total current assets	**848,974**	**1,141,572**	**593,608**	**952,599**
	TOTAL ASSETS	**1,401,948**	**1,807,738**	**1,186,869**	**1,729,406**

BALANCE SHEET – EQUITY AND LIABILITIES

As at 30 June

Note	(DKK '000)	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
	EQUITY				
20	Share capital	183,517	183,517	183,517	183,517
	Share premium	30,658	30,658	30,658	30,658
	Reserve for derivative financial instruments	(2,915)	(4,592)	(2,915)	(4,592)
	Retained earnings	78,982	390,068	78,982	390,068
	Total equity	**290,242**	**599,651**	**290,242**	**599,651**
	PROVISIONS				
15	Deferred tax	5,890	1,744	0	0
21, 22	Other provisions	72,319	40,917	18,426	8,400
	Total provisions	**78,209**	**42,661**	**18,426**	**8,400**
	DEBT				
	Financial institutions	9,139	14,728	0	0
	Capitalised lease liability	39,636	38,884	0	0
23	**Total long-term debt**	48,775	53,612	0	0
24	Financial institutions	557,587	732,485	461,719	668,959
	Capitalised lease liability	612	333	0	0
	Trade payables	235,733	189,688	90,693	66,557
	Payables to Group enterprises	-	-	245,882	321,702
9	Income tax	21,826	23,344	0	0
25	Other debt	168,964	165,964	79,907	64,137
	Total short-term debt	984,722	1,111,814	878,201	1,121,355
	Total debt	**1,033,497**	**1,165,426**	**878,201**	**1,121,355**
	TOTAL EQUITY AND LIABILITIES	**1,401,948**	**1,807,738**	**1,186,869**	**1,729,406**

26 Financial liabilities

29-31 Notes not referred to in the financial statements

MOVEMENTS IN EQUITY

GROUP

(DKK '000)	Share capital	Share premium	Reserve for derivative financial instruments	Retained earnings	Total equity
Equity as at 1 July 2002	181,517	30,558	(11,439)	382,315	582,951
Profit/(loss) for the year				959	959
Capital increase	2,000	100			2,100
Currency translation of subsidiaries				(20,964)	(20,964)
Tax value of discount on employee share plans				27,758	27,758
Net value adjustment of derivative financial instruments after tax			6,847		6,847
Equity as at 30 June 2003	**183,517**	**30,658**	**(4,592)**	**390,068**	**599,651**
Profit/(loss) for the year				(308,753)	(308,753)
Currency translation of subsidiaries				(1,524)	(1,524)
Tax value of discount on employee share plans				(809)	(809)
Net value adjustment of derivative financial instruments after tax			1,677		1,677
Equity as at 30 June 2004	**183,517**	**30,658**	**(2,915)**	**78,982**	**290,242**

GROUP CASH FLOW STATEMENT

1 July - 30 June

Note	(DKK '000)	GROUP 2003/04	GROUP 2002/03
	CASH FLOW FROM OPERATING ACTIVITIES		
	Operating profit/(loss) before special items	(183,953)	108,573
	Reversed depreciation and impairment losses	163,118	114,327
	Other adjustments	4,175	5,785
	Merger costs paid	0	(14,289)
	Special items paid	(28,440)	0
27	Change in working capital	184,141	57,071
	Cash flow from operating activities before financial items	139,041	271,467
	Financial income received	11,992	14,197
	Financial expenses paid	(30,740)	(47,354)
	Cash flow from ordinary activities	120,293	238,310
9	Income tax paid	9,538	(54,804)
	Total net cash flow from operating activities	**129,831**	**183,506**
	CASH FLOW FROM INVESTING ACTIVITIES		
	Acquisitions of enterprises and operations	0	(103,512)
	Purchase of intangible assets	(16,752)	(8,054)
	Purchase of property, plant and equipment	(70,912)	(74,110)
	Sales of intangible assets and property, plant and equipment	11,565	21,921
	Change in deposits	(939)	2,206
	Total net cash flow from investing activities	**(77,038)**	**(161,549)**
	CASH FLOW FROM FINANCING ACTIVITIES		
	Tax value of discount on employees shares	27,758	0
	Proceeds from capital increase	0	2,100
	Instalments on and repayment of long-term debt	(5,360)	(33,519)
	Total net cash flow from financing activities	**22,398**	**(31,419)**
	CASH FLOW FOR THE YEAR	**75,191**	**(9,462)**
	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents, beginning of year	(517,614)	(498,651)
	Currency translation adjustment of cash, beginning of year	(4,769)	(9,501)
	Cash flow for the year	75,191	(9,462)
28	**Cash and cash equivalents, end of year**	**(447,192)**	**(517,614)**

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENT INFORMATION

Business areas - primary segments

The Group has three distribution channels: Wholesale, Retail and Outlets, which are the Group's primary segments. Wholesale comprises sales to two distribution forms, namely independent retailers and concept stores.

Retail comprises the Group's own stores. Outlets handle sales of residual products after the close of seasons.

The segment profit/(loss) shows each segment's revenue less cost of sales and selling and distribution costs and administrative expenses directly attributable to the segment. Corporate costs comprise design, brand building, IT, finance, general management and IT.

Unallocated balance-sheet items primarily relate to goodwill, taxes receivable and payable, interest-bearing assets and debt, equity and costs payable related to corporate functions.

2003/04					
DKK million	**Wholesale**	**Retail**	**Outlet**	**Unallocated**	**Group**
Revenue	1,607	868	137	-	2,612
Segment profit/(loss)	**166**	**(71)**	**(7)**	-	**88**
Segment profit margin	*10.3%*	*-8.2%*	*-5.1%*		
Corporate costs				(201)	(201)
Goodwill amortisation and impairment				(71)	(71)
Operating profit before special items					**(184)**
EBIT margin					*-7.0%*
Special items		(70)	(5)	(16)	(91)
Operating profit					**(275)**

2002/03					
	Wholesale	**Retail**	**Outlet**	**Unallocated**	**Group**
Revenue	1,635	933	117	-	2,685
Segment profit/(loss)	**377**	**(51)**	**(32)**		**294**
Segment profit margin	*23.1%*	*-5.5%*	*-27.0%*		
Corporate costs				(177)	(177)
Goodwill amortisation and impairment				(9)	(9)
Operating profit before special items					**108**
EBIT margin					*4.0%*
Special items		(45)		(19)	(64)
Operating profit					**44**

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENT INFORMATION, CONTINUED

As at 30 June 2004					
DKK million	**Wholesale**	**Retail**	**Outlet**	**Unallocated**	**Group**
Fixed assets	74	118	9	352	553
Current assets excl. cash and cash equivalents	447	162	54	76	739
Cash and cash equivalents	-	-	-	110	110
Total assets					**1,402**
Non-interest-bearing debt, short-term	212	77	19	119	427
Interest-bearing debt, long-term	-	-	-	49	49
Interest-bearing debt, short-term	-	-	-	558	558
Other provisions	-	45	-	33	78
Equity	-	-	-	290	290
Total equity and liabilities					**1,402**
Capital employed	**309**	**203**	**44**	**309**	**865**

As at 30 June 2003					
DKK million	**Wholesale**	**Retail**	**Outlet**	**Unallocated**	**Group**
Fixed assets	71	205	8	382	666
Current assets excl. cash and cash equivalents	512	257	66	92	927
Cash and cash equivalents	-	-	-	215	215
Total assets					**1,808**
Non-interest-bearing debt, short-term	180	106	15	79	380
Interest-bearing debt, long-term	-	-	-	53	53
Interest-bearing debt, short-term	-	-	-	732	732
Other provisions	-	16	-	27	43
Equity	-	-	-	600	600
Total equity and liabilities					**1,808**
Capital employed	**403**	**356**	**59**	**395**	**1,213**

Capital employed = fixed assets + working capital as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENT INFORMATION, CONTINUED

Key ratios

	2003/04	2002/03
Total revenue growth	-3%	-7%
Growth in wholesale revenue	-2%	-7%
Growth in retail revenue	-4%	-8%
Wholesale revenue to total revenue	62%	61%
Retail revenue to total revenue	38%	39%
Number of concept stores	925	777
Concept stores owned by ICC	228	263
Specialty stores	164	182
Shop-in-shops	64	81
Concept stores owned by third-party retailers	697	514
Number of addresses for ICC-owned concept stores	177	201

GEOGRAPHIC BUSINESS AREAS - SECONDARY SEGMENTS

	Revenue DKK million		Number of concept stores		Number of concept stores - ownership				Number of concept stores - type			
					IC Companys		Retailers		Specialty stores		Shop-in-shops	
Market	**2003/04**	**2002/03**	**2003/04**	**2002/03**	**2003/04**	**2002/03**	**2003/04**	**2002/03**	**2003/04**	**2002/03**	**2003/04**	**2002/03**
Denmark	459	472	167	152	41	44	126	108	86	67	81	85
Sweden	548	417	59	51	24	27	35	24	25	27	34	24
Netherlands	294	378	174	102	17	19	157	83	43	51	131	51
UK and Ireland	178	174	50	34	6	8	44	26	17	15	33	19
Belgium	142	165	117	87	60	71	57	16	17	18	100	69
Finland	143	154	60	73	2	4	58	69	10	11	50	62
Germany	106	138	9	12	8	8	1	4	8	9	1	3
Poland	114	134	30	32	30	32	0	0	30	32	0	0
Norway	130	120	23	31	3	5	20	26	21	17	2	14
Canada	84	102	6	34	6	9	0	25	6	10	0	24
Switzerland	113	97	10	17	7	5	3	12	10	8	0	9
Austria	47	57	3	12	2	5	1	7	3	9	0	3
Spain	48	53	17	13	1	1	16	12	17	13	0	0
Czech Rep.	30	31	8	8	8	8	0	0	8	8	0	0
Portugal	17	28	7	9	7	9	0	0	7	9	0	0
France	22	27	1	3	1	1	0	2	1	2	0	1
Hungary	20	24	5	5	5	5	0	0	5	5	0	0
Lithuania	3	3	0	2	0	2	0	0	0	2	0	0
Others	114	111	179	100	0	0	179	100	144	43	35	57
Total	**2.612**	**2.685**	**925**	**777**	**228**	**263**	**697**	**514**	**458**	**356**	**467**	**421**

NOTES TO THE FINANCIAL STATEMENTS

2. STAFF COSTS

Staff costs are included in the following items:

(DKK '000)	GROUP 2003/04	GROUP 2002/03	PARENT COMPANY 2003/04	PARENT COMPANY 2002/03
Selling and distribution costs	356,497	339,341	57,508	49,907
Administrative expenses	282,848	262,813	112,828	105,826
Total	**639,345**	**602,154**	**170,336**	**155,733**
Salaries, wages, emoluments, etc. can be specified as follows:				
Salaries, wages and emoluments	563,769	526,465	163,448	149,232
Pension costs	19,258	20,361	6,279	5,977
Other social security costs	56,318	55,328	609	524
Total	**639,345**	**602,154**	**170,336**	**155,733**
Average number of employees	**2,095**	**2,199**	**327**	**323**

Emoluments to the Parent Company's Executive Board amounted to DKK 14,881 thousand (2002/03: DKK 9,400 thousand), of which DKK 12,250 thousand was severance pay to former members of the Executive Board. Emoluments to the Board of Directors amounted to DKK 1,350 thousand (2002/03: DKK 1,350 thousand).

Stock options

The Group has a stock option plan for functional directors, functional managers and key employees. Options have been awarded three times under the plan, the last time on 1 March 2002. The stock options can be exercised in five tranches in the period from August 2002 to January 2006. Options not exercised in a period may not be transferred to the following period. The exercise price is calculated by increasing the award price by 5% annually plus the percentage change in the all-share index of shares listed on the Copenhagen Stock Exchange until the time of exercise of the options. The award price for the stock options was DKK 75 (June 2000), DKK 92 (February 2001) and DKK 51 (March 2002).

Stock options (number)	**Executive Board**	**Other executives**	**Total**
Outstanding at 1 July 2003	100,000	116,250	216,250
Expired in 2003/2004	(100,000)	(56,475)	(156,475)
Outstanding at 30 June 2004	**0**	**59,775**	**59,775**

	Issued stock options	**Expired/ cancelled**	**Outstanding**	**Value DKKm**	**Exercise price***	**Exercise period**
Executive Board	200,000	(200,000)	0	-	-	-
Other executives	400,000	(340,225)	59,775	0.2	65 - 113	01.08.02-31.01.06
Total stock options	**600,000**	**(540,225)**	**59,775**	**0.2**		

** The exercise prices have been calculated for a number of the plans as the plans include annual growth requirements.*

At 30 June 2004, 17 persons came under the stock option plans, down from 20 persons at 30 June 2003.

NOTES TO THE FINANCIAL STATEMENTS

2. STAFF COSTS, CONTINUED

Warrants

The Group had three warrant plans at 30 June 2004.

Warrants were awarded to members of the Executive Board, other executives and key employees of the Parent company and managers of the subsidiaries in the autumn of 2000, 2001 and 2002. The awards totalled 717,500 warrants, 185,000 warrants and 225.000 warrants, respectively. Each warrant awarded in the autumn of 20000 entitles the holder to subscribe one share at DKK 97 per share over a three-year period beginning in the autumn of 2003. Each warrant awarded in the autumn of 2001 entitles the holder to subscribe one share at DKK 46 per share plus 5% p.a. over a three-year period beginning in the autumn of 2002. Each warrant awarded in the autumn of 2002 entitles the holder to subscribe one share at DKK 35 per share plus 6% p.a. over a three-year period beginning in the autumn of 2003.

Warrants (number):

	Chairman-ship	Executive Board	Other executives	Total
Outstanding at 1 July 2003	50,000	0	653,500	703,500
Reclassified in 2003/2004	0	11,400	(11,400)	0
Expired in 2003/2004	(50,000)	0	(181,850)	(231,850)
Outstanding at 30 June 2004	**0**	**11,400**	**460,250**	**471,650**

	Issued warrants	Expired/ cancelled	Outstanding	Value DKKm	Exercise price*	Exercise period
Chairmanship	50,000	(50,000)	0	-	-	-
Awarded in 2000	717,500	(534,500)	183,000	0.6	97.00	27.09.03 - 21.10.05
Awarded in 2001	185,000	(78,750)	106,250	0.5	46+5%pa	27.09.02 - 31.10.04
Awarded in 2002	225,000	(42,600)	182,400	3.0	35+6%pa	27.09.03 - 31.10.05
Total warrants	**1,177,500**	**(705,850)**	**471,650**	**4.1**		

** The exercise prices have been calculated for a number of the plans as the plans include annual growth requirements.*

At 30 June 2004, 27 persons came under the warrant plans, down from 34 persons at 30 June 2003.

As Henrik Theilbjørn became a member of the Executive Board on 6 November 2003, his share of the warrant plan for 2002 has been transferred to the Executive Board column.

The market value of the stock options and warrants is based on the Black-Scholes valuation model. The assumptions applied, which are based on current market conditions, are shown below:

	2003/04	2002/03
Expected volatility	79%	36%
Expected dividend per share (in DKK)	0	0
Risk-free interest rate	4.73%	4.02%

3. DEPRECIATION AND IMPAIRMENT

Depreciation and impairment for the year is included in the following income statement items:

	GROUP		PARENT COMPANY	
(DKK '000)	2003/04	2002/03	2003/04	2002/03
Selling and distribution costs	55,876	63,585	2,861	2,574
Administrative expenses	107,240	50,634	15,679	16,495
Exceptional items	35,251	23,400	0	0
Total	**198,367**	**137,619**	**18,540**	**19,069**

NOTES TO THE FINANCIAL STATEMENTS

4. FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

Specification of fees for the year to auditors appointed
at the annual general meeting:

	GROUP		PARENT COMPANY	
(DKK '000)	2003/04	2002/03	2003/04	2002/03
Audit fees:				
Deloitte	4,257	4,252	962	950
Ernst & Young	962	1,161	962	950
Other audit firms	92	34	0	0
Other fees:				
Deloitte	5,316	4,381	2,387	1,668
Ernst & Young	597	505	520	375
Other audit firms	120	221	0	0
Total	**11,344**	**10,554**	**4,831**	**3,943**

5. OTHER OPERATING INCOME

	GROUP		PARENT COMPANY	
(DKK '000)	2003/04	2002/03	2003/04	2002/03
Services provided to subsidiaries	-	-	58,604	66,257
Profits on sales of property, plant and equipment	1,799	3,080	968	0
Royalties	4,937	1,109	1,583	1,109
Damages	346	1,113	0	0
Entrance fees from franchisees	1,743	0	0	0
Rent	4,404	2,459	0	89
Miscellaneous	1,784	2,005	1,005	95
Total	**15,013**	**9,766**	**62,160**	**67,550**

6. OTHER OPERATING COSTS

	GROUP		PARENT COMPANY	
(DKK '000)	2003/04	2002/03	2003/04	2002/03
Loss on sales of fixed assets	0	2,550	0	0
Total	**0**	**2,550**	**0**	**0**

7. SPECIAL ITEMS

	GROUP		PARENT COMPANY	
(DKK '000)	2003/04	2002/03	2003/04	2002/03
Closure of own Retail stores	75,000	44,900	0	0
Costs of vacant office leases	16,000	19,400	15,000	10,400
Total	**91,000**	**64,300**	**15,000**	**10,400**

NOTES TO THE FINANCIAL STATEMENTS

8. NET FINANCIAL ITEMS

	GROUP		PARENT COMPANY	
(DKK '000)	2003/04	2002/03	2003/04	2002/03
Financial income:				
Interest on bank deposits	5,404	2,350		
Interest on receivables from Group enterprises	-	-	23,365	33,768
Net currency gain	859	0	436	1,712
Other financial income	4,780	13,572	2,408	7,752
Total	**11,043**	**15,922**	**26,209**	**43,232**
Financial expenses:				
Interest on debt to financial institutions	(24,995)	(29,107)	(19,059)	(27,029)
Interest on debt to Group enterprises	-	-	(4,701)	(13,167)
Net currency loss	0	(206)	0	0
Other financial expenses	(4,608)	(12,362)	(199)	(3,811)
Total	**(29,603)**	**(41,675)**	**(23,959)**	**(44,007)**
Net financial items	**(18,560)**	**(25,753)**	**2,250**	**(775)**

9. INCOME TAX

	GROUP		PARENT COMPANY	
(DKK '000)	2003/04	2002/03	2003/04	2002/03
Current tax	5,766	10,461	319	0
Current contribution to joint taxation	0	0	(10,453)	(5,473)
Change in deferred tax	10,966	15,185	13,697	10,751
Prior-year adjustments, deferred tax	(1,045)	(10,181)	(6,758)	(3,383)
Prior-year adjustments, tax payable	272	(25,662)	3,152	(25,662)
Tax in subsidiaries	0	0	16,002	13,570
Income tax for the year	**15,959**	**(10,197)**	**15,959**	**(10,197)**
which is recognised as follows:				
Income tax on profit/(loss) for the year	15,240	17,561	15,240	17,561
Tax on equity movements	719	(27,758)	719	(27,758)
Income tax for the year	**15,959**	**(10,197)**	**15,959**	**(10,197)**
Net tax paid/(received) during the financial year	**(9,538)**	**54,804**	**(34,087)**	**(1,497)**

Breakdown of tax on the profit/(loss) for the year

	GROUP	
(DKK '000)	2003/04	2002/03
Estimated tax on the profit/(loss) before tax	(88,054)	5,556
Non-deductible amortisation of goodwill/leasehold rights	28,862	6,420
Other non-taxable income and non-deductible costs	(2,958)	(6,988)
Net deviation of tax in foreign subsidiaries relative to 30%	(5,307)	3,909
Tax on equity movements	719	0
Prior-year adjustment to 30%	(595)	(10,181)
Tax losses carried forward, that are not recognised, etc.	82,573	18,845
Total	**15,240**	**17,561**

NOTES TO THE FINANCIAL STATEMENTS

10. GROUP INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(DKK '000)	Goodwill	Software and IT systems	Trademark rights	Leasehold rights	Land and buildings	Leasehold improvements	Equipment and furniture
Cost at 1 July 2003	586,979	123,688	-	107,763	41,384	298,620	344,320
							(0)
Currency translation, etc.	5,857	-	-	199	1,447	1,208	761
Transfer	-	-	-	4,563	-	(1,845)	(2,718)
Additions	7,000	9,374	350	7,051	301	33,913	36,698
Disposals	-	(39)	-	(14,962)	(3,501)	(43,468)	(71,399)
Cost at 30 June 2004	**599,836**	**133,023**	**350**	**104,614**	**39,631**	**288,428**	**307,662**
Accumulated amortisation, depreciation and impairment at 1 July 2003	(353,262)	(91,284)	-	(59,903)	(12,590)	(186,362)	(274,381)
Currency translation, etc.	(3,927)	-	-	(103)	(405)	(567)	(460)
Transfer	-	-	-	(3,774)	-	2,275	1,498
Amortisation, depreciation and impairment on disposals	-	-	-	12,749	276	41,814	69,691
Amortisation and depreciation	(50,648)	(13,517)	(35)	(10,196)	(1,552)	(34,878)	(32,290)
Impairment	(20,000)	-	-	(3,286)	-	(20,283)	(11,682)
Accumulated amortisation, depreciation and impairment at 30 June 2004	**(427,837)**	**(104,801)**	**(35)**	**(64,513)**	**(14,271)**	**(198,001)**	**(247,624)**
Carrying amount at 30 June 2004	**171,999**	**28,222**	**315**	**40,101**	**25,360**	**90,427**	**60,038**

The capitalised value of leased assets is included at an amount of DKK 14,637 thousand at 30 June 2004 (2003: DKK 15,038 thousand) in land and buildings.

The carrying amount of non-Danish land and buildings not subject to public assessment was DKK 25,360 thousand at 30 June 2004 (2003: DKK 28,794 thousand).

11. PARENT COMPANY INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(DKK '000)	Software and IT systems	Trademark rights	Land and buildings	Leasehold improvements	Equipment and furniture
Cost at 1 July 2003	123,451	-	1,573	19,037	48,474
Additions	9,342	350	-	2,116	2,145
Disposals	-	-	(1,573)	-	(20,471)
Cost at 30 June 2004	**132,793**	**350**	**-**	**21,153**	**30,148**
Accumulated amortisation, depreciation and impairment at 1 July 2003	(91,078)	-	(188)	(2,429)	(35,946)
Amortisation, depreciation and impairment on disposals	-	-	188	-	18,550
Amortisation and depreciation	(13,502)	(35)	-	(2,113)	(2,890)
Accumulated amortisation, depreciation and impairment at 30 June 2004	**(104,580)**	**(35)**	**-**	**(4,542)**	**(20,286)**
Carrying amount at 30 June 2004	**28,213**	**315**	**-**	**16,611**	**9,862**

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS IN GROUP ENTERPRISES

	PARENT COMPANY	
(DKK '000)	2004	2003
Cost at 1 July	1,840,763	1,682,857
Additions on acquisitions/company formations	7,498	3,845
Capital increase in subsidiaries	0	154,061
Cost at 30 June	**1,848,261**	**1,840,763**
Value adjustment at 1 July	(1,341,725)	(1,293,499)
Currency translation	(314)	(15,380)
Profit/(loss) in subsidiaries, including movements in intercompany profits, etc. (after tax)	(13,601)	(18,192)
Goodwill amortisation	(70,648)	(12,377)
Dividend, prior-year adjustment	(111,307)	(2,277)
Value adjustment at 30 June	**(1,537,595)**	**(1,341,725)**
Net investments in Group enterprises at 30 June	310,666	499,038
Subsidiaries with negative equity, offset against receivables	184,444	146,137
Carrying amount at 30 June	**495,110**	**645,175**
The carrying amount of investments includes goodwill of	**171,999**	**233,718**

(DKK '000)	2003/04	2002/03
Breakdown of profit/(loss) from subsidiaries:		
Profit/(loss) from subsidiaries before tax	(53,421)	(23,499)
Change in unrealised intercompany profit on inventories, etc. before tax	(14,826)	6,500
Profit/(loss) from investments before tax	**(68,247)**	**(16,999)**
Income tax on the profit/(loss) for the year	(16,002)	(13,570)
Profit/(loss) from investments after tax	**(84,249)**	**(30,569)**

A list of Group enterprises is included at the end of this Annual Report

13. OTHER INVESTMENTS HELD BY THE GROUP

(DKK '000)	Shares	Deposits, etc.
Cost at 1 July 2003	257	27,234
Additions	-	4,385
Disposals	(49)	(3,446)
Cost at 30 June 2004	**208**	**28,173**
Value adjustment at 1 July 2003	(3)	(667)
Currency translation, etc.	3	77
Value adjustment at 30 June 2004	**-**	**(590)**
Carrying amount at 30 June 2004	**208**	**27,583**

NOTES TO THE FINANCIAL STATEMENTS

14. OTHER INVESTMENTS HELD BY THE PARENT COMPANY

(DKK '000)	Receivables from Group enterprises	Deposits, etc.
Cost at 1 July 2003	71,974	2,490
Additions	6,529	-
Disposals	(16,126)	(158)
Cost at 30 June 2004	**62,377**	**2,332**
Value adjustment at 1 July 2003	(129)	-
Currency translation, etc.	249	-
Value adjustment at 30 June 2004	**120**	**-**
Negative equity set off against loans at 1 July 2003	(43,170)	-
Movements during the year	(9,144)	-
Negative equity set off against loans at 30 June 2004	**(52,314)**	**-**
Carrying amount at 30 June 2004	**10,183**	**2,332**

15. DEFERRED TAX

	GROUP		PARENT COMPANY	
(DKK '000)	2004	2003	2004	2003
Deferred tax assets at 1 July	**112,630**	**127,883**	**37,574**	**45,751**
Prior-year adjustments	1,045	2,380	6,758	2,410
Additions on acquisitions	0	1,462	0	2,587
Currency translation	210	(1,683)	0	0
Change in deferred tax on profit/(loss) for the year	(11,054)	(17,412)	(13,697)	(13,174)
Net deferred tax assets at 30 June	**102,831**	**112,630**	**30,635**	**37,574**
Recognised as follows:				
Deferred tax assets	108,721	114,374	30,635	37,574
Deferred tax	(5,890)	(1,744)	0	0
Net deferred tax assets 30 June	**102,831**	**112,630**	**30,635**	**37,574**
Breakdown of deferred tax assets at 30 June:				
Intangible assets	49,539	14,628	8,655	7,083
Property, plant and equipment	45,225	56,757	35,656	37,001
Investments	887	3,083	1,003	3,083
Current assets	30,657	37,314	6,208	11,702
Short-term debt	(5,978)	(9,879)	(16,959)	(17,698)
Long-term debt	0	0	0	0
Net tax losses carried forward	223,917	153,685	52,766	8,398
Gross deferred tax assets	**344,247**	**255,588**	**87,329**	**49,569**
Unrecognised tax assets	(241,416)	(142,958)	(56,694)	(11,995)
Net deferred tax assets at 30 June	**102,831**	**112,630**	**30,635**	**37,574**

NOTES TO THE FINANCIAL STATEMENTS

16. INVENTORIES

(DKK '000)	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Raw materials and consumables	25,628	21,840	22,187	5,010
Finished goods and goods for resale	349,428	409,142	129,642	86,279
Prepayments for goods	5,784	12,327	0	0
Inventories at 30 June	**380,840**	**443,309**	**151,829**	**91,289**

17. RECEIVABLES

Out of the total receivables, the following amounts fall due more than 12 months after the end of the financial year:

(DKK '000)	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Income tax receivable	1,684	3,526	0	0
Other receivables	1,549	2,860	0	0
Receivables at 30 June	**3,233**	**6,386**	**0**	**0**

18. OTHER RECEIVABLES

(DKK '000)	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
VAT receivable, etc.	8,522	6,874	1,964	766
Advance payments to employees, etc.	1,097	3,778	373	386
Receivables from stores owned by third parties	18,118	5,624	0	0
Credit card receivables	4,090	16,457	0	37
Sundry receivables	9,159	8,954	1,683	3,591
Other receivables at 30 June	**40,986**	**41,687**	**4,020**	**4,780**

19. PREPAYMENTS

(DKK '000)	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Collection samples	22,642	18,676	4,563	1,334
Advertising	1,623	2,527	135	340
Rent, etc.	25,472	27,357	1,725	5,316
Insurance	2,901	1,942	1,142	383
Social security payments	2,972	7,007	0	0
Others	7,180	7,660	1,865	1,929
Prepayments at 30 June	**62,790**	**65,169**	**9,430**	**9,302**

NOTES TO THE FINANCIAL STATEMENTS

20. SHARE CAPITAL

The share capital consists of 18,351,650 shares of DKK 10 nominal value each. No shares carry any special rights. The share capital is fully paid up.

The following capital increases have been made:

	Number	Nominal value DKK '000
Share capital at 1 January 2001	7,107,458	71,075
Addition on merger	10,250,000	102,500
Share capital at 30 June 2001	**17,357,458**	**173,575**
Addition in 2001/02	794,192	7,942
Share capital at 30 June 2002	**18,151,650**	**181,517**
Addition in 2002/03	200,000	2,000
Share capital at 30 June 2003	**18,351,650**	**183,517**
Share capital at 30 June 2004	**18,351,650**	**183,517**

Treasury shares

The Company did not acquire or sell treasury shares during the year.

Breakdown of treasury shares:

	% of share capital	Number	Nominal value
Treasury shares at 1 July 2003	1.9%	350,182	3,501,820
Additions	0.0%	0	0
Disposals	0.0%	0	0
Treasury shares at 30 June 2004	**1.9%**	**350,182**	**3,501,820**

The shares were originally acquired to hedge the Company's liabilities under the stock option plan for the Executive Board, other executives, functional managers and key employees.

The value of treasury shares at market price as at 30 June 2004 was DKK 14,809 thousand.

21. OTHER PROVISIONS, GROUP

(DKK '000)	Pension commitment	Rent for loss-generating stores to be closed	Provision for rent	Restructuring of acquired enterprise	Total provisions
Provisions at 1 July 2003	830	16,500	14,200	9,387	40,917
Additions	99	41,293	16,000	-	57,392
Disposals	(85)	(11,875)	(11,774)	(2,256)	(25,990)
Provisions at 30 June 2004	**844**	**45,918**	**18,426**	**7,131**	**72,319**

The restructuring of an acquired enterprise solely concerns companies of the Tiger Group and is expected to be completed by 30 June 2005.

The rent obligation is calculated as the anticipated rent from terminating identified store leases. The calculation of the provision takes into consideration any positive contribution from operations until the expected closure date. The disposal of the store leases is expected to be completed before 30 June 2006.

22. OTHER PROVISIONS, PARENT COMPANY

(DKK '000)	Pension commitment	Rent for loss-generating stores to be closed	Provision for rent	Restructuring of acquired enterprise	Total provisions
Provisions at 1 July 2003	-	-	8,400	-	8,400
Additions	-	-	15,000	-	15,000
Disposals	-	-	(4,974)	-	(4,974)
Provisions at 30 June 2004	**-**	**-**	**18,426**	**-**	**18,426**

NOTES TO THE FINANCIAL STATEMENTS

23. LONG-TERM DEBT

(DKK '000)	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Falling due within 1-5 years	12,375	17,391	0	0
Falling due after more than 5 years	36,400	36,221	0	0
Long-term debt at 30 June	**48,775**	**53,612**	**0**	**0**

	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
SEK	19%	27%	0%	0%
GBP	81%	73%	0%	0%
Total	**100%**	**100%**	**0%**	**0%**

24. SHORT-TERM DEBT TO FINANCIAL INSTITUTIONS

The Group's short-term debt to financial institutions consists of Danish and foreign overdraft facilities at average floating rates of 3.48% p.a.

Breakdown of short-term debt to financial institutions by currency:

	GROUP 2004	GROUP 2003
DKK	48%	23%
SEK	19%	7%
GBP	1%	1%
EUR	11%	49%
USD	1%	0%
CHF	6%	6%
CAD	3%	2%
PLN	8%	10%
NOK	0%	1%
Others	3%	1%
Total	100%	100%

25. OTHER DEBT

(DKK '000)	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
VAT, customs and PAYE tax withheld	45,221	47,777	18,703	15,420
Social security costs and holiday allowance payable	65,171	54,986	21,221	17,837
Accrued interest	577	303	102	138
Unrealised losses on financial contracts	8,310	21,417	8,310	21,417
Credit vouchers	3,932	2,751	0	0
Severance pay	12,105	6,916	9,843	6,916
Other costs payable	33,648	31,814	21,728	2,409
Total	**168,964**	**165,964**	**79,907**	**64,137**

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL LIABILITIES

(DKK '000)	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Lease liability:				
Next year's payment amounts to	13,356	13,720	3,446	3,946
The total liability, which runs for up to 4.8 years, totals	28,714	31,193	9,730	10,933
Rent liability:				
Next year's rent amounts to	218,194	207,939	5,724	9,448
The total liability, which runs for up to 20.5 years, totals	924,427	904,571	174,704	192,998
Guarantees and other collateral security relating to subsidiaries	-	-	223,951	172,081
Other guarantees and other collateral security	252,316	185,197	4,489	2,117

The Company is jointly and severally liable with the other jointly taxed companies for tax on the jointly taxed companies.

The Parent Company's contingent liabilities include rent for 20.5 years for the Company's head office at Raffinaderivej. The Company has an option to buy the property in 2015. Furthermore, the Parent Company has issued letters of comfort for certain subsidiaries.

27. CHANGE IN WORKING CAPITAL

(DKK '000)	GROUP 2003/04	GROUP 2002/03
Change in inventories	62,469	38,907
Change in receivables	81,618	76,441
Change in short-term debt excluding tax	40,054	(58,277)
Total	**184,141**	**57,071**

28. CASH AT YEAR-END

(DKK '000)	GROUP 2004	GROUP 2003
Securities and cash	110,395	214,871
Financial institutions, short-term	(557,587)	(732,485)
Total	**(447,192)**	**(517,614)**

NOTES TO THE FINANCIAL STATEMENTS

Notes not otherwise referred to

29. DERIVATIVE FINANCIAL INSTRUMENTS

Foreign exchange risks

The Group's primary transaction risk arises on the purchase and sale of products in foreign currency. Forward contracts and/or options are used to hedge financial and anticipated risks. Hedges usually run for a period of 12 months.

The Group's risks for the next 12 months may be specified as follows:	Anticipated inflow	Anticipated outflow	Hedge	Net position	Net position DKK '000
EUR	93,421	47,667	0	45,754	340,071
USD	5,841	39,167	32,000	(1,326)	(8,108)
HKD	0	408,000	400,000	(8,000)	(6,272)
SEK	456,941	36,267	410,000	10,674	8,675
NOK	137,934	0	110,000	27,934	24,610
GBP	11,264	0	10,000	1,264	14,006
CHF	14,130	0	11,000	3,130	15,263
PLN	40,531	3	36,000	4,531	7,445
CZK	73,451	0	0	73,451	17,195
HUF	320,419	0	0	320,419	9,452
CAD	11,528	0	11,000	528	2,401
JPY	150,132	0	150,000	132	7
LTL	280	0	0	280	603

(DKK '000)	2004	2003
Foreign currency bought on forward contracts		
Nominal value		
Forward contracts	548,943	530,929
Foreign currency sold on forward contracts		
Nominal value		
Forward contracts	712,166	731,858
Net market value, unrealised loss	4,989	15,171
Recognised in the income statement	824	8,611
Recognised in equity	4,164	6,560

Forward exchange contracts relate exclusively to hedges of goods sold and bought. See the Company's policy in this respect.

The Company's foreign exchange exposure is hedged by the Parent Company, although a few subsidiaries have unhedged foreign exchange exposure if they have signed rent contracts in a currency other than the local currency.

Interest rate risks

The following maturity/reassessment profiles apply to the Group's financial assets and liabilities:

	Reassessment/maturity profile 0-1 years	1-5 years	> 5 years	Fixed interest	Effective rate of interest
Trade receivables	200,956	0	0	no	0.00%
Trade payables	235,733	0	0	no	0.00%
Capitalised lease liability	612	3,236	36,400	no	7.69%
Financial institutions, short-term	557,587	0	0	no	3.48%
Financial institutions, long-term	0	9,139	0	yes	3.45%
Interest swaps, floating part	42,813	0	0	no	2.24%
Interest swaps, fixed part	0	42,813	0	yes	6.80%

The market value of swaps is DKK 4,146 thousand, which is recognised under financial items in the income statement.

Credit risks

The Group solely uses internationally recognised banks with a high credit rating. The credit risks on forward contracts and bank deposits are consequently deemed to be low.

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY TRANSACTIONS

IC Companys A/S' related parties include subsidiaries as set out in note 12 and the companies' boards of directors, executive boards and executives and their related family members. Related parties include companies in which these persons have a significant interest.

IC Companys A/S conducts substantial trading with all its subsidiaries. Trading is conducted on an arm's length basis.

The Group has entered into a property lease with I/S Hakkesstraat 35-37, Venlo, the Netherlands. The partnership is owned by Board member Niels Martinsen (who owns 38.1% of IC Companys A/S via Friheden Invest A/S) who owns 95% and by the Chairman Ole T. Krogsgaard who owns 5%. The property functions as a distribution centre. The lease has been entered into on arm's length terms based on an impartial assessment of the rent by a licensed estate agent in the Netherlands. The lease cannot be terminated by any of the parties until 15 August 2006.

The Company has had other transactions during the year with Niels Martinsen and companies controlled by Niels Martinsen. The transactions were all made on arm's length terms and did not exceed DKK 1 million for the financial year.

With the exception of intra-group transactions, which have been eliminated in the consolidated financial statements, and usual management remuneration, the Group has not made transactions in this or any previous years with the Board of Directors, Executive Board, executives, major shareholders or other related parties.

31. PENDING LITIGATION

The Group is not currently involved in any pending litigation which may have a material effect on the Group's financial position.

DEFINITIONS OF KEY RATIOS

Ratio		Definition
EBITDA margin (%)	=	Operating profit before depreciation and amortisation, special items and merger costs / Revenue
EBIT margin (%)	=	Operating profit before special items and merger costs / Revenue
Gross margin (%)	=	Gross profit / Revenue
Net interest-bearing debt	=	Mortgages, leasing debt and debt to financial institutions less securities and cash and cash equivalents
Capital employed	=	Average fixed assets + average working capital
Return on capital employed (%)	=	Operating profit before special items / Capital employed
Earnings per share (EPS)	=	Profit for the year / Average number of shares
Cash flow per share (CFPS)	=	Cash flow from operating activities / Average number of shares
Net asset value per share	=	Equity at year-end / Number of shares at year-end
Return on equity (%)	=	Profit for the year / Average equity
Equity ratio (%)	=	Equity at year-end / Total equity and liabilities at year-end
Gearing (%)	=	Net interest-bearing debt / Equity at year-end
Price / earnings	=	Market price per share at year-end / Earnings per share
Segment profit/(loss)	=	Segment revenue less cost of sales, and selling and distribution costs and administrative expenses attributable to the segment.

GROUP STRUCTURE AS AT 30 JUNE 2004

Company	Country	Currency	Share capital in '000
100% owned subsidiaries:			
IC Companys Danmark A/S	Denmark	DKK	18,000
Retailselskabet af 14. april 1999 A/S	Denmark	DKK	1,000
IC Companys Danmark Retail ApS	Denmark	DKK	125
Saint Tropez af 1993 A/S	Denmark	DKK	500
IC Companys Norway AS	Norway	NOK	9,900
IC Companys Sweden AB	Sweden	SEK	10,000
Tiger of Sweden AB	Sweden	SEK	500
SIR Garwood AB	Sweden	SEK	1,600
Vingåker Factory Outlet AB	Sweden	SEK	200
Tiger of Sweden Produktion AB	Sweden	SEK	4,000
SIR Kft.	Hungary	HUF	118,000
Carli Gry International Sweden AB	Sweden	SEK	100,000
Peak Performance AB	Sweden	SEK	2,645
Peak Performance Production AB	Sweden	SEK	400
IC Companys Finland Oy	Finland	EUR	403
IC Companys Holding & Distributie B.V.	Netherlands	EUR	2,269
IC Companys Fashion Holding B.V.	Netherlands	EUR	16
IC Companys Belgium N.V.	Belgium	EUR	1,487
IC Companys (UK) Ltd.	UK	GBP	4,350
Carli Gry Germany G.m.b.H.	Germany	EUR	26
IC Companys Germany G.m.b.H.	Germany	EUR	1,432
IC Companys Austria G.m.b.H.	Austria	EUR	400
IC Companys AG	Switzerland	CHF	3,101
IC Companys Spain S.A.	Spain	EUR	60
IC Companys Portugal Lda.	Portugal	EUR	224
IC Companys France S.A.	France	EUR	457
IC Companys Canada Inc.	Canada	CAD	2,200
IC Companys Poland Sp. Z o.o.	Poland	PLN	126
IC Companys Hungary Kft.	Hungary	HUF	10,546
IC Companys Cz s.r.o.	Czech Rep.	CZK	2,000
UAB IC Companys Lithuania	Lithuania	LTL	10
IC Companys Hong Kong Ltd.	Hong Kong	HKD	10,000
IC Companys Romania SRL	Romania	ROL	2,026,750
Peak Performance Italy SRL	Italy	EUR	10
51% owned subsidiary:			
By Malene Birger A/S	Denmark	DKK	500