IC COMPANYS

IC COMPANYS A/S
RAFFINADERIVEJ 10
DK-2300 COPENHAGEN S
PHONE +45 32 66 77 88
FAX +45 32 66 77 03
CVR NO. 6281 6414
WWW.ICCOMPANYS.COM

23 February 2004

To the Copenhagen Stock Exchange
Announcement no. 4 / 2004

IC Companys A/S – H1 Report 2003/04

At its meeting today, the Board of Directors of IC Companys A/S considered and adopted the interim financial statements for the six months ended 31 December 2003.

Highlights of the interim report are:

- Revenue for the period was DKK 1,373 million, compared with DKK 1,415 million in H1 2002/03. Wholesale revenue fell by approximately 3% including revenue from Tiger of approximately DKK 81 million. Retail revenue fell by approximately 5% including revenue from Tiger of approximately DKK 31 million, primarily due to the adverse effect of increased discounts, store closures and a fall in same-store sales.

- An operating loss of DKK 157 million was posted for the period, including the effect of changes in accounting estimates and one-off items totalling DKK 125 million, compared with an operating profit of DKK 72 million in 2002/03. Without these adjustments, an operating loss of DKK 32 million would have been recorded.

- A pre-tax loss of DKK 166 million was posted, compared with a pre-tax profit of DKK 60 million in 2002/03.

- The H1 financial statements include a DKK 37 million provision recognised under exceptional items for restructuring of the retail operation, including the closure of approximately 20 unprofitable company-owned stores.

- In spite of the loss, net interest-bearing bank debt fell to DKK 449 million at 31 December 2003, from DKK 532 million at 30 June 2003, as a result of a DKK 87 million increase in cash for the period.

- A review of the Group's business strategy and key focus areas.

- A description of the background for and the effects of changes in accounting estimates for the valuation of assets such as inventories and receivables, and changes in accounting estimates in terms of the economic life of capitalised goodwill on consolidation.

- For the full 2003/04 financial year, revenue is forecast to be in the range of DKK 2,650-2,700 million, with a pre-tax loss of approximately DKK 250-275 million, including the effect of expected changes in accounting estimates and one-off items of approximately DKK 150 million.

- The Board believes the Group's employees hold a great potential, and that the efforts to restore optimism and confidence in IC Companys' future have come a long way towards success.

IC Companys A/S

Henrik Theilbjørn
Acting President & CEO, CFO
Tel +45 3266 7646

Ole T. Krogsgaard
Chairman

The above announcement is a translation from the Danish language of announcement number 4/2004 to the Copenhagen Stock Exchange. In the event of any discrepancy between the Danish and English version, the Danish shall prevail.

FINANCIAL HIGHLIGHTS AND KEY RATIOS

The H1 interim report is presented in accordance with the same accounting policies as the 2002/03 annual report, except that, as described in the 2002/03 annual report, cash discounts have been reclassified from financial items to revenue. The comparative figures have been restated to reflect the reclassification, but have not been restated to reflect the changes in accounting estimates.

Financial highlights and key ratios

DKKm	Q2 2003/2004 3 months	Q2 2002/2003 3 months	H1 2003/2004 6 months	H1 2002/2003 6 months	Full year 2002/2003 12 months
Income statement					
Revenue	548	634	1,373	1,415	2,685
Gross profit	290	329	641	736	1,437
Operating profit before depreciation and special items	(26)	14	(9)	131	223
Operating profit before special items	(57)	(16)	(104)	72	109
Operating profit	(94)	(16)	(157)	72	44
Net financial items	(6)	(3)	(9)	(12)	(26)
Profit before tax	(100)	(19)	(166)	60	19
Profit for the period	(100)	(12)	(166)	43	1
Balance sheet					
Fixed assets	619	599	619	599	658
Current assets	974	1,063	974	1,063	1,165
Total assets	1,593	1,661	1,593	1,661	1,822
Equity	433	615	433	615	600
Liabilities	1,161	1,046	1,161	1,046	1,223
Cash flow statement					
Cash flow from operating activities	197	207	107	176	184
Cash flow from investing activities	(16)	(15)	(44)	(29)	(162)
Cash flow from financing activities	(2)	2	24	2	(31)
Cash flow for the period	179	194	87	149	(9)
Key ratios					
Gross margin (%)	53.0	51.9	46.7	52.0	53.5
EBITDA margin (%)	(4.7)	2.2	(0.6)	9.2	8.3
EBIT margin (%)	(10.3)	(2.5)	(7.6)	5.1	4.0
Return on equity (%)	neg.	neg.	neg.	7.1	0.2
Equity ratio (%)	27.2	37.0	27.2	37.0	32.9
Capital employed*	992	1,068	992	1,068	1,163
Return on capital employed (%)	(3.7)	(1.5)	(8.4)	6.7	9.3
Net interest-bearing debt	449	351	449	351	532
Gearing (%)	103.8	57.1	103.8	57.1	88.8
Share data					
Average number of shares	18,351,650	18,251,650	18,351,650	18,204,911	18,277,677
Market price per share at end of period	49.5	23.3	49.5	23.3	45.0
Earnings per share (EPS)	(4.4)	(0.6)	(8.0)	2.3	0.1
Cash earnings per share (CEPS)	10.7	11.3	5.8	9.7	10.0
Net asset value per share	23.6	33.7	23.6	33.8	32.8
Price/earnings	neg.	neg.	neg.	9.9	857.7
Employees					
Number of employees (full-time equivalents)	2,262	2,123	2,262	2,123	2,344

Note: * capital employed = average fixed assets + average working capital

The key ratios and share data have been calculated according to the recommendations in "Recommendations and ratios 1997" issued by the Association of Danish Financial Analysts.

MANAGEMENT'S REVIEW

Consolidated revenue in H1 2003/04 was DKK 1,373 million, compared with DKK 1,415 million in the same period last year. A pre-tax loss of DKK 166 million was posted, compared with a pre-tax profit of DKK 60 million in the same period last year.

The results are in line with the forecasts made by the Board of Directors in the Q1 report, but at which time the Board did not yet have the necessary background to assess the company's performance. At the time, it was stated that revenue and profits are significantly better in Q1 and Q3 than in Q2 and Q4 due to normal seasonal fluctuations. Moreover, it was stated that goodwill amortisation would be increased significantly compared with the periods prior to the current financial year, and that substantial provisions would have to be expected for the retail operation when the new Board had had an opportunity to evaluate the situation for this extremely loss-making part of the Group.

Had the accounting policies and estimates that were used prior to the current financial year been used, the H1 2003/04 financial statements would have reported a loss of DKK 41 million.

	DKKm
Profit/(loss) before tax for H1 2003/04	**(166)**
Effect of changes in accounting adjustments:	
Amortisation and writedown of goodwill	40
Writedown of inventories	12
General writedown on receivables	20
Provision for vacant office leases	16
Restructuring of Retail	37
Total adjustments	125
Pro forma profit/(loss) before tax for H1 2003/04	**(41)**
Inventory writedown resulting of decision to omit establishment of more factory outlets	45
Pro forma profit/(loss) before tax and before inventory writedown for H1 2003/04	**4**
Profit/(loss) before tax for H1 2002/03	**60**

In H1 2003/04, additional amortisation and an impairment loss totalling DKK 40 million were recognised in respect of goodwill, a writedown of DKK 12 million was recognised on inventories; and a general bad-debt provision of DKK 20 million, a provision for vacant office leases of DKK 16 million and a provision for restructuring of the retail operation of DKK 37 million were taken. These amounts total DKK 125 million.

In spite of the provision taken for restructuring of the retail operation, losses from stores will still be recognised in the income statement until closure, as provisions for future losses are not allowed.

With respect to revenue, Tiger was not consolidated in H1 2002/03, whereas revenue from Tiger of DKK 112 million (from two brands) was consolidated in H1 2003/04. On a like-for-like basis, revenue excluding Tiger thus fell by about 11% from DKK 1,415 million to DKK 1,261 million.

The table below shows H1 2003/04 revenue by brand. 'Key brands' are five of the Group's brands at the time of the merger of InWear and Carli Gry. Peak Performance, the sixth brand from before the merger, is stated separately because the brand is organised in a separate company whose management is based in Stockholm, Sweden, and because the brand targets a different market segment:

DKKm	H1 2003/04	H1 2002/03	Change
Jackpot	239	364	-34%
InWear	197	274	-28%
Matinique	126	148	-15%
Part Two	107	155	-31%
Cottonfield	110	122	-10%
Total Key Brands	779	1,063	-27%
Peak Performance	291	208	40%
Brands at merger	1,070	1,271	-16%
Saint Tropez	72	87	-17%
Other own brands*	77	37	106%
Other (external brands)	42	19	118%
Total brands bought and developed inhouse	191	144	33%
Net sales excluding Tiger	1,261	1,415	-11%
Tiger	112	-	-
Revenue	**1,373**	**1,415**	**-3%**

*O by Isabell Kristensen, Designers Remix Collection, Error, Edging, By Malene Birger

Revenue for the period thus reflects a continuation of the decline recorded in the preceding financial years. The loss of revenue from the five key brands alone from H1 2002/03 to H1 2003/04 amounted to DKK 284 million. That was more than revenue from all acquired or newly developed brands, which was DKK 261 million.

The performance described above formed the background of the dispute surrounding the Group in 2003, which resulted in the management changes in IC Companys. The Board of Directors believes that developments in performance were so serious that it was absolutely necessary to make a major change in order to quickly restore profitable operations.

In order to improve Group performance, it is necessary to realise how serious our revenue performance has been and how much money has been lost, as an expression of how great the demands will be on all our employees. We must face the facts and establish a foundation from which the Group can work in the future.

There is significant work ahead to restore Jackpot, InWear, Matinique, Part Two and Cottonfield to their former strong positions, after they have not been given enough resources for some time to ensure individual profiling and development of these brands on the market.

The Board is convinced that our employees and brands still encompass strength that can and will be converted into good performance. This will not be a long-term project. In the fashion industry, results are seen quickly, and the Board expects a convincing improvement already in 2004/05, assuming that the Board's assessment of the quality of the Group's resources is correct.

The Board bases this view on a clear impression that there is renewed optimism and confidence among the Group's staff, and the fact that whole-hearted steps have been taken to remedy errors from earlier periods and to generate future growth.

Revenue in the first part of H2 will still be based on orders received during H1. Order bookings for the next financial year are still at an early stage, but we consider it realistic to expect that the downturn can be halted and that we can turn the tide to generate renewed revenue growth.

To this should be added a significant potential for profit growth coming from a significant improvement of profitability from our stores and factory outlets.

Outlook for the full year 2003/04

For the full 2003/04 financial year, revenue is forecast to be in the range of DKK 2,650-2,700 million, with a pre-tax loss of approximately DKK 250-275 million.

The forecast loss includes effects of changes in accounting estimates and one-off items totalling DKK 150 million, of which DKK 60 million is attributable to a change in the residual life of goodwill, DKK 12 million to a change in accounting estimates for inventory writedowns, DKK 25 million to a general bad debt provision, DKK 16 million to a reassessment of the provision for vacant office leases and DKK 37 million to a restructuring of the retail operation.

In spite of the expected loss for the 2003/04 financial year, a cash inflow from operating activities of approximately DKK 50-75 million is forecast.

During the current financial year, we will have two key focus areas:

First, it is imperative that we implement the significant changes planned for the retail operation, including factory outlets, which will bring the existing loss risk under control and ensure that it is reduced quickly. However, the retail operation will continue to generate losses in the 2003/04 financial year as the restoration measures initiated will not feed through to the financial statements until in the 2004/05 financial year.

Second, the collaboration between the wholesale division and the product division (brands) must be enhanced and made more efficient by clearly defining authority and responsibility.

Moreover, additional resources must be allocated to our brands in order to restore growth. In recent years, cost cutting has been so extensive that the opportunities to develop our established brands have been curtailed, which has resulted in the sharp fall in revenue.

Business strategy, organisational structure and principles

It is a challenge to change the business approach that has resulted in recent years' loss of much more revenue and earnings from our existing brands due to the failure to make sufficient investments in developing them, than we have won by spending our financial resources on acquiring and developing new brands.

The Group's activities are divided into areas of responsibility, some of which are product related, while others are shared by all areas.

Thus there is a manager in charge of each brand's design, composition of collections, etc. The executive in charge of the entire area is responsible for ensuring that each brand is positioned well enough to clearly present its individual characteristics in the market. Each brand must be valued by its performance in terms of growth and sales in the stores.

The shared functions include buying and logistics vis-à-vis foreign supply companies headed by a supply chain director; wholesale sales relations with Danish and foreign sales subsidiaries headed by a wholesale director; and the store network headed by a retail director. With very few exceptions, these departments handle all the physical transfer of Group products from the place of production to our customers.

A chief financial officer is in charge of the finance and IT departments and is responsible for accounting and financial statements, financial controlling and business systems. Furthermore, we have an HR department and a number of other head office departments. Under the headlines of simplicity, clarity and clearness, we will endeavour to do away with many of the unnecessarily complicated working procedures that characterised the past.

We will to a considerable extent use financial yardsticks to measure performance and efficiency in the areas of responsibility described above. Each brand will be seen as an individual business with responsibility for generating earnings by paying an estimated market price for the work done by the shared functions in supply, sales and administration.

Likewise, the individual corporate functions will be judged on their ability to successfully establish coherence in their actual and planned performance, costs and investments.

All staff must sharply improve performance, and the Board of Directors believes that our staff will be able to deliver such an improvement if they are asked to handle clearly defined tasks and get the authority needed to handle them.

Store operation

As stated in our Q1 2003/04 report, the short time the Board had had since taking office did not allow us to make a sufficient assessment of the situation in the retail operation, except to say that the retail operation was highly unprofitable.

In the retail operation, which comprises both the stores and factory outlets, the losses have been so great that they have severely burdened the Group's financial position. The main reason why the situation became so serious was the lack of sound, market-based business principles and insufficient management of purchasing.

The Group's stores could make their purchases at significantly lower cost prices than the prices normally invoiced to our third-party retailers. The low internal buying prices enjoyed by the stores did not enhance their ability to generate earnings. On the contrary, the theoretically high gross margin led to much too optimistic plans for investments in stores at an excessive cost base.

In addition, the managers of our stores did not have a controlling influence on which products were bought for their stores, as Group purchasing management was moved from local to head-office level in 2002. This crucial change in purchasing management was made without the right purchasing competencies and tools in place.

To this should be added that the Group's inventory valuation policies to date for products remaining unsold at the end of the season have had the effect that the products remained in inventory for too long. Therefore, we have introduced new policies for inventory writedowns (see the description under 'Change of accounting estimates for certain assets and provisions).

In order to sell the large volumes of old products, an excessive number of factory outlets were opened. As the purchase price of old products in the factory outlets was almost as high as the stores' purchase price for new products, our factory outlets also posted large losses, including as a result of lack of sales capacity and resulting inventory writedowns.

In summary, this had the effect that the product mix and the management of the product flow were out of control. The results were falling revenues, lower sales, increased discounts and lower gross margins, causing severe frustration among large groups of our retail staff.

Against this backdrop, we have now begun to change the structure of our retail operation with respect to markets and purchasing strategies.

Markets and stores

In future, the retail operation will be operated as a profitable business unit on market terms. The number of countries where we have own stores will be reduced from the current 17 to 11, while the number of different store concepts will be reduced from 11 to 8.

The plan implies that we will close some 20 unprofitable company-owned stores, and about 25 company-owned stores will be converted into franchises. To this should be added the ongoing closure of about 30 stores, which was resolved by the former Board of Directors (as described in the 2002/03 annual report). Thus, a further closure of stores will take place, i.e. of stores which are not profitable or which we do not believe can realistically be turned into profitable operations.

When these changes have been completed by mid-2005, the number of company-owned stores is expected to be about 120, and the number of franchise stores will be about 80.

In addition, 15-20 large company-owed stores in so-called A1-locations in major cities will be refurbished, including an upgrade of the in-store layout and design.

Purchasing management and product flows

In order to ensure that we have product ranges that are adapted to the local markets, the purchasing function and, thus, purchasing responsibility will be transferred to local management. This change will be supported by our substantially improved IT retail system.

We expect that the change in purchasing management will be implemented in July 2004, at the latest, and the new organisation will consequently be ready for the purchasing planning for the spring 2005 collection. Adjustments will be made to both local and head office retail management in order to achieve greater efficiency and reduce costs.

The costs of the necessary restructuring of the retail operation will be quite considerable, which is reflected in a DKK 37 million provision taken at 31 December 2003 and recognised under exceptional items. This resulted in a one-off negative liquidity effect of approximately DKK 18 million.

A key element in the restructuring of the retail division will be the introduction of market economy principles to be applied as a basis for the division’s business decisions. Given the new inventory valuation principles, an adjusted store portfolio and the change in the organisation and purchasing management, etc., we believe that our stores and factory outlets will be able to achieve satisfactory performance.

In future, performance in our stores will be measured relative to standalone retail units, and the command economy management will be replaced by market economy principles. Store managers will have a say on their own purchasing, and we have a clear impression that our store managers are qualified to assume responsibility for their own performance and results.

Wholesale operation

The head office management of the wholesale operation is in charge of the management of our sales subsidiaries, whose primary job is to handle sales to customers in the individual geographic markets.

The previously inappropriate split of authority and responsibility between the wholesale division and the product and marketing division was a weakness, which contributed to the falling trend of Group revenue. This fuelled a tendency towards an unproductive disagreement on whether failing results should be attributed to the wholesale division or the product and marketing division.

In future, within this framework, each sales subsidiary will have the power to make its own decisions on how the subsidiary’s work should be handled, and the employees will report to the management of the subsidiary. Thus, nobody will be in doubt about who makes the decisions involving the individual employees.

Accordingly, it will be the sales subsidiary and not the individual employee who, on behalf of the subsidiary, concludes agreements with the department in charge of activities for the individual brands, and the sales subsidiary will work to promote sales of each brand on terms to be fixed as realistically as possible on a market economy basis. As an example, the sales subsidiary will find it more attractive to handle sales for a large and commercially strong brand than for a small and difficult one, and this will be reflected in the remuneration received for handling the sales.

The management of the sales subsidiary must handle the development and the maintenance of good collaboration with retail customers and other partners in the local markets, and in that connection it will be important for the management to have a general understanding of each market and to mobilise the necessary professional efforts from the product-oriented as well as the other head office competencies. There must be no doubt as to the authority of the local management in these fields.

Product and marketing division

Likewise, the performance of this division will primarily be measured on its ability to develop its individual brands, both in terms of revenues and profits. To the extent a brand shows relatively uniform performance in the various geographic markets and in the various store types, and if each brand has sufficient resources available for development, it will be possible to make a realistic assessment of the quality of the development work for each brand's collections.

As shown in the revenue table at the beginning of this announcement, our focus on developing five of the brands that existed at the time of the merger has been too weak, financially as well as in other respects, and the substantial resources applied on newly acquired brands have been clearly unable to offset the loss of revenue from these five of our large original brands.

This unfortunate allocation of financial resources and insufficient market orientation is the main key to understanding our poor performance in recent years and our situation today. That is also the reason why we will now introduce rules aimed at eliminating the damage in all fields and forming the basis for an improved performance.

The sharp fall recorded for Jackpot, InWear, Matinique, Part Two and Cottonfield has undoubtedly also been disappointing to many of our customers. However, the Board believes that all these brands will be restored to a revitalised, strong performance when the people in charge are given the opportunity to make it happen.

One might ask whether the fall in revenues from these brands reflects an uncertain future for the brands. The Board believes that this is in no way the case. They have all declined because it has been company policy to give higher priority to acquiring new brands than to developing existing brands. They will all be back on track, and a large proportion of the Group's resources will be focused on this task.

Moreover, it should be mentioned that the downturn applies to the five mentioned brands. Peak Performance, with its management located in Stockholm, has had greater freedom to develop and strengthen its own profile.

Production and logistics

The Group now has an efficient production- and logistics department. Therefore, the problems in the retail operation are no longer caused by aspects relating to supply, and the effective supply set-up forms a good basis for an early improvement of store performance.

Management

Henrik Theilbjørn, the Group's CFO, is currently acting CEO.

Claus Juul, previously regional manager with responsibility for wholesale activities in Scandinavia, the UK, Ireland and Canada, has been appointed wholesale director with responsibility for the Group's entire wholesale operation. In addition, the Group's management team consists of Henrik la Cour, who is responsible for the store operation, Peter Hansen, who is responsible for supply and logistics, and Kaare von Essen Müller, who is responsible for human resources.

Niels Martinsen has temporarily filled the position as head of the products and marketing area. At the Board meeting today, this job was passed on to Mikkel Vendelin Olesen, who has been in charge of similar duties for Part Two until now. Thus, Mikkel Vendelin Olesen has been appointed director of the product division for the brands Jackpot, InWear, Matinique, Part Two and Cottonfield effective 1 March 2004.

The Board would like to thank Niels Martinsen for his good work in while temporarily filling the position. Onwards, Niels Martinsen will solely attend his duties as board member.

The greater levels of freedom under controlled circumstances have created a generally positive and optimistic atmosphere among Group employees, who have thereby been given the opportunity to improve on many of the areas which have not functioned sufficiently well.

The Board of Directors has great confidence in Henrik Theilbjørn as the rallying point for the current management of the Group and the many restoration measures introduced. With this temporary solution for the executive management, the Board has avoided a decision-making vacuum in the Group until a new CEO is appointed. It is crucial that this does not happen under pressure of time, and that our employees get a CEO they believe is qualified to lead them forward.

Concluding remarks

It has not been possible for the new Board and temporary executive management to significantly influence Group performance during the past six months, as the new executive management has only been in place for the past two months. The same applies to most of H2 revenue, as the booking of orders for this period primarily took place before this Board and the temporary executive management was able to exert any influence.

Conversely, H2 2003/04 will be characterised by the changes to the form of management, business principles, organisational changes and a large number of practical changes in the Group. We will especially focus on strengthening the development and marketing of our brands and a substantial improvement of our store operation, including factory outlets. We expect that the results of these improvements will be reflected in our performance in the next financial year, i.e. 2004/05.

The large financial losses in H1 2003/04 primarily reflect valuation changes made in order to establish a solid foundation for planning our future business. The policies we have laid down now will be adhered to in the financial periods ahead. We are not talking about a particularly conservative approach in order to build up reserves.

The identification of our unprofitable areas gives rise not only to downward valuations. When unnecessarily large losses in some areas are eliminated, earnings will improve significantly. Thus, good earnings in other areas will result in an overall profit. However, given the large and growing losses in significant areas, it would not have been justifiable to postpone a solution to the Group's problems any further.

The Board considers it vital that the Group keeps a sharp and realistic eye on the sources of losses and other weaknesses that must be remedied. Therefore, this financial report also contains a candid description of these aspects based on the view that recognition of the extent of the damage is a necessary prerequisite to eliminating it.

As mentioned in the initial comments, the Group's equity has fallen significantly, but by far the largest part of this fall is attributable to a change in valuation of existing assets. Therefore, it should be emphasised that this re-assessment does not change the Group's financial position.

Compared to H1 2002/03 the gross margin percentage has deteriorated more than supported by the change in inventory principles. The prime course for this has been unsatisfactory management of merchandise flow and price policy. This will be a focus area in the coming period.

In spite of the planned store closures, we expect an improvement in revenue from the 2003/04 financial year to the 2004/05 financial year, once we have established a solid foundation for future operations in all parts of our organisation. Likewise, we expect that the significant loss in 2003/04 will be turned into a profit in 2004/05.

We have taken and will be taking all necessary steps to establish a reliable foundation for future growth, and the Board believes that, in the coming financial year, we will have established a sound business and a good foundation for generating satisfactory earnings.

The Board believes that the Group's employees are highly qualified and perform well, and that they hold great potential. The efforts to restore optimism and confidence in IC Companys' future have come a long way towards success.

CHANGES IN ACCOUNTING ESTIMATES FOR CERTAIN ASSETS AND PROVISIONS

In connection with the Q1 2003/04 report, the Board gave a thorough account of the reasons why it deems it necessary to change the Group's accounting estimates for some of the most significant items on the balance sheet.

Below is an account of the related accounting effect on the results for the six months to 31 December 2003.

Goodwill on consolidation

This Board of Directors stated, before it took office, that in view of the loss-making performance of the Group as a whole, an impairment loss should be recognized in respect of the Group's total capitalised goodwill, and that the period of amortisation for goodwill should be changed from 20 years to 5 years.

The Board still believes that, based on an overall assessment of the Group's current weak earnings, an impairment loss should be recognised to reflect this performance, as was done for the first quarter of the current financial year.

However, the Group's auditors are of the opinion that this would not be in compliance with Danish accounting legislation.

The issue is mainly the value of goodwill for Peak Performance, which is showing strong growth. The Board agrees that, seen in isolation, Peak Performance has a significant market value, which justifies a high goodwill amount.

Thus, the Board's assessment was solely made in relation to the Group as a whole, and in this context we believe that the consolidated results and the forecasts to date do not warrant such an optimistic valuation of our goodwill on consolidation as a whole.

However, in view of the auditors' recommendation, the Board has reviewed the valuation of goodwill on consolidation as a whole, and we are expressing our fundamental view to continue along the lines of the statements we made when we took office, and to explain why an adjustment of goodwill amortisation has now been made for Q2 of the current financial year.

Accordingly, the amortisation periods for goodwill will be five and ten years, respectively, with the following effects:

- Peak Performance, carrying amount DKK 62 million at 30 June 2003, is amortised over 10 years, of which 5.5 years remain.
- Saint Tropez, carrying amount DKK 65 million at 30 June 2003, is amortised over 5 years, of which 3.5 years remain. Furthermore, the value was written down by DKK 20 million at 31 December 2003 following an impairment test.
- Tiger, carrying amount DKK 106 million at 30 June 2003, is amortised over 5 years, of which 4.5 years remain. The acquisition of Tiger was based on an assumption that significant synergies would materialise both on the sales and the supply side, including the closure of a plant in Hungary owned by Tiger. An overall assessment of whether these assumptions were realistic and the timing of implementation cannot be made until at 30 June 2004, at the earliest.

As a consequence of this, goodwill amortisation for the period was composed of DKK 42 million in Q1 and DKK 5 million in Q2, respectively, after the change of the amortisation period for Peak Performance and an impairment loss in respect of Sant Tropez. Going forward, quarterly goodwill amortisation will, therefore, amount to approximately DKK 12 million.

Tax assets

The Group's tax assets have not been assessed for the H1 2003/04 report. As is normal practice, the Group's tax assets will be thoroughly reviewed in connection with the preparation of the 2003/04 annual report.

Inventories

The Board has reviewed the policies applied to date for inventory valuation of products that remain unsold after the season and products on stock available for in-season orders.

The value of products in the fashion industry lies in their novelty value, and keeping fashion products in inventory over long periods of time is poor business. Generally, the Group's inventory valuation has been too optimistic, which has made financial performance look too good.

As a consequence of the policies previously applied, the Group accumulated a large and constantly growing volume of unsold products in the factory outlet division. On the preparation of interim financial statements, estimates were made of the volume of products from earlier collections that could be expected to be sold through the existing factory outlets. If the existing sales capacity was insufficient, it would be increased by way of new factory outlets.

Simpler and market-based writedown policies will provide the necessary incentives for applying better business acumen in all the Group's sales channels and for reducing the volume of unsold products made available for sale in the factory outlets, and will allow us to reduce the number of factory outlets. Moreover, the uncertainty relating to inventory valuation of collection products will be reduced, and administrative work in connection with the presentation of financial statements will be made simpler.

Receivables

The Board has assessed the soundness of the provisions for bad debts and has resolved to introduce a general provision for risks of losses on overdue receivables. The provision was increased by approximately DKK 16 million at 30 September 2003 and by a further approximately DKK 4 million at 31 December 2003.

Provision for vacant office leases

In the financial statements for the year ended 30 June 2003, a charge of DKK 19 million was recognised under exceptional items for the costs of three head office leases that became superfluous on the merger. This provision was increased by DKK 16 million at 30 September 2003 and was left unchanged at 31 December 2003.

Equity and liquidity

The carrying amount of equity has fallen from DKK 600 million at 30 June 2003 to DKK 433 million at 31 December 2003. Of the DKK 167 million fall, DKK 125 million was attributable to changes in accounting estimates which do not change the Group's actual capital position.

The cash inflow for the period was DKK 87 million, and net interest-bearing bank debt was reduced by DKK 83 million during the period.

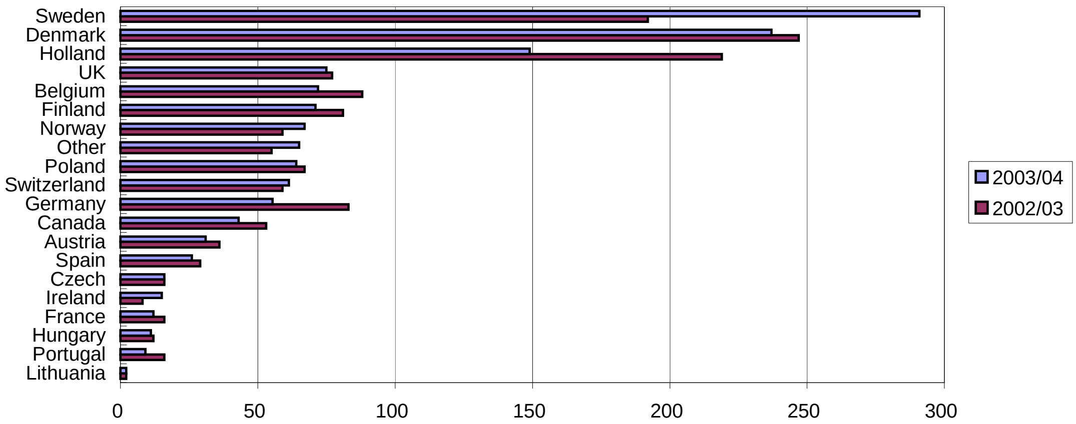
FINANCIAL REVIEW FOR H1 2003/04

Revenue and profit are normally higher in Q1 and Q3 than in Q2 and Q4 due to normal seasonal fluctuations in the industry.

Revenue fell by approximately 3% to DKK 1,373 million from DKK 1,415 million in H1 2002/03. The change from last year was partly attributable to revenue of DKK 112 million from Tiger and an organic decline of DKK 154 million, of which DKK 15 million was attributable to loss of revenue due to a net closure of stores.

The revenue performance in Sweden was primarily attributable to the consolidation of Tiger. In addition, revenue showed a favourable trend in Norway, Switzerland and Ireland, whereas revenue continued to decline in the Netherlands and Belgium, which have traditionally been two of the Group's principal markets.

Revenue by country (DKKm):



Wholesale revenue fell by approximately 3% to DKK 835 million from DKK 861 million in H1 2002/03. The fall was primarily composed of the recognition of revenue from Tiger, growth in revenue from Peak Performance and new brands developed in-house as well as a continuing fall in revenue from the Group's key brands.

After adjustments as a result of the change in accounting estimates, the profit contributed by the wholesale division was DKK 80 million (9.6%), compared with DKK 194 million in H1 2002/03 (22.5%). The wholesale division continues to be the largest contributor to Group earnings.

Retail revenue fell approximately 5% to DKK 471 million from DKK 495 million in H1 2002/03. The continued fall was attributable to store closures and a 7% fall in same-store sales, which was not balanced out by revenue from Tiger stores.

The performance of the retail division therefore remained unsatisfactory. Including the changes in accounting estimates and a provision for further restructuring of the retail division, the division's contributed a loss of DKK 31 million, compared with a loss of DKK 10 million in H1 2002/03. The gross margin in H1 2003/04 was lower than forecast, which underlines the need for a significant change in our principles for operating the retail division.

Out of the some 30 loss-making retail stores we announced in the annual report 2002/03 as being scheduled for closure, seven had been closed by 31 December 2003 as expected.

Revenue from the factory outlets increased by 15% to DKK 67 million from DKK 59 million in H1 2002/03.

Gross profit in H1 2003/04, including the effect of the changes in accounting estimates fell by DKK 95 million to DKK 641 million from DKK 736 million in H1 2002/03. Excluding the effect of the changes in accounting estimates and the consolidation of Tiger, gross profit would have been DKK 86 million lower than in H1 2002/03. The negative effect of the changes in accounting estimates on the product side almost balanced out the acquired gross profit from Tiger.

Costs amounted to DKK 745 million, up from DKK 664 million in H1 2002/03. The increase was to a great extent attributable to the effects of the changes in accounting estimates.

In line with what was set out in the 2002/03 annual report, the costs of restructuring the retail division and the provision for losses from vacant office leases are classified as exceptional items. These costs totalled DKK 53 million in H1 2003/04, comprising DKK 37 million for restructuring of the retail division and DKK 16 million recognised in Q1 for vacant office leases.

An operating loss of DKK 157 million was posted, compared with an operating profit of DKK 72 million in H1 2002/03.

Financial items amounted to a net expense of DKK 9 million, compared with a net expense DKK 12 million in H1 2002/03. This improvement was primarily attributable to the lower interest rate level and interest received on a reimbursement of income taxes for prior years. On the other hand, interest-bearing debt was higher during the period than in the same period last year.

A pre-tax loss of DKK 166 million was posted, compared with a pre-tax profit of DKK 60 million in H1 2002/03.

Cash flow statement

Cash flow from operating activities was an inflow of DKK 107 million for the period, compared with DKK 176 million in the same period of last year, reflecting a continuing reduction of the Group's working capital.

During the current period, the cash flow from operating activities is adversely affected by a total of DKK 10 million from the use of a provision for store rent relating to stores scheduled for closure as well as costs of operating vacant premises.

Gross capital investments during the period totalled DKK 44 million, which was primarily used for in-store design and refurbishment.

The cash flow from financing activities for the period was an inflow of DKK 24 million. The most important reason for this was that, during the period, an income tax reimbursement of DKK 28 million was received relating to deductions for employee shares. This was recognised in equity at 30 June 2003

The cash inflow for the period was DKK 87 million, and net interest-bearing bank debt was reduced by DKK 83 million during the period.

Balance sheet

Total assets had fallen by DKK 68 million from DKK 1,661 million at 31 December 2002 to DKK 1,593 million at 31 December 2003. Relative to the level at 30 June 2003, total assets fell by DKK 229 million from DKK 1,822 million to DKK 1,593 million. The fall was partly attributable to a continued reduction of trade receivables combined with an increase in inventories and partly to a reduction of goodwill, inventories and trade receivables resulting from the changes in accounting estimates described above.

Net interest-bearing bank debt was DKK 449 million at 31 December 2003, representing a DKK 83 million reduction from DKK 532 million at 30 June 2003. The reduction was primarily attributable to the cash inflow.

Movements in equity

The movements in equity during the period are shown below:

DKKm	
Equity at 1 July 2003	**600**
Net profit/(loss) for the period	(166)
Exchange rate adjustment, subsidiaries	(3)
Market value adjustment, forward contracts	2
Equity at 31 December 2003	**433**

Segment information

The performance of the Group's three distribution channels, wholesale, retail and factory outlets, which are the primary segments, is shown below.

Segment results for the period 1 July – 31 December 2003:

DKK million	Wholesale	Retail	Outlet	Not allocated	Group
H1 2003/04					
Revenue	835	471	67		1,373
Segment profit/(loss)	**80**	**(31)**	**(9)**		
Segment profit /(loss)margin	*9.6%*	*-6.6%*	*-13.4%*		
Corporate costs*				(97)	(97)
Amortisation and impairment of goodwill				(47)	(47)
Operating profit before special items					**(104)**
EBIT margin					*-7.6%*
Special items		(37)		(16)	(53)
Operating profit					**(157)**
H1 2002/03					
Revenue	861	495	59		1,415
Segment profit/(loss)	**194**	**(10)**	**(15)**		
Segment profit/(loss) margin	*22.5%*	*-2.0%*	*-25.4%*		
Corporate costs*				(93)	(93)
Amortisation and impairment of goodwill				(4)	(4)
Operating profit before special items					**72**
EBIT margin					*5.1%*
Special items				-	-
Operating profit					**72**

*Corporate costs that cannot readily be allocated design, brand building, IT, finance, Group management and human resource

INCOME STATEMENT

Exhibit 1

1 July - 31 December

(DKK '000)

	Q2 2003/2004	Q2 2002/2003	H1 2003/2004	H1 2002/2003	Full year 2002/2003
REVENUE	**547,712**	**633,872**	**1,373,134**	**1,415,218**	**2,685,251**
Cost of sales	(257,417)	(304,774)	(731,987)	(679,231)	(1,248,425)
GROSS PROFIT	**290,295**	**329,098**	**641,147**	**735,987**	**1,436,826**
Selling and distribution expenses	(208,441)	(216,757)	(440,162)	(420,627)	(839,549)
Administrative expenses	(139,126)	(130,902)	(307,430)	(245,330)	(495,920)
Other operating income	3,686	4,837	5,202	5,346	9,766
Other operating expenses	(3,054)	(2,145)	(2,523)	(3,706)	(2,550)
OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS	**(56,640)**	**(15,869)**	**(103,766)**	**71,670**	**108,573**
Special items	(37,000)	-	(53,000)	0	(64,300)
OPERATING PROFIT/(LOSS)	**(93,640)**	**(15,869)**	**(156,766)**	**71,670**	**44,273**
Net financial expenses	(6,199)	(3,423)	(9,256)	(11,618)	(25,753)
PROFIT BEFORE TAX	**(99,839)**	**(19,292)**	**(166,022)**	**60,052**	**18,520**
Income tax	(0)	7,463	(0)	(17,361)	(17,561)
PROFIT FOR THE PERIOD	**(99,839)**	**(11,829)**	**(166,022)**	**42,691**	**959**

ASSETS - BALANCE SHEET

As at 31 December

(DKK '000)

	31.12.2003	31.12.2002	30.06.2003
FIXED ASSETS			
Intangible assets			
Goodwill	190,245	136,525	233,718
Software and IT systems	27,819	35,641	32,403
Trademark rights	332	0	0
Leasehold rights	46,994	55,433	47,860
	265,390	227,599	313,981
Tangible assets			
Land and buildings	34,180	24,804	28,794
Leasehold improvements	112,733	124,732	112,259
Equipment and furniture	62,932	71,685	61,467
	209,845	221,221	202,520
Investments			
Shares	236	20	254
Deposits, etc.	29,382	27,984	26,567
Deferred tax assets	114,374	122,068	114,374
	143,992	150,072	141,195
Total fixed assets	**619,227**	**598,892**	**657,696**
CURRENT ASSETS			
Inventories	408,672	388,336	451,779
Receivables			
Trade receivables	247,283	356,524	294,213
Tax receivables	49,539	29,276	89,300
Other receivables	43,573	45,629	41,687
Prepayments	68,432	71,776	72,911
	408,827	503,205	498,111
Securities, cash and cash equivalents			
Securities	0	59,845	0
Cash and cash equivalents	156,385	111,135	214,871
	156,385	170,980	214,871
Total current assets	**973,884**	**1,062,521**	**1,164,761**
TOTAL ASSETS	**1,593,111**	**1,661,413**	**1,822,457**

EQUITY AND LIABILITIES - BALANCE SHEET

As at 31 December

(DKK '000)

	31.12.2003	31.12.2002	30.06.2003
EQUITY			
Total equity	**432,556**	**615,024**	**599,651**
PROVISIONS			
Deferred tax	1,744	0	1,744
Other provisions	51,339	0	26,717
Total provisions	**53,083**	**0**	**28,461**
DEBT			
Long-term debt			
Financial institutions	11,646	0	14,728
Capitalised lease obligation	38,297	44,150	38,884
	49,943	44,150	53,612
Short-term debt			
Financial institutions	593,689	521,879	732,485
Capitalised lease obligation	562	109	333
Trade payables	164,304	158,259	189,688
Merger costs	0	988	0
Income tax	15,033	41,418	23,344
Other debt	283,941	279,586	194,883
	1,057,529	1,002,239	1,140,733
Total debt	**1,107,472**	**1,046,389**	**1,194,345**
TOTAL EQUITY AND LIABILITIES	**1,593,111**	**1,661,413**	**1,822,457**

GROUP CASH FLOW STATEMENT

1 July - 31 December 2003

(DKK '000)	**H1 2003/04**	**H1 2002/03**	**Full year 2002/03**
Cash flow from operating activities			
Operating profit before special items	(103,766)	71,670	108,573
Reversal of depreciations and writedowns	94,152	57,274	114,327
Other adjustments	4,950	8,093	5,785
Merger costs paid	0	(13,458)	(14,289)
Special items paid	(9,499)	0	0
Change in working capital	127,065	78,441	57,071
Cash flow from operating activities before financial items	**112,902**	**202,020**	**271,467**
Financial income received	7,493	1,886	14,197
Financial expenses paid	(17,755)	(21,048)	(47,354)
Cash flow from ordinary activities	**102,640**	**182,858**	**238,310**
Income tax paid	3,893	(7,122)	(54,804)
Total net cash flow from operating activities	**106,533**	**175,736**	**183,506**
Cash flow from investing activities			
Acquisitions of enterprises and operations	0	0	(103,512)
Purchase of intangible assets	(8,183)	(597)	(8,054)
Purchase of tangible assets	(34,470)	(30,479)	(74,110)
Sales of intangible and tangible assets	1,423	3,917	21,921
Change in deposits	(2,889)	(1,456)	2,206
Total net cash flow from investing activities	**(44,119)**	**(28,615)**	**(161,549)**
Cash flow from financing activities			
Tax value on employee share programmes	27,758	0	0
Proceeds from capital increase	0	2,100	2,100
Instalments on and repayment of long-term debt	(3,338)	0	(33,519)
Total net cash flow from financing activities	**24,420**	**2,100**	**(31,419)**
Cash flow for the year	**86,834**	**149,221**	**(9,462)**
Cash and cash equivalents			
Cash and cash equivalents, beginning of year	(517,972)	(498,651)	(498,651)
Currency translation adjustment, beginning of year	(6,166)	(1,469)	(9,501)
Cash flow for the year	86,834	149,221	(9,462)
Cash and cash equivalents, end of year	**(437,304)**	**(350,899)**	**(517,614)**