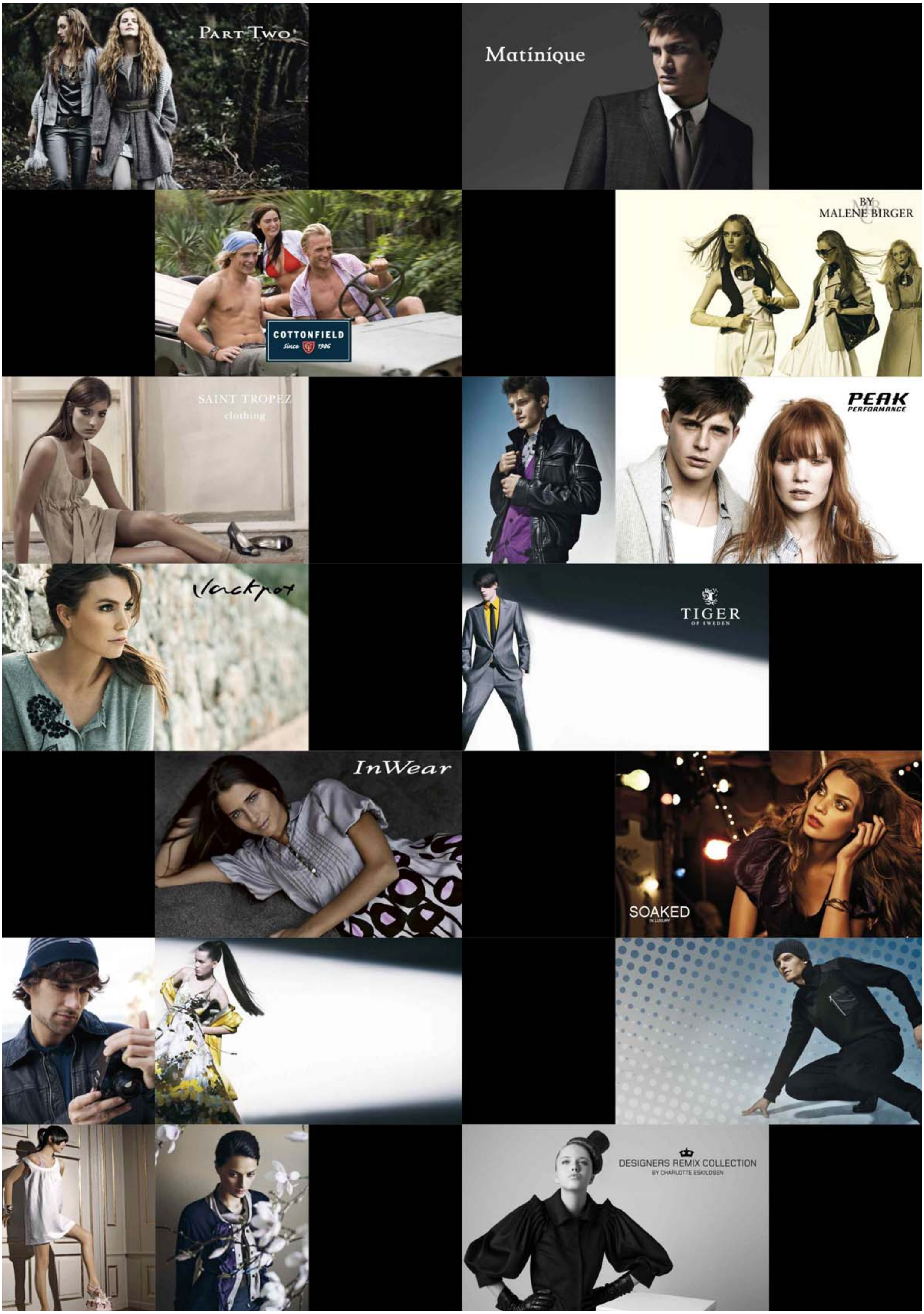
# ANNUAL REPORT 2007/08

IC COMPANYS
HOME OF FASHION BRANDS


PART TWO
Matinique
COTTONFIELD
since 1986
BY
MALENE BIRGER
SAINT TROPEZ
clothing
PEAK
PERFORMANCE
Jackpot
TIGER
OF SWEDEN
InWear
SOAKED
DESIGNERS REMIX COLLECTION
BY CHARLOTTE ESKILDSEN

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# PROFIT ANNOUNCEMENT FOR 2007/08

**The Group recorded revenue growth of 11% to DKK 3,737 million. Operating profit (EBIT) increased by 3% to DKK 349 million. The result is affected by non-recurring costs amounting to a total of DKK 40 million, of which fourth quarter write downs account for DKK 20 million. For the full year 2008/09 expectations are a modest revenue growth compared to 2007/08 and an operating profit slightly below the level in 2007/08.**

The Board of Directors of IC Companys A/S has approved the audited Annual Report for the period 1 July 2007 – 30 June 2008.

- The Group reported revenue of DKK 3,737 million, which constitutes an increase of DKK 383 million or 11% up on 2006/07.
- Operating profit increased DKK 9 million or 3% to DKK 349 million. The result is affected by non-recurring costs amounting to DKK 40 million combined, of which writedowns of inventory and fixed assets in the fourth quarter account for DKK 20 million.
- Wholesale revenue recorded DKK 2,497 million, equivalent to an 8% growth.
- Retail revenue came in at DKK 1,092 million amounting to a 19% increase. Same-store sales achieved a growth of 11% in 2007/08.
- Order intake has been completed for the first two of four collections in the financial year 2008/09 at a combined growth of 8% (9% in local currencies).
- The Board of Directors recommends a dividend of DKK 66 million, equivalent to DKK 4.00 per share eligible for dividend.
- Niels Mikkelsen, the new Group CEO, was appointed 1 August 2008, while Chris Bigler and Anders Cleemann joined the Executive Board 1 April and 15 August 2008, respectively.
- With a view to ensuring a clear division of work and inherently strengthen execution skills and ownership, the allocation of responsibilities has been redefined between the individual brand managements and the country sales managements of InWear, Jackpot, Cottonfield, Matinique and Part Two. Sales responsibility is now to a higher extent locally anchored. Further, the organisation is simplified by an integration of the brand managements of InWear and Matinique and Jackpot and Cottonfield, respectively.

## 2008/09 FULL YEAR GUIDANCE

- For the full year 2008/09 expectations are a modest revenue growth compared to 2007/08 and an operating profit slightly below the level in 2007/08.
- Direct sales promoting investments will be carried through in the region of DKK 140 million. In addition, investments in the shared platform including IT and Supply Chain will be carried out in the region of DKK 20 million.

# FURTHER INFORMATION


| | |
|---|---|
| Niels Mikkelsen | Chris Bigler |
| Chief Executive Officer | Chief Financial Officer |
| Tel + 45 3266 7721 | Tel + 45 3266 7017 |




IC COMPANYS
HOME OF FASHION BRANDS

# GROUP FINANCIAL HIGHLIGHTS AND KEY RATIOS

| DKK million | 2007/08 12 months | 2006/07 12 months | 2005/06 12 months | 2004/05 12 months | 2003/04* 12 months |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Revenue | 3,737.2 | 3,353.8 | 3,022.0 | 2,820.6 | 2,612.2 |
| Gross profit | 2,258.8 | 1,982.9 | 1,767.5 | 1,593.8 | 1,291.4 |
| Operating profit before depreciation & amortisation (EBITDA) | 462.1 | 436.4 | 404.0 | 281.6 | (76.6) |
| Operating profit before goodwill amortisation & special items | 349.3 | 342.5 | 302.5 | 179.4 | (133.3) |
| Operating profit before special items | 349.3 | 340.1 | 302.5 | 179.4 | (184.0) |
| Operating profit (EBIT) | 349.3 | 340.1 | 322.8 | 208.6 | (275.0) |
| Net financial items | (31.9) | (19.7) | (19.9) | (24.0) | (18.6) |
| Profit/(loss) before tax | 317.4 | 320.4 | 302.9 | 184.6 | (293.5) |
| Profit/(loss) for the year | 224.0 | 240.6 | 224.4 | 203.0 | (308.8) |
| **Balance sheet** | | | | | |
| Non-current assets | 825.8 | 816.1 | 787.5 | 618.2 | 553.0 |
| Current assets | 1,106.5 | 1,033.2 | 877.5 | 851.4 | 856.1 |
| Total assets | 1,932.3 | 1,849.3 | 1,665.0 | 1,469.6 | 1,409.1 |
| Equity | 473.5 | 566.6 | 579.5 | 538.5 | 290.2 |
| Total liabilities | 1,458.8 | 1,282.7 | 1,085.5 | 931.1 | 1,118.8 |
| **Cash flow statement** | | | | | |
| Cash flow from operating activities | 340.1 | 291.2 | 326.3 | 277.9 | 129.8 |
| Cash flow from investing activities | (138.4) | (186.4) | (141.8) | (82.6) | (77.0) |
| Cash flow from operating and investing activities | 201.6 | 104.8 | 184.5 | 195.3 | 52.8 |
| Cash flow from financing activities | (285.3) | (261.5) | (163.3) | (3.0) | 22.4 |
| Cash flow for the year | (83.7) | (156.7) | 21.2 | 192.3 | 75.2 |
| **Key ratios** | | | | | |
| Gross margin (%) | 60.4 | 59.1 | 58.5 | 56.5 | 49.4 |
| EBITDA margin (%) | 12.4 | 13.0 | 13.4 | 10.0 | neg |
| EBIT margin (%) | 9.3 | 10.1 | 10.7 | 7.4 | neg |
| Return on equity (%) | 43.1 | 42.0 | 40.1 | 49.4 | neg |
| Equity ratio (%) | 24.5 | 30.6 | 34.8 | 36.6 | 20.6 |
| Average capital employed including goodwill | 1,193.5 | 1,126.5 | 991.6 | 897.0 | 1,037.5 |
| Return on capital employed (%) | 29.3 | 30.4 | 30.5 | 20.0 | neg |
| Net interest-bearing debt, end of year | 639.0 | 557.6 | 401.9 | 313.4 | 496.6 |
| Financial leverage (%) | 135.0 | 98.4 | 69.3 | 58.2 | 171.1 |
| **Share data**** | | | | | |
| Diluted average number of shares excluding treasury shares | 17,415.8 | 18,126.8 | 18,648.4 | 18,207.7 | 18,034.1 |
| Market price, end of year DKK | 156.0 | 318.0 | 344.5 | 275.0 | 42.5 |
| Diluted earnings per share, DKK | 12.6 | 13.3 | 12.3 | 11.3 | (17.2) |
| Diluted cash flow per share, DKK | 19.5 | 16.5 | 18.0 | 15.5 | 7.2 |
| Diluted net asset value per share, DKK | 28.0 | 32.5 | 32.4 | 29.2 | 16.2 |
| Diluted price / earning, DKK | 12.4 | 24.5 | 28.8 | 24.9 | neg |
| **Employees** | | | | | |
| Number of employees (full-time equivalents at the end of the year) | 2,441 | 2,252 | 2,032 | 1,926 | 2,026 |

The key ratios and share data have been calculated according to the recommendations in "Recommendations and Ratios 2005" issued by the Danish Society of Financial Analysts. The equity ratio is calculated as the equity at period end divided by the total assets at period end.

* Accounting policies were changed as from 2005/06 according to section on transition to IFRS in last years annual report. Comparative figures for 2004/05 were restated in accordance with IFRS. The comparative figures for 2003/04 and 2002/03 were not changed.

** The effect of IC Companys' programmes for share options and warrants has been included in the diluted values.

## DISCLAIMER

This announcement contains future-orientated statements regarding the Company's future development and results and other statements that are not historic facts. Such statements are based on the currently well-founded prerequisites and expectations of the management that may prove erroneous. The actual results may deviate considerably from what has been outlined as planned, assumed, assessed or forecast in this announcement.

As in 2006/07, the Annual Report for the 2007/08 financial year in the form of this announcement replaces in its entirety the print version of the financial statements. The Annual Report can also be downloaded at www.iccompanys.com

This announcement is a translation from the Danish language. In the event of any discrepancy between the Danish and English versions, the Danish version shall prevail.

## SUMMARY

The 2007/08 financial year was challenging. Cost development in relation to revenue development did not progress as expected. At the beginning of the 2007/08 financial year, we forecast an improvement in cost efficiency. However, the end of the financial year saw a discernible deterioration. This development is affected by a host of non-recurring costs, but it is a fact that the underlying efficiency was not improved in the financial year 2007/08.

We are not satisfied with our financial performance in the financial year 2007/08, as both revenue and earnings in particular are less than was expected at the beginning of the financial year. The primary source to this remains insufficient sales efficiency in Group wholesale operations, but also Group retail operations – notwithstanding solid improvements in recent years – hold further efficiency potential.

2007/08 was also characterised by uncertainty in regard to the macroeconomic situation in Scandinavia and the rest of Europe. The media, economists and other observers expressed growing concerns, particularly in the second half year of 2007/08. However, the impact on IC Companys in 2007/08 was not unequivocal. The organic development in the Group's own stores was pronounced achieving 11% full year growth and 9% growth in the last quarter of the year. Even so, development in the individual months was more volatile than usual, as March and April in particular stood out showing negative growth. In wholesale, order intake for the all-important autumn collection was completed mid-March with 11% growth (in DKK 10%), whereas the minor winter collection was completed end of May with 2% growth. Further, the Group saw an increasing share of overdue wholesale trade receivables and a generally decreasing receivables turnover ratio. Combined this resulted in allowances for bad debts amounting to DKK 37 million, which is an increase of DKK 21 million as compared to last year.

**NEW EXECUTIVE BOARD APPOINTED**
2007/08 was also the year in which a new, strong Executive Team was set. Niels Mikkelsen was brought in as new CEO, while Chris Bigler, CFO, and subsequently Anders Cleemann, Executive Brand Officer, were appointed members of the Executive Board.

The change in the Executive Board is based on the ambition to further strengthen the company's growth and earnings capacity. Niels Mikkelsen joined the company 1 August 2008, while Chris Bigler and Anders Cleemann were appointed members of the Executive Team 1 April and 15 August 2008, respectively.

IC Companys still wants to build international fashion brands on a strong shared platform, but the manner in which the business model is executed will be subject to changes over the next years.

It remains IC Companys' target to create a group that annually achieves a minimum of 15% organic growth and an earnings capacity (EBIT-margin) of a minimum of 15%.

# IMPORTANT INITIATIVES 2008/09

The financial year 2008/09 will be defined by actions aimed at strengthening the execution skills and efficiency of the Group.

**THE OPERATIONAL SALES RESPONSBILITY IS PLACED LOCALLY**

Development of a portfolio of 11 brands present in a vast number of markets result in many management cross-sections. In 2008/09, the Group will focus on balancing the work division between brands and the Group's shared sales companies in order to ensure a clear allocation of responsibilities and as much ownership as possible. The Group has shared sales companies in 12 countries and these sales companies primarily have the responsibility for the sales of InWear, Jackpot, Cottonfield, Matinique and Part Two.

The first step of this process has been taken, as accountability for sales performance as opposed to previously is now anchored locally in the respective countries. Brand managements remain globally responsible for sales performance and will focus on brand positioning, marketing, product development and strategic sales, whereas the operational sales responsibility is placed with the local sales companies.

**INTEGRATION OF BRAND ORGANISATIONS**

In 2008/09 the Group will focus on a simplification of the organisation in order to strengthen implementation skills and efficiency. With that view, the managements of InWear and Matinique for one and Jackpot and Cottonfield for the other, have been integrated. The brands concerned have a considerable distribution match on both country and customer level. Additionally, InWear and Matinique have common conceptual platforms.

These changes are expected to result in increased execution skills and sales efficiency in the four brands. Furthermore, from 2009/10 the integrations are set to generate annual net cost savings in the region of DKK 15 - 20 million.

The total cost effect of integrating the brands concerned is expected to be neutral in 2008/09.

**EVALUATION OF THE DISTRIBUTION STRATEGY**

In 2008/09 the Group's collected distribution strategy will be reviewed in order to ensure the best prioritisation of the effort per brand, store concept and market between own and franchise stores and also the optimal placement with the Group's wholesale customers.

**OPTIMAL UTILIZATION OF GROUP RESOURCES**

In 2008/09, a project with the purpose of optimizing the Group's value chain will be initiated. The aim is to ensure optimal utilization of resources and coherence between all decisions made in the individual links of the value chain.

As such, 2008/09 will become a year, in which many organisational changes and initiatives must be carried through in order to increase the Group's execution skills and hence the ability to reach the set targets.

## OUTLOOK 2008/09

For the full year 2008/09 expectations are a modest revenue growth compared to 2007/08 and an operating profit slightly below the level in 2007/08.

Direct sales promoting investments will be carried through in the region of DKK 140 million. In addition, investments in the shared platform including IT and Supply Chain will be carried out in the region of DKK 20 million.

The Board of Directors recommends a dividend of DKK 66 million, equivalent to DKK 4.00 per share eligible for dividend after the Annual General Meeting 22 October 2008.

### ASSUMPTIONS

Revenue expectations to 2008/09 are affected by uncertainty surrounding the macro-economic development in Europe and the implementation of organisational changes mentioned.

The earnings expectations to 2008/09 are based on an assumption of an unchanged gross margin as compared to 2007/08.

The 2008/09 profit expectations are further based on a projected marginal deteriora-tion in the Group's total cost efficiency. This development is driven by long reaction time for adjusting cost to the expected revenue development.

## KEY EVENTS 2007/08

### PERFORMANCE

Revenue growth in 2007/08 reached 11%, amounting to DKK 3,737 million. An important growth driver is Group retail operations recording a 19% progress, of which organic growth (same-store growth) was strong at 11%. Group wholesale activities achieved 8% growth.

Group gross margin came to 60.4% equivalent to an improvement of 1.3 percentage point relative to 2006/07. The gross margin progress is driven by lower sourcing currencies in the Group's sourcing countries, which combined has resulted in a gross margin improvement of 1.7 percentage point. The development in the Group's gross margin was lagged due to significantly more inventory writedowns in 2007/08 relative to the previous year.

Group operating costs are increased by 16% to DKK 1,910 million, which corresponds to a cost rate increase of 2.1 percentage point. The development is unsatisfactory. The cost development is affected by non-recurring costs, a changed distribution mix owing to increased retail revenue and by generally increasing allowances for bad debts amounting to DKK 21 million.

Operating profit grew by 3% to DKK 349 million in 2007/08, corresponding to a 9.3% EBIT margin.

The earnings development combined is affected by non-recurring costs amounting to DKK 40 million in 2007/08. As a consequence of reassessment of the Group's assets in the fourth quarter, inventory writedowns amounting to DKK 15 million were made for the Group's sales activities in China and the Group's inventory of supplementary products. In addition, in the fourth quarter writedowns constituting DKK 5 million have been made concerning tangible fixed assets in China. Third quarter of the financial year accounts for the remaining DKK 20 million. Severance pay to the Group's Chief Executive Officer accounts for DKK 13 million. Furthermore, the Group had an extraordinary loss on trade receivables on two export partners amounting to DKK 7 million.

### ORDER INTAKE 2008/09

| Growth | Autumn / Winter 2008/09 | 12 months 2007/08 | 12 months 2006/07 |
|---|---|---|---|
| Peak Performance | 14% | 16% | 22% |
| Tiger of Sweden | 23% | 43% | 5% |
| InWear | -18% | 1% | 11% |
| Jackpot | -7% | -15% | -10% |
| Matinique | 9% | 21% | 16% |
| Cottonfield | -2% | 8% | 17% |
| Part Two | 13% | 11% | 14% |
| By Malene Birger | 29% | 39% | 32% |
| Soaked in Luxury | 18% | 10% | 9% |
| Designers Remix Collection | 19% | 28% | 68% |
| **Total** | **8%** | **12%** | **12%** |

Order intake for autumn and winter collections in the financial year 2008/09 was completed at a combined growth of 8% (9% in local currencies).

Order intake for the autumn collections was completed mid-March at a 10% growth (in local currencies 11%), whereas the minor winter collections were completed end of May with 2% growth (2% in local currencies).

## CHANGES IN THE EXECUTIVE BOARD

As part of IC Companys A/S' continued ambition to further strengthen the company's growth and earnings capacity the Board of Directors has, as previously announced, appointed Niels Mikkelsen as new Chief Executive Officer. Niels Mikkelsen joined the company 1 August 2008.

Niels Mikkelsen, 43, comes from a position at Esprit de Corp. Since 1998, Niels Mikkelsen has been responsible for the Nordic and Baltic countries, where he has generated significant growth in turnover as well as in earnings. From 1996 to 1998, Niels Mikkelsen worked for InWear Group (today IC Companys A/S), most recently as Country Manager for Denmark.

In this connection Chief Financial Officer Chris Bigler was appointed member of the Executive Board. Chris Bigler, 38, has been employed with IC Companys A/S since 2002, from 2004 as Chief Financial Officer. Since 2004, Chris Bigler has thus been an important contributor to the positive development of IC Companys A/S. Today, Chris Bigler has the responsibility for Finance, Administration, Risk Management, Treasury, Shared Service, Investor Relations as well as IT.

As previously announced, Chief Operating Officer, Mikkel Vendelin Olesen, has accepted an offer to become Chief Executive Officer outside the group. Therefore he resigned from his position in IC Companys A/S 15 August 2008.

On 6 August, the Board of Directors appointed Anders Cleemann, 41, Executive Brand Officer and member of the Executive Board.

Anders Cleemann has been Brand Director of Part Two in IC Companys A/S since 2005 and was further International Marketing Director in InWear Group A/S from 1997 to 1999. He has previously worked in sales and marketing in Reebok A/S and Carlsberg A/S. Furthermore, Anders Cleemann worked as a consultant for six years, 2 of which as CEO of Valtech A/S.

Anders Cleemann will be in charge of InWear, Jackpot, Matinique, Cottonfield, Part Two, Saint Tropez and Soaked in Luxury. Anders Cleemann took up the new position as Executive Brand Officer 15 August 2008 and he continues in the position as Brand Director of Part Two until a replacement has been found.

Hereafter, the Executive Board of IC Companys A/S consists of:

- Niels Mikkelsen, Chief Executive Officer (CEO)
- Chris Bigler, Chief Financial Officer (CFO)
- Anders Cleemann, Executive Brand Officer

## INVESTMENT IN EASTERN EUROPE

The Group has launched a 3-year investment programme for Jackpot and Cottonfield in Eastern Europe (Poland, the Czech Republic and Hungary). Jackpot and Cottonfield, which in these countries are exclusively distributed via own retail, have seen a very encouraging development during the past years. Retail revenue in Eastern Europe for these brands is expected to double over the 3-year period from the current level of DKK 150 million. In 2008/09, 15 - 20 store openings are planned in Eastern Europe.

## THE CHINA SALES ORGANISATION

The Group has adjusted the sales organisation in China. Revenue growth in China did not match investments in distribution and organisation, which resulted in an organisational adjustment. The Group operates a total of 31 concessions in China. In 2007/08, the Group had a considerable operating loss for the sales operation in China and made further writedowns of inventories and tangible fixed assets in the fourth quarter.

## RETAIL AND LEADERSHIP ACADEMY

The Group's Academy was launched in the spring of 2007. This initiative aims at training and educating the Group's more than 900 store employees. In 2008/09, Retail Academy will be followed up by semi-annual training days for the Group's retail managers and store managers. Further in 2008/09, a number of the Group's franchise stores in Denmark and Holland will be trained.

2007/08 was also the year, when the Group's Leadership Academy was initiated. This initiative aims at strengthening the Group managers' competences, team building and execution skills. A total of 100 middle managers were trained in 2007/08.

## DECENTRALISATION OF INTERNAL MARKETING AGENCY

The Group has decentralised an internal marketing agency, which until now carried out tasks for primarily InWear, Jackpot, Matinique, Cottonfield and Part Two. Consequently, a number of employees have been transferred to the relevant brand organisations. The initiative results in a simpler group organisation, strengthens the brand organisation and anchors the identity building activities in the brand organisation. Subsequently, the Group has also begun divesting an internal PR department in an external company, of which the management hitherto will take over ownership. Cost-savings from these initiatives are expected to total DKK 10 million in 2008/09.

## NEW MEMBER OF THE BOARD OF DIRECTORS

At the Group's Extraordinary General Meeting held 30 January 2008, Per Bank was elected new member of the Board of Directors of IC Companys A/S in accordance with the agenda for the meeting.

Per Bank is Managing Director of Coop Danmark A/S, Chairman of the Board of Directors of Irma A/S, Fakta A/S, Coop Trading A/S, Coop Nonfood A/S and Intercoop Ltd. as well as member of the board of OK A.m.b.a.

## IMPLEMENTATION OF SAP FINANCIAL SYSTEM

During 2007/08, the Group replaced the financial system to SAP. The project was initiated in August 2007, and in the period until 30 June 2008, 38 companies were migrated to SAP. The replacement was seamless and progressed according to plan. The replacement was made with a view to a possible subsequent replacement of the ERP system. A decision on the possible commencement of such a project is anticipated not sooner than at the beginning of the calendar year 2009.

## CORPORATE GOVERNANCE

The Board of Directors of IC Companys is committed to promoting the long-term interests of the Company - and thus of all shareholders. This work is handled at nine planned Board meetings per year and through continuing contact between the chairmanship and the Executive Board.

The Board of Directors has in the Group's guidelines for Corporate Governance considered the Group's relationship with its stakeholders and the community, and the Board of Directors' and the Executive Board's work and further their relationship with each other. The guidelines can be downloaded from www.iccompanys.com under the section Investor Relations.

These guidelines are intended as the working base for IC Companys' management when defining procedures and principles with respect to among other things:

- The Group's relationship with its stakeholders, including the public and the press
- The Group's external communication, including its Investor Relations policy;
- The Board of Directors' composition and work including rules of procedure for the Board of Directors;
- The Executive Board's work, including rules of procedure for the Executive Board;
- The relationship between the Board of Directors and the Executive Board; and
- The remuneration and incentive plans for the Company's management and employees.

These guidelines are intended to ensure the efficient, appropriate, adequate and viable management of IC Companys. The guidelines have been prepared within the framework defined by the IC Companys' articles of association, mission, corporate vision and corporate values, as well as applicable legislation and rules for Danish listed companies.

The revised guidelines are – with two exceptions explained in the following below – in accordance with the Corporate Governance Recommendations by OMX Nordic Exchange Copenhagen

During the autumn of 2006, the Board of Directors carried out a self-evaluation procedure with a view to offering the Board the opportunity to systematically and based on unequivocal criteria evaluate the performance and achievements of the Board, the Chairman and the individual members. The evaluation was performed under the Chairman of the Board of Directors in cooperation with an internationally renowned consulting firm. The findings were discussed with the entire Board of Directors.

OMX Nordic Exchange Copenhagen recommends that the self-evaluation procedure is carried out once a year. However, the Board of Directors finds a regular interval sufficient. The Board of Directors expects to carry out a self-evaluation procedure during 2008/09.

The present Annual Report includes the scope of the total and itemised remuneration and other material benefits of the Board of Directors and the Executive Board. All material factors concerning share-based incentive programmes are disclosed including information about all incentive paid employees and the aggregated incentive pay of the Executive Board. The aggregated, individualised remuneration of the Executive Board and the Board of Directors are not disclosed as recommended by OMX Nordic

Exchange Copenhagen, as the Board of Directors after careful consideration has concluded that individualised remuneration disclosure would not be purposeful.

The principles of and the magnitude of the remuneration of the Board of Directors and the Executive Board appears from the section regarding incentive remuneration and note 5 to the financial statements.

In compliance with the recommendations of the OMX Nordic Exchange Copenhagen, the Board of Directors has assessed the need for committees, including audit committees. The Board of Directors finds that the current meeting structure without committees is sufficient. However, the Board will continuously assess the expediency gained by setting up special ad hoc committees.

## INCENTIVE-BASED COMPENSATION

With the purpose of building congruent interests between shareholders, members of the Executive Board and other executives and contribute to a joint focus on meeting the Group targets, IC Companys has implemented bonus and share-based incentive compensation plans.

The incentive-based compensation plans for members of the Executive Board and other executives includes bonus and share-based incentive plans. In accordance with the IC Companys corporate governance guidelines, members of the Board of Directors are not included in the incentive plans.

The members of the Executive Board and a number of other executives are included in a bonus plan where payments are based on the financial results achieved in the employee's own area of responsibility. The bonus potential is in the range of 20-30% of annual salary. The bonus plan is based on results achieved in the individual financial year, which helps ensure that the Group's growth targets are met, as the full bonus is only paid if the Group targets are met.

Previously, the Group has granted warrants to a number of executives and key employees. Details of the plans are given in note 5 to the financial statements.

As previously announced in stock exchange announcement of 31 March 2008, the Board of Directors granted 100,000 stock options to the Group's new Chief Executive Officer, Niels Mikkelsen. The stock options granted give admittance to – in immediate continuation of the company's release of the annual report for 2008/09, 2009/10, 2010/11, 2011/2012 and 2012/13 – against payment in cash – to buy 20,000 shares annually.

Further, as announced in stock exchange announcement of 31 March 2008, after his appointment to the Executive Team, the Board of Directors granted Chris Bigler 30,000 stock options. The stock options granted give admittance to - in immediate continuation of the company's release of the annual report for 2007/08, 2008/09 and 2009/10 – against payment in cash – to buy 10,000 shares annually.

Equally, as announced in stock exchange announcement of 9 September 2008, the Board of Directors granted Anders Cleemann 30,000 stock options after his appointment to the Executive Team. The stock options granted give admittance to - in immediate continuation of the company's release of the annual report for 2008/09, 2009/10 and 2010/11 – against payment in cash – to buy 10,000 shares annually.

## RISK MANAGEMENT

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

### COMMERCIAL RISK FACTORS

**Fashion risk**
The Group's brands all have a high fashion content. As collections change at a minimum of four times a year and have a long lead time, there is a risk that the products will not match consumer tastes.

Each brand works with commercial and facts-based development of its collections with a view to reducing this risk. At Group level, there is an inherent high level of diversification as a result of the number of independent brands.

**Suppliers**
The Group's products are solely produced by third parties, which ensures a high level of flexibility. In 2007/08, 72% of production took place in Asia and 28% in Europe. The Group has 396 suppliers, of which the largest 10 suppliers account for 30% of the total production value. The largest single supplier accounts for 5% of the total production value.

The Group has six independent sourcing offices located in China, Romania, Turkey, Bangladesh, Hong Kong and Denmark, which compete for production orders from the brands. This means that sourcing can be moved to wherever the combination of price, quality and supply stability is best.

**Inventory risk**
Sales through own stores and the need to carry inventory service products and supplementary products for retailers involves a risk that products which, during the year, have been allocated for sale remain unsold at the end of the year.

The Group has a network of outlets for the ongoing sale of such inventories. Capacity in these outlets is increased or reduced as required. Any products that cannot be sold through the Group's own outlets are sold to brokers for resale outside the Group's established markets. The inventory risk of the Group is reduced by the fact that a considerable part of the total order intake is preordered by the Group's retailers.

**Debtor risk (third party retailer risk)**
The Group brands are sold by a total of 12,000 selling points. A considerable number of third party retailers are customers to more than one brand, and the number of customers is consequently lower. No customer accounts for more than 5% of the Group wholesale revenue.  The Group's distributor in Russia is the single largest customer.

Before a customer relationship commences, the Group's wholsale customers are credit rated according to the Group debtor policy and subsequently on a regular basis. Nevertheless, losses do occur. Credit insurance is typically only used in countries in which the credit risk is unusually high and where this is feasible. This primarily applies to export markets in which IC Companys is not represented through an independent sales company.

Credit terms vary in line with individual market customs. In the past years, the Group had loss on bad debts which was less than 1% of wholesale revenue. In 2007/08 the losses achieved constitute 0.6% of the wholesale revenue. In addition, in 2007/08 allowances for bad debts constitute DKK 37 million.

**Dependence on IT systems**

The Group is dependent on reliable IT systems for day-to-day operations, as well as to ensure control of product sourcing and to increase efficiency in the Group's supply chain. The Group is continuously working to hedge these risks through firewalls, access control, contingency plans, etc.

## POLITICAL RISK FACTORS

A large part of the Group's purchases are made in markets which from time to time see political turmoil. The most significant dependence concerns reliable supplies from Hong Kong and China, where approximately 63% of the Group's supplies is purchased. The EU did not extend the quota system for products manufactured in China, which was introduced in the summer of 2005. The quota system has been replaced by a continuous supervision in 2008.

## 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 approved by the Board.

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 rate risks, which arise through purchases and sales of products in foreign currencies. The main part of Group purchases are made in the Far East and are denominated in USD or USD related currencies, whereas most revenues and capacity costs are denominated in EUR, SEK, DKK and other European currencies. Thus, there is only a limited natural currency match in the Group's transactions.

The Group basically hedges all material transaction risks 12 months into the future. The Group primarily uses forward currency contracts to hedge the company's exchange rate exposure.

Net assets (equity investments) denominated in foreign currencies are hedged if material fluctuations may occur in the relevant currencies.

**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.

See note 30 to the financial statements for additional information on the Group's financial risks as at 30 June 2008.

# CORPORATE SOCIAL RESPONSIBILITY

## SOCIAL RESPONSIBILITY

IC Companys considers corporate social responsibility to be an integrated part of our business. Since August 2007 IC Companys is a member of UN Global Compact which is the broadest business-driven platform for the improvement of social compliance.

UN Global Compact is a voluntary and flexible initiative in order to involve private companies in tackling some of the major social and environmental challenges. The core is ten principles based on internationally agreed conventions and treaties on human rights, labour standards, environmental protection and anti-corruption.

The membership of Global Compacts involves an annual reporting on the progress made in relation to the ten principles of Global Compact – a so-called Communication on Progress (COP).

## COMMUNICATION ON PROGRESS 2007/08

**BSCI**
In July 2007, IC Companys assented to the Business Social Compliance Initiative (BSCI). BSCI is a common and standardized European approach directed at retail chains, the manufacturing industry and importers who wish to improve social compliance in all supplier countries. Follow-up on these initiatives is performed by independent auditors approved by the BSCI by means of supplier audits.

In the future, BSCI's Code of Conduct will be a permanent part of the contractual basis with the Group's suppliers. Furthermore, during the first year of the Group's membership auditing and compliance processes have been initiated with suppliers, who combined account for 33% of the purchase volume in countries classified by the UN as risk countries. In 2007/08, IC Companys sourced 91% of the total volume from this category of countries. During the first 3 years, that is before July 2010, we expect that 2/3 of our order mass purchased in countries under this classification will be audited.

**Danish Initiative for Ethical Trade**
In February 2008 IC Companys co-founded the organisation the Danish Initiative for Ethical Trade (DIEH). DIEH is a resource centre and a member organisation that aims at strengthening the ethical trade and supplier control of Danish companies. The purpose of DIEH is to promote international trade that respects human rights and employee rights and to contribute to a sustainable development of developing countries and emerging markets.

The purpose of DIEH is to gather experience and knowledge thereby assisting Danish companies in making sure that the suppliers comply with international conventions such as ILO employee rights.

**FashionAid™**
IC Companys is member of and active participant in FashionAid™, an initiative started by Federation of Danish Textile & Clothing for the member companies. The initiative is a joint partnership with Danish Red Cross involving collections in Denmark for the subsequent distribution in relevant priority areas worldwide of the member companies' donations of for instance defective (but usable) clothing and textiles and surplus production.

IC Companys expects to donate between 8,000 and 12,000 garments per year through FashionAid™.

**Group brands**
The Group's brand Jackpot is among the Nordic frontrunners in terms of sustainable development of the entire value chain in clothing production. Jackpot joined the Dutch NGO Made-By group in order to contribute to this development.

10% of all Jackpot products are organic and via a number on the care label of the garment, the consumer may trace the production journey of a garment. The brand also supports farmers, who are converting from conventional to organic production (Cotton in Conversion), among other things by paying a premium for the cotton in the conversion period.

In addition to this, Jackpot has a donation policy that aims at lending a hand to the communities who produce the organic cotton & sows the clothes. Each year, Jackpot supports a slum school in Bangladesh, "The Gulshan Literacy Programme", and a farm cooperative in India, "Chetna". The support is made by fair trade agreements and the sales of special t-shirts made of organic cotton, of which a part of the amount is donated to the school.

The Group's other brands have also launched a string of individual initiatives that appear from their respective websites.

# GROUP CAPITAL STRUCTURE AND DIVIDEND POLICY

IC Companys has the financial objective of distributing dividends of 30% of the net profit each year, and any cash in excess will be used for share buyback programmes.

The Board of Directors recommends a dividend of DKK 66 million, equivalent to DKK 4.00 per share eligible for dividend.

The short-term net bank debt amounts to DKK 471 million at 30 June 2008. The level thus exceeds the Group's financial objective of DKK 400 million. As a consequence, IC Companys is not expecting to intitate share buyback programmes in 2008/09, but instead allocate any cash in excess to reduce the short-term bank debt.

The other prerequisites of the group capital structure are as follows:

- The average investment level in concept stores, showrooms, supply chain and IT is expected to amount to up to 4% of revenue.

- The working capital is expected to represent 11% - 12% of revenue

- Consolidated tax costs are expected to account for 27 - 29% of the pre-tax profit, of which 50 - 75% will be payable; the remaining part will be offset against already recognised tax assets.

- Short-term net bank debt is to be in the region of DKK 300 - 400 million.

- Long-term debt will be used solely to finance the corporate head office at Raffinaderivej.

## THE MULTI BRAND STRATEGY

IC Companys operates a portfolio of strong, very distinctive brands that draw on the competencies and resources made available by the Group's joint functions – an organization that combines the commercial focus of each brand with the great cost and quality benefits that having a number of joint functions brings.

Via the multibrand strategy, value is created through a systematic utilisation of our industry competencies that cut across brands and by utilising our economies of scale for a host of relevant joint functions.

Each brand has a market-oriented management that handles market positioning, product development, sales and marketing – the activities that are vital to the development of each brand's identity and are the decisive factor in a consumer's decision to buy.

Moreover, each brand is supported by a shared platform which handles activities of no significance to the brand identity and gives each brand substantial advantages in terms of cost savings and quality.

The Group's shared platform consists of a number of central functions such as sales infrastructure, sourcing, logistics, HR, IT, Finance and Administration. The Group's corporate brand – IC Companys – acts as a guarantee of continuity, ability to deliver and creditworthiness.

A natural risk diversification in several dimensions is an inherent element of the Group's brand portfolio. The overall business risk has been reduced through each brand pursuing an individually adapted positioning and market strategy. In addition, the portfolio approach reduces the creative risk by reducing the overall collection and fashion risk. Furthermore, this risk reduction ensures that each brand can afford to have a more characteristic design expression and thus a stronger brand identification.

## THE SHARED PLATFORM – QUALITY AND SYNERGY

The Group's shared platform encompasses a number of central, corporate functions such as sales infrastructure, sourcing, logistics, HR, IT, finance and administration. These joint functions make it possible to utilise the synergies across the Group's brands regardless of size.

The costs of operating the Group's joint functions excluding sales logistics amount to 10.5% of revenue. The joint functions employ about 28% of all company employees.

It is a central element of IC Companys' strategy to continue to develop the Group's joint functions as:

- The shared platform makes it possible to achieve considerable competence and cost benefits for each brand, irrespective of size.
- The shared platform makes it possible to ensure a high product quality and reliability of delivery to retailers and own stores.

A strength to IC Companys lies in the combination of a multibrand strategy and a shared platform. The objective of the shared platform is continued efficiency improvement. The costs of operating the shared platform are thus not expected to increase by the same rate as revenue over the next years.

**SALES INFRASTRUCTURE**

The Group operates sales companies in 12 countries – Denmark, Sweden, Norway, Finland, England, Ireland, Germany, Holland, Belgium, Poland, Canada and China. In addition to its own sales companies, IC Companys operates an export organisation, which operates primarily through external agents and distributors. The sales companies hold the executive sales responsibility for InWear, Jackpot, Matinique, Cottonfield, Part Two and Soaked in Luxury.

Sales of Peak Performance are carried out by an independent and regionalised sales organisation and to some extent by the Group's sales companies. Sales of Tiger of Sweden, By Malene Birger, Saint Tropez and Designers Remix Collection are carried out by the head offices of the respective brands and through external agents.

**SOURCING AND LOGISTICS**

IC Companys has more than 30 years of experience in sourcing internationally and outsources all end production to subsuppliers. Sourcing for all brands is handled via joint sourcing offices in Hong Kong, Shanghai, Bucharest, Istanbul and Dhaka and through limited use of agents in Europe and India.

The joint sourcing offices ensure cost benefits for each brand, irrespective of size, due to lower prices from production suppliers and more cost-effective quality control of suppliers.

The shared sourcing offices also make it possible for all brands to handle geographic sourcing changes quickly and securely. This enables brands to take advantage of new sourcing opportunities and also reduces IC Companys' operational risk.

A geographic breakdown of sourcing in 2007/08 by value is as follows: 63% in China, 11% in Rumania, 9% in Turkey, 5% in India and 12% in other countries.

**HUMAN RESOURCES**

Since the beginning of 2006, IC Companys has worked on a professionalisation of the HR effort. The Group has built an experienced and professional HR team that supports all business and platform units. In addition, staff administration and the recruitment process were professionalised, just as the Group performs periodic People Reviews in order to establish a foundation for employee development, internal recruitment and succession planning.

Furthermore, the Group has initiated four academies aimed at our store employees (Retail Academy), wholesale sales representatives (Wholesale Academy), executives on various levels (Leadership Academy) and courses of a more general nature for all employees (Employee Academy).

### IT, FINANCE & ADMINISTRATION

Strong IT support in all aspects of sourcing, distribution, logistics, administration and sales also help the individual brands focus on creative and commercial development activities. Shared operation of the IT platform ensures cost benefits for the individual brands.

Financial planning, follow-up, reporting and administration are organised in a shared service centre which handles financial and administrative tasks in the Group's sales companies. In addition to significant cost benefits, this means that the Group can integrate new units or implement organisational changes relatively easily and quickly.

The Group has set out the goal to further enhance efficiency. In addition, in the future strategy period the focal point will be on improving decision support and enhancing the support of the Group's business development.

## BRAND PORTFOLIO

All Group brands are active in a world of fashion clothing and are distributed via wholesale, franchise, retail and outlet sales, and as such they have a uniform business risk and operate under uniform long-term profitability requirements.

By means of our brand portfolio, IC Companys meets demands from international consumers through a broad positioning spectrum, different dress elements and a broad price structure. A presentation of the brand portfolio can be found on the following pages:

| BRAND | BACKGROUND | PEERS | PRODUCT CATEGORIES | GROWTH STRATEGY | FACTS |
|---|---|---|---|---|---|
| Peak Performance® | Peak Performance was established in 1986 and is defined as a Mountain Resort Brand. The Brand concept is directed at active people, who demand extremely functional products in a unique design and an uncompromising quality. The Brand is positioned in the premium segment. | The North Face, Patagonia, Moncler, Polo Ralph Lauren, Tommy Hilfiger Adidas, Nike among others. | Active<br>(Ski, Technical sports & Golf)<br>Casual (Man & Woman)<br>Junior<br>Accessories | The Brand will primarily grow through internationalization supported by new retail and franchise stores with an increased focus on Technical Sports, Golf, Casual and accessories. | Revenue in 2007/08 grew 11% to DKK 892 million. 38% of the revenue was outside Scandinavia. The Brand has experienced growth in order intake for 22 consecutive collections. Revenue breakdown: 75% wholesale, 23% retail and 2% outlet. |
| InWear | InWear was established in 1969. The Brand concept is directed at the fashion-conscious woman, who has a confident and relaxed approach to life, and who is attracted to the cosmopolitan lifestyle. The Brand is positioned as "modern" in the upper part of the mid-price segment. | Karen Millen, Turnover, Sand, Bruuns Bazaar, Filippa K, Quiset among others. | InWear<br>Accessories<br>Shoes | The Brand will primarily grow through increased penetration of existing markets supported by new retail and franchise stores. | Revenue in 2007/08 grew DKK 2 million to DKK 542 million. 61% of the revenue was outside Scandinavia. The Brand has experienced a decline in order intake for the winter 2008 collection Revenue breakdown: 63% wholesale, 32% retail and 5% outlet. |
| TIGER OF SWEDEN | Tiger of Sweden was established in 1903. The Brand concept is directed at progressive and fashion-conscious people. The collection is both formal and contemporary with an urban and relaxed attitude and with solid tailor details. The Brand is positioned as"High Fashion" in the lower part of the high-price segment. | Hugo Boss, Hugo, Paul Smith, Filippa K, J. Lindeberg, Acne, Miu Miu among others. | Black Label<br>Silver Label<br>Tiger Jeans<br>Accessories<br>Shoes<br>Make-To-order | The Brand will primarily grow through increased internationalization supported by franchise stores. | Revenue in 2007/08 grew 26% to DKK 488 million. 12% of the revenue was outside Scandinavia. The Brand has experienced growth in order intake for more than 27 consecutive collections. Revenue breakdown: 70% wholesale, 29% retail and 1% outlet. |
| Jackpot | Jackpot was established in 1974 and is a lifestyle Brand for the modern woman in love with life. A variety of vivid colours and hand-painted patterns characterize a look that will last, with an easy approach to femininity and informality. The Brand is positioned in the mid-price segment. | Esprit, Marc O'Polo, Noa Noa, Mexx, Sandwich, Signal, local heroes among others. | Jackpot<br>Jackpot Girls<br>Accessories<br>Shoes | The Brand will primarily grow through increased penetration of existing markets. | Revenue in 2007/08 grew 2% to DKK 454 million. 79% of the revenue was outside Scandinavia. The Brand has experienced a minor decline in order intake for the winter 2008 collection. Revenue breakdown: 53% wholesale, 42% retail and 5% outlet. |

| BRAND | BACKGROUND | PEERS | PRODUCT CATEGORIES | GROWTH STRATEGY | FACTS |
|---|---|---|---|---|---|
| COTTONFIELD since 1986 | Cottonfield was established in 1986. The Brand concept is directed at men and women, who are attracted to an active lifestyle and who demand clothes that make them feel comfortable, relaxed and sporty. The Brand is positioned as "updated casual" in the mid-price segment. | Tommy Hilfiger, Gant, Marlboro Classics, Polo, Ralph Lauren among others. | Cottonfield<br>Cottonfield Female<br>Cottonfield Junior<br>Fragrances<br>Home<br>Shoes | Growth Strategy<br>The Brand will primarily grow through increased penetration of existing markets. | Revenue in 2007/08 grew 10% to DKK 307 million. 67% of the revenue was outside Scandinavia. The Brand has experienced growth in order intake for winter 2008. Revenue breakdown: 57% wholesale, 35% retail and 8% outlet. |
| Matinique | Matinique was established in 1973. The Brand concept is directed at the style conscious city man, who prefers clothes that combines the formal and the casual. The Brand is positioned as"modern" in the upper part of the mid-price segment. | Sand, Filippa K, Hugo Boss, Hans Ubbink, Ben Sherman among others. | Black Label<br>Blue Label<br>Accessories<br>Shoes | The Brand will primarily grow through increased penetration of existing markets. | Revenue in 2007/08 increased 20% to DKK 295 million. 63% of the revenue was outside Scandinavia. The Brand has experienced growth in order intake for 12 consecutive collections. Revenue breakdown: 58% wholesale, 34% retail and 8% outlet. |
| Part Two | Part Two was established in 1986. The Brand concept is directed at the fashion conscious woman who spiritually is between 25 and 35 of age, and demands a unique fashion expression, where the feminine and sensual is often combined with a raw expression. The Brand is positioned as "modern" in the mid-price segment. | Sandwich, French Connection and different local heroes. | Part Two<br>Accessories | The Brand will primarily grow through increased penetration on existing markets and secondary through introduction in new markets. | Revenue in 2007/08 increased 19% to DKK 224 million. 45% of the revenue was outside Scandinavia. The Brand has experienced growth in order intake for 12 consecutive collections. Revenue breakdown: 64% wholesale, 29% retail and 7% outlet. |
| BY MALENE BIRGER | By Malene Birger was established in 2003. The Brand concept is directed at women with a taste for uniqueness and exclusiveness. The Brand also markets an haute couture line"The Salon". The Brand is positioned as"modern" in the high-price segment. | See by Chloé, Marc Jacobs, Vanessa Bruno, Isabel Marant, local heroes among others. | The Collection<br>The Salon<br>Accessories<br>Shoes<br>Bags | The Brand will primarily grow through internationalization and increased penetration on existing markets | Revenue in 2007/08 grew 37% to DKK 172 million. 54% of the revenue was outside Scandinavia. The Brand has experienced growth in order intake for 16 consecutive collections. Revenue breakdown: 90% wholesale and 10% retail. |

| BRAND | BACKGROUND | PEERS | PRODUCT CATEGORIES | GROWTH STRATEGY | FACTS |
|---|---|---|---|---|---|
| SAINT TROPEZ | Saint Tropez was established in 1986. The Brand concept is with 9 yearly collections "fast to market" and is directed at women, who want a high fashion content at a reasonable price. The Brand is positioned as"modern" in the lower part of the mid-price segment. | Vila, Vero Moda, Culture among others. | Saint Tropez<br>Accessories | The Brand will primarily grow through increased penetration of existing markets supported by new franchise stores and an increased focus on in-season sales. | Revenue in 2007/08 fell 3% to DKK 153 million. 27% of the revenue was outside Scandinavia. Saint Tropez is not a preorder based company. Revenue breakdown: 75% wholesale and 25% retail. |
| SOAKED IN LUXURY | Soaked in Luxury was established in 2002. With 10 collections a year, the Brand concept is directed at the feminine woman, who wants clothes with a touch of overwhelming luxury at a reasonable price. The Brand is positioned as a"High Street" brand in the lower part of the mid-price segment. | Vero Moda, B-Young, Vila among others. | Soaked in Luxury<br>Accessories | The Brand will primarily grow through increased penetration of existing markets supported by new franchise and retail stores. | Revenue in 2007/08 grew 1% to DKK 105 million. 40% of the revenue was outside Scandinavia. The Brand has experienced growth in order intake for 6 consecutive collections. Revenue breakdown: 77% wholesale, 19% retail and 4% outlet. |
| DESIGNERS REMIX COLLECTION BY CHARLOTTE ESKILDSEN | Designers Remix Collection was established in 2002. The Brand is design driven and is directed at the female fashion chameleons, who desire constant change and clothes with personality. The Brand is positioned as"advanced" in the high-price segment. | Patrizia Pepe, See by Chloé, Marc by Marc Jacobs, Acne among others. | Ready to wear<br>Soft Sports & Yoga<br>Accessories<br>Shoes | The Brand will grow through increased penetration of existing markets and new markets. | Revenue in 2007/08 grew 36% to DKK 65 million. 44% of the revenue was outside Scandinavia. The Brand has experienced growth in order intake for 14 consecutive collections. Revenue breakdown: 67% wholesale, 32% retail and 1% outlet. |
| | | | | | |

## REVENUE DEVELOPMENT

Revenue was DKK 3,737 million, which is DKK 383 million or 11% higher than in 2006/07. Net store openings added DKK 88 million to the revenue. Exchange rate fluctuations in 2007/08 had a neutral net affect on revenue.

**Sales performance for own brands:**

| DKK million | 2007/08 | 2006/07 | Growth |
|---|---|---|---|
| Peak Performance | 893 | 802 | 11% |
| InWear | 542 | 540 | 0% |
| Tiger of Sweden | 488 | 388 | 26% |
| Jackpot | 454 | 445 | 2% |
| Cottonfield | 307 | 278 | 10% |
| Matinique | 295 | 245 | 20% |
| Part Two | 224 | 189 | 19% |
| By Malene Birger | 172 | 126 | 37% |
| Saint Tropez | 153 | 157 | -3% |
| Soaked in Luxury | 105 | 104 | 1% |
| Designers Remix Collection | 65 | 48 | 36% |
| **Total own brands** | **3,698** | **3,322** | **11%** |

The combined growth rate seen for own brands was 11% reaching DKK 3,698 million. Peak Performance, Tiger of Sweden, Cottonfield, Matinique, Part Two, By Malene Birger and Designers Remix Collection all achieve double digit growth rates, whereas Saint Tropez decline by 3%.

Peak Performance has accomplished a growth of 11%. The growth is driven by internationalisation and by the product lines Casual and Golf. Peak Performance has achieved growth rates exceeding 20% in Denmark, Norway, Belgium, Germany, Austria and Canada.

InWear has achieved a marginal advance of DKK 2 million to DKK 542 million. The development is not satisfactory.

Tiger of Sweden has achieved a 26% growth. The growth is driven by increased internationalisation and 10 new franchise stores in 2007/08. Tiger of Sweden has accomplished growth rates in excess of 30% in Finland, Germany, Switzerland and Canada.

It is encouraging that Jackpot regardless of a 15% setback in order intake for 2007/08 achieves a 2% advance. The increase is driven by the development in the brand’s own retail, which has achieved an increase of 30% in the same-store sales.

**Sales performance for own brands by market:**

Of the total revenue 80% was generated outside Denmark and 48% outside Scandinavia. Sales is carried out through own sales companies in 31 countries by means of agents and distributors.

| DKK million | 2007/08 | 2006/07 | Growth |
|---|---|---|---|
| Sweden | 831 | 756 | 10% |
| Denmark | 743 | 635 | 17% |
| Norway | 345 | 276 | 25% |
| Holland | 286 | 287 | 0% |
| Belgium | 199 | 177 | 13% |
| Finland | 178 | 167 | 6% |
| UK & Ireland | 168 | 180 | -6% |
| Germany | 168 | 154 | 9% |
| Poland | 123 | 92 | 34% |
| Canada | 107 | 90 | 19% |
| Switzerland | 103 | 96 | 7% |
| Russia | 65 | 72 | -9% |
| Spain | 59 | 71 | -17% |
| Austria | 57 | 48 | 19% |
| France | 46 | 42 | 10% |
| Other | 220 | 179 | 23% |
| **Total own brands** | **3,698** | **3,322** | **11%** |

In 2007/08, revenue for own brands advanced by double digit growth rates in Sweden, Denmark, Norway, Belgium, Poland, Canada, Austria and France.

After several years of decline, Poland records sound progress with a revenue growth of 34% in 2007/08. The development is driven by Jackpot's and Cottonfield's retail operations in the country. As previously mentioned the Group has launched a 3-year investment programme for Jackpot and Cottonfield and expects to open 15 – 20 new stores in 2008/09 in Eastern Europe (Poland, the Czech Republic and Hungary).

After years of significant growth, the Group's Russian partner is consolidating and has in the financial year 2007/08 achieved a 9% decline.

In Spain the Group's operations are primarily agent-based and the Group has tightened credit lines and in the same process reviewed the customer portfolio, which has caused a revenue fall of 17% in 2007/08.

## DISTRIBUTION CHANNELS

| | Wholesale | | Retail | | Outlet | | Group | |
|---|---|---|---|---|---|---|---|---|
| DKK million | 2007/08 | 2006/07 | 2007/08 | 2006/07 | 2007/08 | 2006/07 | 2007/08 | 2006/07 |
| Revenue | 2,497 | 2,308 | 1,092 | 915 | 148 | 131 | 3,737 | 3,354 |
| *Growth* | *8%* | | *19%* | | *13%* | | *11%* | |
| **Distribution channel profit** | **419** | **384** | **78** | **77** | **21** | **23** | **518** | **484** |
| *Distribution channel profit margin* | *16.8%* | *16.6%* | *7.2%* | *8.5%* | *14.1%* | *17.6%* | *13.9%* | *14.4%* |
| Unallocated corporate costs* | | | | | | | (169) | (144) |
| **Operating profit before** | | | | | | | **349** | **340** |
| *EBIT margin* | | | | | | | *9.3%* | *10.1%* |

* Unallocated corporate costs comprise IT, finance, HR and general management.

### WHOLESALE OPERATION

Wholesale revenue grew by DKK 189 million or 8% to DKK 2,497 million (DKK 2,308 million). Wholesale revenue as a percentage of revenue was reduced marginally by 2.0 percentage points to 66.8%. The total number of third party retailers at 30 June 2008 is 12,000 against 11,500 in 2006/07.

For the Group's own brands the pre-order revenue achieved an increase of 9% and accounts for approximately 87% of the wholesale revenue. OTB revenue increased by 2% in 2007/08 and represents 13% of the wholesale revenue. This includes franchise revenue, which is increased by 22% and accounts for 11% of the wholesale revenue.

The distribution channel profit of the wholesale operation came to DKK 419 million against DKK 384 million last year. Distribution channel profit margin was increased by 0.2 percentage point to 16.8% (16.6%).

### RETAIL OPERATION

Retail revenue came in at DKK 1.092 million against DKK 915 million last year, leading to a 19% growth. Same-store sales achieved an 11% growth. Same-store sales increased by 9% in the fourth quarter of 2007/08.

Retail profit came to DKK 78 million against DKK 77 million last year, which is equivalent to a retail profit margin of 7.2% (8.5%). The development is to a significant degree affected negatively by the retail activities for InWear and Cottonfield in China. The Group has seen a considerable operational loss in the sales activities in China in 2007/08 and has in the fourth quarter made further writedowns on inventory and intangible fixed assets.

The Group's retail operations constitute stores in 15 countries distributed between 243 locations. Store concentration is highest in Denmark, Belgium, Holland, Sweden and Poland. The Group operates own retail on combined 37,400 square metres (36,000 square metres in 2006/07)

Average revenue per square metre achieved in 2007/08 was DKK 33,000 (DKK 29,100). The level is still below the potential, even if material differences occur across brands, markets and locations. The level is expected to increase over the next years as the Group's retail operation is optimised.

### OUTLET OPERATION

Outlet revenue reached DKK 148 million DKK relative to DKK 131 million last year, which constitutes a 13% growth. Outlet profit came to DKK 21 million corresponding to a profit margin of 14.1% as measured against DKK 23 million and 17.6% last year.

Increasing full price sales remains a focus area in the primary distribution channels and consequently a reduction of the influx of new surplus products.

The Group operates 24 outlet stores on combined 7,000 square metres in 9 countries. The average turnover per square metre in the Group's outlets is DKK 22,000 (20,000 DKK in 2006/07).

Outlet operation forms an integral part of the Group's business model for the profitable sale of residual post-season products. The earnings capacity depends on the composition of the surplus stock and thus fluctuates over time.

## EARNINGS DEVELOPMENT

### GROSS PROFIT

Gross profit increased DKK 276 million or 14% to DKK 2,259 million (DKK 1,983 million). The Group gross profit is consequently improved by 1.3 percentage point to 60.4% (59.1%).

The Group's sourcing currencies for 2007/08 were hedged at a lower exchange rate than in the same period in 2006/07. Viewed isolated, this benefits the Group's gross margin by 1.7 percentage point in 2007/08.

As a result of a significant increase in inventory writedowns in 2007/08 as compared to last year, the Group's gross margin has been affected. As a consequence of a reassessment of the Group's assets in the fourth quarter, inventory writedowns amounting to DKK 15 million were made for the Group's sales activities in China, Cottonfield Female and the Group's inventory of supplementary products.

Wholesale gross margin improvement was the highest showing a total improvement including exchange rate effect of 1.9 percentage point and a total deterioration including exchange rate effect of 0.7 percentage point for retail.

### CAPACITY COSTS

Capacity costs rose DKK 267 million or 16% to DKK 1,910 million compared to DKK 1,643 million last year. The cost rate increased by 2.1 percentage point to 51.1% in 2007/08 against 49.0% in 2006/07.

The development is affected by non-recurring costs in 2007/08 amounting to DKK 25 million. Writedowns of tangible fixed assets in the sales organisation in China account for DKK 5 million. DKK 13 million account for provisions for severance pay to the Group's Chief Executive Officer. Furthermore, the Group had an extraordinary loss on trade receivables in two export partners amounting to DKK 7 million. The negative affect on the cost rate combined comes to 0.7 percentage points.

Retail operation is more cost-intensive than wholesale operation. Consequently, the cost rate is negatively affected by 0.4 percentage point as a result of relatively increased retail revenue.

Furthermore, regulations of allowances for bad debts have increased costs DKK 21 million, corresponding to a negative affect on the cost rate of 0.6 percentage point.

Staff costs for 2007/08 grew DKK 124 million, representing 15%. The development is caused primarily by an increase in the number of employees of 8%. At 30 June 2007, the Group has had a net employee influx of 189. Moreover, the development is caused by increasing agent commissions and provisions made for severance pay mentioned above.

Depreciation and amortisation increased DKK 17 million, or 17%, to reach DKK 113 million (DKK 96 million), which was attributable to the refurbishment of stores and showrooms and writedowns of tangible fixed assets in China.

Other operating expenses grew DKK 116 million, or 15%, to DKK 871 million (DKK 756 million). Leasehold costs increased by 15% to DKK 313 million (DKK 273 million) Marketing costs increased by 7% to DKK 222 million (DKK 208 million)and constituted 6% of revenue in the financial year 2007/08. Allowances for bad debts increased DKK 21 million to DKK 37 million DKK (DKK 15 million).

The Group's other operating income amounted to DKK 6 million against an operating revenue of DKK 16 million in 2006/07. Of the achieved income, DKK 6 million (DKK 9 million) is ascribed to the realisation of leasehold rights in connection with the closure of stores.

**OPERATING PROFIT**

In the financial year 2007/08, IC Companys' performance generated an increase in operating profit of DKK 9 million, or 3%, to DKK 349 million (DKK 340 million), representing an EBIT margin of 9.3% (10.1%)

**NET FINANCIAL ITEMS**

Net financials amounted to an expense of DKK 32 million in the financial year 2007/08 against DKK 20 million in 2006/07. DKK 8 million of the DKK 12 million increase account for a higher withdrawal on the credit facilities of the Group and DKK 4 million was attributable to averagely increased interest rates as compared to 2006/07.

**INCOME TAX**

Tax on the profit for the year was an expense of DKK 93 million, representing a tax rate of 29%. Taxes were DKK 80 million in 2006/07, corresponding to a tax rate of 25%.

The increased tax rate is attributable to deferred tax assets in Spain and China, which are not recognised, and writedowns of deferred tax assets concerning the Group's share incentive programmes.

Tax payable is calculated to be DKK 44 million and consists of tax payments in countries where the Group either has no tax assets or cannot offset such assets in full against the profit for the year. In addition, DKK 111 million of the tax assets recognised in prior years was used.

**PROFIT FOR THE YEAR AND PROFIT ALLOCATION**

The net profit for the year was DKK 224 million (DKK 241 million), representing a year-on-year decline of DKK 17 million, or 7%.

Earnings per share decreased by 5% and amount to DKK 12.6 relative to DKK 13.3 per share in 2006/07. Earnings per share were adjusted for treasury shares and the diluting effect of outstanding share incentive programmes.

The Board of Directors recommends a dividend of DKK 4.00 per share eligible for dividend, equivalent to DKK 66 million. The remaining part of the net profit will be taken to retained earnings.

## BALANCE SHEET AND LIQUIDITY

**Non-current assets**
The carrying amount of intangible assets was DKK 252 million at 30 June 2008 against DKK 246 million at 30 June 2007. The Group's intangible assets increased primarily as a result of capitalisation of development in software and IT systems in connection with implementation of SAP financial system.

The carrying amount of property, plant and equipment was DKK 424 million at 30 June 2008 DKK relative to DKK 409 million at 30 June 2007. The increase was primarily attributable to the refurbishment of stores and showrooms.

Consolidated gross tax assets amounted to DKK 189 million at 30 June 2008 relative to DKK 236 million at 30 June 2007. Recognised net assets decreased DKK 29 million to DKK 79 million at 30 June 2008.

Taxable income estimates for the individual companies are based on the applicable local tax rules and the budget approved by the Board of Directors for 2008/09.

**Inventories**
Inventories grew DKK 66 million, equivalent to 14%, to DKK 532 million at 30 June 2008 against DKK 466 million at 30 June 2007. The increase was partly due to the higher level of activity, and partly driven by an increase in surplus products as a consequense of lower activity in the second half of the financial year than expected.

**Trade receivables**
Trade receivables rose DKK 30 million to reach DKK 297 million at 30 June 2008, equivalent to an 11% growth. The increase is driven primarily by an increase in wholesale revenue and a deterioration in the customers' payment patterns in the form of an increasing share of overdue trade receivables and a generally decreasing rate of turnover. The development has entailed further allowances for bad debts constituting DKK 21 million relative to 2006/07.

**Equity**
Group assets increased DKK 83 million to DKK 1,932 million as compared to DKK 1,849 million at 30 June 2007, whilst equity was reduced DKK 93 million to DKK 474 million.

Equity was positively affected by the net profit for the year of DKK 224 million. Equity was reduced DKK 238 million through the Group's share buyback programme, of which DKK 50 million has been employed in connection with stock option programmes granted. Furthermore, paid dividends for 2006/07 accounts for DKK 74 million.

**Cash flow and capital investments**
Consolidated cash flows from operating activities decreased DKK 49 million to DKK 340 million relative to DKK 291 million in 2006/07. This is primarily attributable to an increased operating profit and a decrease in funds tied up in the group working capital.

Cash flow from investing activities amounts to DKK 138 million relative to DKK 186 million in 2006/07. Other operating investments made during the year totalled DKK 141 million, of which DKK 108 million was spent on new concept stores, as well as refurbishing existing concept stores and showrooms.

Free cash flow from operating and investing activities was DKK 202 million relative to DKK 105 million last year.

Cash flow from financing activities was an outflow of DKK 285 million. This was primarily attributable to a share buyback programme amounting to DKK 238 million in the financial year 2007/08 and dividends amounting to DKK 74 million from 2006/07.

**Interest-bearing debt**

Consolidated net debt to financial institutions increased DKK 81 million during the financial year to reach DKK 639 million DKK at 30 June 2008 (DKK 558 million). The increase in debt is attributable to an increased withdrawal on the Group’s credit facilities.

The Group’s available committed credit lines amounted to DKK 1.420 million at 30 June 2008 (DKK 1.209 million). Out of this amount, a total of DKK 771 million was drawn at 30 June 2008, and DKK 270 million had been used for trade finance facilities and guarantees. Thus, the Group’s available unused credits totalled DKK 379 million at 30 June 2008 (DKK 300 million).

## POST BALANCE SHEET EVENTS

Board member Niels Hermansen resigned 1 August 2008 from the Board of Directors of IC Companys A/S. The search for a new Board member has been initiated.

As announced in stock exchange announcement of 9 September 2008, the Board of Directors granted Anders Cleemann 30,000 stock options after his appointment to the Executive Team. The stock options granted give admittance to - in immediate continuation of the company's release of the annual report for 2008/09, 2009/10 and 2010/11 – against payment in cash – to buy 10,000 shares annually.

As outlined in the profit announcement for the year 2007/08, the Group has simplified the organisation by an integration of the brand managements of InWear and Matinique, and Jackpot and Cottonfield, respectively. Moreover, sales responsibility between the individual brand managements and the country management was redefined in order to increase local anchorage of sales focus.

Apart from this and other factors included in the financial statements, the Executive Board does not have knowledge of events occurred after 30 June 2008, which are expected to have a material affect on the financial position or future prospects of the Group.

## STATEMENT BY THE MANAGEMENT

The Board of Directors and the Executive Board have today presented the Annual Report of IC Companys A/S for the financial year 1 July 2007 - 30 June 2008.

The Annual Report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of 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 at 30 June 2008 and of consolidated operations and cash flows for the financial year 2007/08.

We consider the Annual Report to give a true and fair view of the development in the Group's and the Parent Company's operations and financial situation, financial performance of the financial year and of the Group's financial position in its entirety and a true and fair view of the material risks and elements of uncertainty faced by the Group.

We recommend that the Annual Report be adopted by the shareholders at the annual general meeting.

Copenhagen, 16 September 2008

Executive Board:

NIELS MIKKELSEN
President & CEO

CHRIS BIGLER
Chief Financial Officer

ANDERS CLEEMANN
Executive Brand Officer

Board of Directors:

NIELS ERIK MARTINSEN
President

HENRIK HEIDEBY
Deputy Chairman

OLE WENGEL
Deputy Chairman

PER BANK

ANDERS COLDING FRIIS

# THE INDEPENDENT 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 1 July 2007 to 30 June 2008, which comprises the statement by Management on the annual report, Management's review, income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as the Parent. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

**Management's responsibility for the annual report**
Management is responsible for the preparation and fair presentation of an annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**Auditors' responsibility and basis of opinion**
Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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's financial position at 30 June 2008, and of their financial performance and their cash flows for the financial year 1 July 2007 to 30 June 2008 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Copenhagen, 16 September 2008

Deloitte Statsautoriseret Revisionsaktieselskab

| | |
|---|---|
| Jesper Jørgensen | Henrik Z. Hansen |
| State Authorised Public Accountant | State Authorised Public Accountant |

# INCOME STATEMENT

***1 July - 30 June***

| Note | DKK million | GROUP 2007/08 | GROUP 2006/07 |
|---|---|---|---|
| 3, 4 | **REVENUE** | **3,737.2** | **3,353.8** |
| | Cost of sales | (1,478.4) | (1,370.9) |
| | **GROSS PROFIT** | **2,258.8** | **1,982.9** |
| 5 | Staff costs | (931.2) | (807.2) |
| 12 | Depreciation, amortisation and writedown of fixed assets | (112.8) | (96.3) |
| 6 | Other operating expenses | (871.0) | (755.5) |
| 7 | Other gains and losses | 5.5 | 16.2 |
| | **OPERATING PROFIT** | **349.3** | **340.1** |
| 8 | Financial income | 13.2 | 16.9 |
| 8 | Financial expenses | (45.1) | (36.6) |
| | **PROFIT BEFORE TAX** | **317.4** | **320.4** |
| 9 | Income tax for the year | (93.4) | (79.8) |
| | **PROFIT FOR THE YEAR** | **224.0** | **240.6** |
| | **PROFIT ALLOCATION:** | | |
| | Equity holders of IC Companys A/S | 218.7 | 235.0 |
| | Minority interest | 5.3 | 5.6 |
| | | **224.0** | **240.6** |
| | **EARNINGS PER SHARE** | | |
| 10 | Earnings per share DKK | 12.6 | 13.1 |
| 10 | Diluted earnings per share DKK | 12.6 | 13.3 |

# BALANCE SHEET – ASSETS

***As at 30 June***

| Note | DKK million | GROUP 2008 | GROUP 2007 |
|---|---|---|---|
| | **NON-CURRENT ASSETS** | | |
| | Goodwill | 198.2 | 201.0 |
| | Software and IT systems | 30.5 | 24.0 |
| | Trademark rights | 0.2 | 0.2 |
| | Leasehold rights | 22.5 | 20.6 |
| | IT systemer under construction | 1.0 | - |
| 12 | **Intangible assets** | 252.4 | 245.8 |
| | Land and buildings | 174.6 | 177.6 |
| | Leasehold improvements | 108.0 | 100.2 |
| | Equipment and furniture | 129.8 | 122.8 |
| | Property, plant and equipment under construction | 11.5 | 8.2 |
| 12 | **Property, plant and equipment** | 423.9 | 408.8 |
| 13 | Financial assets | 25.6 | 24.4 |
| 14 | Deferred tax assets | 123.9 | 137.1 |
| | **Other non-current assets** | 149.5 | 161.5 |
| | **Total non-current assets** | **825.8** | **816.1** |
| | **CURRENT ASSETS** | | |
| 15 | Inventories | 532.4 | 466.4 |
| 16 | Trade receivables | 296.7 | 266.6 |
| 9 | Income tax receivable | 1.6 | 3.1 |
| 17 | Other receivables | 35.0 | 54.3 |
| 18 | Prepayments | 108.8 | 97.9 |
| 29 | Cash and cash equivalents | 132.0 | 144.9 |
| | **Total current assets** | **1,106.5** | **1,033.2** |
| | **TOTAL ASSETS** | **1,932.3** | **1,849.3** |

# BALANCE SHEET – EQUITY AND LIABILITIES

***As at 30 June***

| Note | DKK million | GROUP 2008 | GROUP 2007 |
|---|---|---|---|
| | **EQUITY** | | |
| 19 | Share capital | 179.2 | 183.9 |
| | Reserve for hedging transactions | (22.1) | (4.7) |
| | Translation reserve | (23.9) | (10.7) |
| 11 | Retained earnings | 331.8 | 391.0 |
| | **Equity attributable to equity holders of the parent** | **465.0** | **559.5** |
| | **Minority interest** | **8.5** | **7.1** |
| | **Total equity** | **473.5** | **566.6** |
| | **LIABILITIES** | | |
| 14 | Deferred tax liabilities | 44.9 | 29.0 |
| 20 | Retirement benefit obligations | 5.7 | 5.1 |
| 21 | Financial institutions | 168.0 | 168.0 |
| | **Non-current liabilities** | 218.6 | 202.1 |
| 22,29 | Financial institutions | 603.0 | 534.5 |
| 23 | Trade payables | 313.8 | 296.8 |
| 9 | Income tax | 45.4 | 38.9 |
| 24 | Other debt | 278.0 | 210.4 |
| | **Current liabilities** | 1,240.2 | 1,080.6 |
| | **Total liabilities** | **1,458.7** | **1,282.7** |
| | **TOTAL EQUITY AND LIABILITIES** | **1,932.3** | **1,849.3** |

25 Operating lease arrangements
26 Other financial liabilities and contingent liabilities
30 Risks and derivative financial instruments
31 Related party transactions

# MOVEMENTS IN EQUITY

| DKK million | Share capital | Reserve for hedging transactions | Translation reserve | Retained earnings | Total | Minority interest | Total |
|---|---|---|---|---|---|---|---|
| **Equity at 30 June 2006** | **188.5** | **(17.2)** | **(8.6)** | **415.3** | **578.0** | **1.5** | **579.5** |
| **Equity movements in 2006/07:** | | | | | | | |
| Currency translation of subsidiaries | - | - | (2.1) | - | (2.1) | | (2.1) |
| Gain on derivative financial instruments for hedging of future cash flow | - | 3.2 | - | - | (3.2) | | (3.2) |
| Loss on derivative financial instruments for hedging of future cash flow | - | (9.6) | - | - | (9.6) | | (9.6) |
| Tax on equity movements | - | 1.6 | - | - | 1.6 | | (1.6) |
| Net income/(loss) recognised directly on equity | - | (4.8) | (2.1) | - | (6.9) | | (6.9) |
| Gain transferred to the income statement | - | (2.7) | - | - | (2.7) | | (2.7) |
| Loss transferred to the income statement | - | 28.1 | - | - | (28.1) | | (28.1) |
| Profit for the year | - | - | - | 235.0 | 235.0 | 5.6 | 240.6 |
| Tax on equity movements | - | (8.1) | - | 0.6 | (7.5) | | (7.5) |
| **Total recognised income for the year** | **-** | **12.5** | **(2.1)** | **235.6** | **246.0** | **5.6** | **251.6** |
| Capital reduction | (5.7) | - | - | 5.7 | - | | - |
| Share buyback | - | - | - | (225.5) | (225.5) | | (225.5) |
| Dividend paid | - | - | - | (67.7) | (67.7) | | (67.7) |
| Recognition of share-based payments | - | - | - | 6.0 | 6.0 | | 6.0 |
| Issue of share-based payment plans | 1.1 | - | - | 23.1 | 24.2 | | 24.2 |
| Tax on equity movements | | - | - | (1.5) | (1.5) | | (1.5) |
| **Total equity movements in 2006/07** | **(4.6)** | **12.5** | **(2.1)** | **(24.3)** | **(18.5)** | **5.6** | **(12.9)** |
| **Equity at 30 June 2007** | **183.9** | **(4.7)** | **(10.7)** | **391.0** | **559.5** | **7.1** | **566.6** |
| **Equity movements in 2007/08** | | | | | | | |
| Currency translation of subsidiaries | - | - | (13.2) | - | (13.2) | | (13.2) |
| Gain on derivative financial instruments for hedging of future cash flow | - | 5.9 | - | - | 5.9 | | 5.9 |
| Loss on derivative financial instruments for hedging of future cash flow | - | (38.2) | - | - | (38.2) | | (38.2) |
| Tax on equity movements | - | 10.1 | - | - | 10.1 | | 10.1 |
| Net income/(loss) recognised directly on equity | - | (22.2) | (13.2) | - | (35.4) | | (35.4) |
| Gain transferred to the income statement | - | (3.2) | - | - | (3.2) | | (3.2) |
| Loss transferred to the income statement | - | 9.6 | - | - | 9.6 | | 9.6 |
| Profit for the year | - | - | - | 218.7 | 218.7 | 5.3 | 224.0 |
| Tax on equity movements | - | (1.6) | - | - | (1.6) | - | (1.6) |
| **Total recognised income for the year** | | **(17.4)** | **(13.2)** | **218.7** | **188.1** | **5.3** | **193.4** |
| Capital reduction | (5.8) | - | - | 5.8 | - | - | - |
| Share buyback | - | - | - | (237.8) | (237.8) | - | (237.8) |
| Dividend paid | - | - | - | (70.0) | (70.0) | (3.9) | (73.9) |
| Recognition of share-based payments | - | - | - | 6.2 | 6.2 | - | 6.2 |
| Issue of share-based payment plans | 1.1 | - | - | 25.3 | 26.4 | - | 26.4 |
| Tax on equity movements | - | - | - | (7.4) | (7.4) | - | (7.4) |
| **Total equity movements in 2007/08** | **(4.7)** | **(17.4)** | **(13.2)** | **(59.2)** | **(94.5)** | **1.4** | **(93.1)** |
| **Equity at 30 June 2008** | **179.2** | **(22.1)** | **(23.9)** | **331.8** | **465.0** | **8.5** | **473.5** |

# CASH FLOW STATEMENT

*1 July - 30 June*

| Note | DKK million | GROUP 2007/08 | GROUP 2006/07 |
|---|---|---|---|
| | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | **Operating profit** | 349.3 | 340.1 |
| | Reversed depreciation and impairment losses and profit/(loss) on sale of non-current assets | 112.8 | 95.9 |
| | Reversed cost for share-based payment plans | 6.2 | 6.0 |
| | Other adjustments | (2.3) | (1.0) |
| 28 | Change in working capital | (39.8) | (93.1) |
| | **Cash flow from operating activities before financial items** | 426.2 | 347.9 |
| | Financial income received | 12.9 | 16.4 |
| | Financial expenses paid | (45.3) | (36.4) |
| | **Cash flow from ordinary activities** | 393.8 | 327.9 |
| 9 | Income tax paid | (53.8) | (36.7) |
| | **Total net cash flow from operating activities** | **340.1** | **291.2** |
| | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| 27 | Acquisition of activities etc. | - | (37.0) |
| 12,27 | Purchase of intangible assets | (26.7) | (17.3) |
| 12,27 | Purchase of property, plant and equipment | (113.9) | (133.6) |
| | Change in deposits and other financial assets | (1.2) | (2.2) |
| | Sale of other non-current assets | 3.4 | 3.7 |
| | **Total net cash flow from investing activities** | **(138.4)** | **(186.4)** |
| | **Total net cash flow from operating and investing activities** | **201.6** | **104.8** |
| | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| 27 | Net proceeds from non-current financial liabilities raised | - | 7.5 |
| | Share buyback | (237.8) | (225.5) |
| | Dividends paid | (73.9) | (67.7) |
| | Proceeds from excercise of share-based payment plans | 26.4 | 24.2 |
| | **Total net cash flow from financing activities** | **(285.3)** | **(261.5)** |
| | **CASH FLOW FOR THE YEAR** | **(83.7)** | **(156.7)** |
| | **CASH AND CASH EQUIVALENTS** | | |
| | Cash and cash equivalents, beginning of year | (389.6) | (233.4) |
| | Currency translation adjustment of cash, beginning of year | 2.3 | 0.5 |
| | Cash flow for the year | (83.7) | (156.7) |
| 29 | **Cash and cash equivalents, end of year** | **(471.0)** | **(389.6)** |

The cash flow statement cannot be deducted from the released financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

The Annual Report of IC Companys A/S, which comprises the Parent Company's financial statements and the consolidated financial statements, has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies, cf. the disclosure requirements imposed by the OMX Nordic Exchange Copenhagen on annual reports of listed companies and the executive order on the adoption of IFRS with reference to the Danish Financial Statements Act.

The financial statements are also presented in accordance with the IFRS standards issued by the International Accounting Standards Board (IASB).

The Annual Report is presented in Danish kroner (DKK), which is considered the primary currency of the Group's activities and the functional currency of the Parent Company

The accounting policies are used consistently in the financial year and for the comparative figures. A few reclassifications of the comparative figures have been made in the notes to the financial statements, which have had no affect on the income statement, the balance sheet and the equity in the comparative year.

### NEW STANDARDS AND INTERPRETATIONS ADOPTED IN 2007/08

In the financial statements for 2007/08 IC Companys A/S has adopted all new and changed standards (IFRS/IAS) and new interpretations (IFRIC), in force as at 1 July 2007 or subsequent. The following standards and interpretations have been adopted:

- IAS 1, Presentation of Financial Statements (amended in 2005).
- IAS 32, Financial Instruments: Presentation.
- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationatory Economies.
- IFRIC 8, Scope of IFRS 2.
- IFRIC 9, Reassessment of Embedded Derivatives.
- IFRIC 10, Interim Financial Reporting and Impairment.
- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions.

The implementation of these standards and interpretations has not led to any changes in the Group's nor the Parent Company's accounting policies in 2007/08 or prior years, but has solely affected the scope and nature of the notes to the financial statements.

### STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

At the time of the publication of the financial statements a number of new and changed standards and interpretations not yet in force or are pending EU approval and are therefore not incorporated in the financial statements.

- IAS 1 (Amended 2007), Presentation of Financial Statements. The amended standard will have taken effect from financial years commencing 1 January 2009 or later. The standard is pending EU approval.
- Amended IFRS 2, Share-based Payment. The amended standard will have taken effect from financial years commencing 1 January 2009 or later. The standard is pending EU approval.
- Amended IFRS 3, Business Combinations. The Amended standard will be in force for financial years commencing 1 July 2009 or later. The standard is pending EU approval.
- IFRS 8, Operating Segments. The amended standard will have taken effect from financial years commencing 1 January 2009 or later. The standard is pending EU approval.
- Amended IAS 23, Borrowing costs. The amended standard will have taken effect from financial years commencing 1 January 2009 or later. The standard is pending EU approval.
- Amended IAS 27, Consolidated and Separate Financial Statements. The Amended standard will have taken effect from financial years commencing 1 July 2009 or later. The standard is pending EU approval.
- Amended IAS 39, Financial instruments: Recognition and Measurement. The amendments define the risks that may be recognised. The amended standard will have taken effect from financial years commencing 1 July 2009 or later. The standard is pending EU approval.
- IFRIC 12, Service Concession rights. The interpretation will have taken effect from financial years commencing 1 January 2008 or later. The interpretation is pending EU approval.
- IFRIC 13, Customer Loyalty Programmes. The interpretation will have taken effect from financial years commencing 1 August or later. The interpretation is pending EU approval.
- IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The interpretation will have taken effect from financial years commencing 1 January 2008 or later. The interpretation is pending EU approval.
- IFRIC 15, Agreements for the Construction of Real Estate. The interpretation will have taken effect from financial years commencing 1 January 2009 or later. The interpretation is pending EU approval.
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation. The interpretation will have taken effect from financial years commencing 1 October 2008 or later. The interpretation is pending EU approval.
- Amended IAS 32, Financial instruments: Presentation and Amended IAS 1, Presentation of financial statements. The amendments concern puttable financial instruments and obligations occurring at liquidation. The amended standards will have taken effect from financial years commencing 1 January 2009 or later. The standards are pending EU approval.
- Amended IAS 27, Consolidated and Separate Financial Statements and amended IFRS 1, First-Time Adoption of International Financial Reporting Standards. The amendments concern statement of costs in relation to investments in subsidiaries, joint venture companies and associated companies. The amended standards will have taken effect from financial years commencing 1 January 2009. The amendments are pending EU approval.
- Improvements to IFRS'. Amendments to 20 standards as part of annual amendment project 2008. The amendments will have taken effect from financial years commencing 1 January 2009 or later, with the exception of IFRS 5 that will be in force for financial years commencing 1 July 2009 or later. The amendments are pending EU approval.

The future IFRS amendments are not expected to have material impact on the financial statements for the future financial years, apart from the additional disclosure requirements following from implementation of IFRS 8, Operating Segments.

## 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 financial statements of the Company and the individual subsidiaries by combining items of a homogeneous nature. Equity interests, intercompany transactions, intercompany balances, unrealised intercompany gains on inventories and dividends are eliminated.

The items of the financial statements of subsidiaries are fully consolidated in the consolidated financial statements. The minority interests' proportionate share of the profit is included in the consolidated profit for the year.

### Business combinations

Newly acquired or newly established companies are recognised in the consolidated financial statements from the date of acquisition or establishment. The date of acquisition is the date when control of the company actually passes to the Group. Companies sold or discontinued are recognised in the consolidated income statement up to the date of disposal. The date of disposal is the date when control of the company actually passes to a third party.

Acquisitions are accounted for using the purchase method, under which the identifiable assets, liabilities and contingent liabilities of companies acquired are measured at fair value at the date of acquisition. Non-current assets held for sale are measured at fair value less expected costs to sell, however.

Restructuring costs are only recognised in the take-over balance sheet if they represent a liability to the acquired company. The tax effect of revaluations is taken into account.

The cost of a company is the fair value of the consideration paid plus costs directly attributable to the business combination. If the final determination of the consideration is conditional on one or more future events, these adjustments are only recognised in cost if the event in question is likely to occur and its effect on cost can be reliably measured.

Any excess of the cost of an acquired company over the fair value of the acquired assets, liabilities and contingent liabilities (goodwill) is recognised as an asset under intangible assets and tested annually for impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is written down to the lower recoverable amount.

In case of negative differences (negative goodwill), the calculated fair values and the calculated cost of the company are reassessed. If the fair value of the acquired assets, liabilities and contingent liabilities still exceeds cost following the reassessment, the difference is recognised as income in the income statement.

## FOREIGN CURRENCY TRANSLATION

For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the currency in the primary economic environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the transaction date. Exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as 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 date when the receivable or payable arose or was recorded in the most recent annual report is recognised in the income statement under financial income and expenses. Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currency and measured based on historical cost are translated at the exchange rates at the transaction date.

The balance sheets of foreign subsidiaries are translated at 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 their fair value. Positive and negative fair values of derivatives are recognised under other receivables and other payables, respectively, as unrealised 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 line 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.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries and which otherwise meet the criteria for hedge accounting are recognised directly in equity (Net Investment Hedge).

## SHARE-BASED INCENTIVE PLANS

Share-based incentive plans in which employees can only opt to buy shares in the Parent Company (equity schemes) are measured at the equity instruments' fair value at the grant date and recognised in the income statement under staff costs over the period during which the employee's right to buy the shares vests. The balancing item is recognised directly in equity.

The fair value of equity instruments is determined using the Black & Scholes model with the parameters stated in note 5 to the financial statements.

## DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

Discontinued operations are major business areas or geographical areas which have been sold or which are held for sale according to an overall plan.

The results of discontinued operations are presented as a separate item in the income statement, consisting of the activity's operating profit/loss after tax and any gains or losses on fair value adjustment or sale of the related assets.

Non-current assets and groups of assets held for sale, including assets related to discontinued operations, are presented as a separate item in the balance sheet as current liabilities. Liabilities directly related to the assets and discontinued operations in question are presented as current liabilities in the balance sheet.

Non-current assets held for sale are not depreciated or amortised, but are written down to fair value less expected costs to sell where this is lower than the carrying amount.

## INCOME STATEMENT

### Revenue

Revenue from the sale of goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place 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.

Revenue is measured at the fair value of the consideration received or receivable.

In addition to the sale of goods, revenue comprises licence revenue.

### Cost of sales

Cost of sales includes direct costs incurred to obtain the revenue for the year. The Company recognises cost of sales as revenue is earned. The change for the year in the inventory of goods for resale is included in cost of sales.

### Staff costs

Staff costs include salaries, remuneration, pensions, share-based payments and other staff costs to the Company's employees, including the members of the Executive Board and Board of Directors. Agents' commissions to external sales agents are also included.

### Depreciation, amortisation and writedown of fixed assets

Amortisation, depreciation and impairment comprise amortisation of intangible assets, depreciation of property, plant and equipment and impairment losses for the year.

### Other operating expenses

Other operating expenses comprise other purchase and selling costs and administrative expenses of a primary nature relative to the Company's principal activities.

Leasing expenses relating to operational leasing agreements are recognised by straight-line method in the income statement under “Other operating expenses”.

**Other gains and losses**
Other gains and losses 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.

**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 hereof.

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

Interest income and expense is accrued based on the principal and the effective rate of interest. The effective rate of interest is the discount rate to be used in discounting expected future payments in relation to the financial asset or the financial liability so that their present value corresponds to the carrying amount of the asset or liability, respectively.

**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/loss for the year and posted directly in equity as regards the amount that can be attributed to movements taken directly to equity. Exchange adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

The current tax charge for the year is calculated based on the tax rates and rules applicable at the balance sheet date.

The Parent Company is taxed jointly with all wholly-owned Danish subsidiaries. The current income tax liability is allocated among the companies of the Danish tax pool in proportion to their taxable income (full absorption with refunds for tax losses). The jointly taxed companies pay tax under the Danish on-account tax scheme.

Deferred tax is calculated using the current tax rules and tax rates on temporary differences between carrying amounts and tax bases. Deferred tax assets, including the tax base of tax losses carried forward, are recognised at the expected value of their utilisation as a setoff against future taxable income or as a setoff against deferred tax liabilities within the same legal entity and jurisdiction. If deferred tax is an asset, it is included in non-current assets based on an assessment of the potential for future realisation.

Deferred tax is calculated based on the planned use of each asset and settlement of each liability, respectively.

Deferred tax is measured using the tax rates and tax rules that, based on legislation in force or in reality in force at the balance sheet date, are expected to apply in the respective countries when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates or tax rules are recognised in the income statement.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, unless the parent is able to control when the deferred tax is to be realised and it is likely that the deferred tax will not crystallise as current tax in the foreseeable future.

## BALANCE SHEET

### Intangible assets

**Goodwill**
On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. The determination of cash-generating units is based on the management structure and the internal financial management.

Amortization is not made for goodwill; however, it is tested annually for impairment as a minimum one time, cf. below.

**Other intangible assets**
Payments to take over leases ("key money") are classified as leasehold rights. Leasehold rights are amortised over the shorter of the lease period and the useful life. The basis of amortisation is reduced by any impairment write-downs.

Leasehold rights with an indefinable useful life are not amortised, but tested for impairment annually.

Software and IT development is amortised over the useful life of three to five years. Amortisation is provided on a straight-line basis.

### Property, plant and equipment
Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price and costs directly related to the acquisition until the time when the asset is ready for use.

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

| | |
|---|---|
| Leasehold improvements | up to 10 years |
| Buildings | 25-50 years |
| Equipment and furniture | 3-5 years |

If the depreciation period or the residual values are changed, the effect on depreciation going forward is recognised as a change in accounting estimates.

Gains and losses on disposal of property, plant and equipment are computed as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement under other gains and losses.

### Impairment

The carrying amount of goodwill is tested at least once a year for impairment together with the other non-current assets of the cash-generating unit to which the

goodwill has been allocated, and is written down to the recoverable amount through the income statement if this is lower than the carrying amount. The recoverable amount is generally calculated as the present value of the future cash flows expected to be derived from the business or activity (cash-generating unit) to which the goodwill relates.

The carrying amount of non-current assets other than goodwill, intangible assets with indefinable useful lives, deferred tax assets and financial assets is tested annually for indications of impairment. If such an indication exists, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under depreciation, amortisation and writedowns.

Impairment write-downs of goodwill are not reversed. Impairment write-downs of other assets are reversed to the extent changes have occurred to the assumptions and estimates leading to the write-down. Write-downs are only reversed to the extent the new carrying amount of an asset does not exceed the carrying amount the asset would have had net of depreciation, had the asset not been written down.

### Financial Assets

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

Other investments are measured at cost or at 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 on initial recognition measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value less provision 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.

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

**Pension obligations**
The Group has entered into pension agreements and similar agreements with most of the Group’s employees.

Obligations relating to defined contribution plans are recognised in the income statement in the period in which they are earned, and payments due are recognised in the balance sheet under other payables.

For defined benefit plans, annual actuarial calculations are made of the net present value of future benefits to be paid under the plan. The net present value is calculated based on assumptions of the future developments of salary, interest, inflation and mortality rates. The net present value is only calculated for those benefits earned by the employees through their employment with the Group until the present. The actuarial calculation of the net present value less the fair value of any assets related to the plan is included in the balance sheet as pension obligations. See below, however.

Differences between the expected development of pension assets and liabilities and the realised values are termed actuarial gains or losses. Subsequently, all actuarial gains or losses will be recognised in the income statement.

If a pension plan represents a net asset, the asset is recognised only to the extent that it offsets future repayments from plans, or it will reduce future payments to the plan.

**Provisions**
Provisions are recognised when, as a consequence of a past event during the financial year or previous years, the Group has a legal or constructive obligation, and it is likely that settlement of the obligation will require an outflow of the Company’s financial resources.

Provisions are measured as the best estimate of the costs required to settle the liabilities at the balance sheet date. Provisions with an expected term of more than a year after the balance sheet date are measured at present value.

In connection with a planned restructuring of the Group, provision is made only for liabilities relating to restructurings that have been set out in a specific plan and where those affected have been informed of the overall plan.

**Other financial liabilities**
Other financial liabilities, including bank loans and trade payables, are on initial recognition measured at fair value. In subsequent periods, financial liabilities are measured at amortised cost, applying the effective interest method, to the effect that the difference between the proceeds and the nominal value is recognised in the income statement as financial expenses over the term of the loan.

## CASH FLOW STATEMENT

The cash flow statement shows the Group's and the Parent Company'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 flows from operating activities indirectly, based on the operating profit.

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 current liabilities excluding bank loans, mortgages and income tax payable.

The cash flow from investing activities includes payments regarding the purchase and sale of non-current 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 non-current liabilities not included in working capital.

Cash and cash equivalents comprise cash and net short-term bank loans and overdrafts that are an integral part of the Group's cash management.

## SEGMENT INFORMATION

The Group's primary segment is the business segment "fashionwear". The secondary segment is the Group's geographical markets. Segments are based on the Group's risks and managerial and internal financial management.

Segment information for the secondary segment is otherwise disclosed in accordance with the Group's accounting policies. Segment assets are those operating assets that are employed by a segment in its operating activity and that are either directly attributable or can be allocated to the segment on a reasonable basis.

## FINANCIAL HIGHLIGHTS AND KEY RATIOS

The key ratios have been calculated in accordance with "Recommendations and Financial Ratios 2005" issued by the Danish Association of Financial Analysts. The definitions of the key ratios used are shown on page 93.

Capital employed, including goodwill, is defined as net working capital (NWC) plus property, plant and equipment and intangible assets, including goodwill, and less other provisions and other long-term operating commitments. Goodwill is recognised at cost less goodwill impairment.

Net working capital (NWC) is defined as inventories, receivables and other current operating assets less trade payables and other liabilities and other current operating liabilities.
Earnings per share and diluted earnings per share are calculated as specified in note 10.

## 2. ACCOUNTING ESTIMATES AND JUDGMENTS

The calculation of the future carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of such assets and liabilities at the balance sheet date. Estimates material to the financial reporting are made in the calculation of depreciations, amortisations and impairment writedowns, the measurement of inventories and receivables, tax assets, pensions and provisions.

The estimates applied are based on assumptions which Management believes to be reasonable, but which are inherently uncertain and unpredictable. In the consolidated financial statements, the measurement of inventories could be materially affected by significant changes in estimates and assumptions underlying the calculation of inventory write-downs. Similarly, the measurement of goodwill could be affected by significant changes in estimates and assumptions underlying the calculation of values. See note 12 for a more detailed description of impairment tests for intangible assets.

The measurement of inventories is based on an individual assessment of season and age and on the realisation risk assessed to exist for individual items.

Tax assets are written down if:

- Management believes that it is not sufficiently likely that the operation of an individual tax object (company) or a group of jointly taxed companies can generate a profit within the foreseeable future (typically three to five years);
- the expected taxable income is insufficient for the tax assets to be exploited in full; or
- 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.

## 3. SEGMENT INFORMATION FOR THE GROUP

**Business segments**
In terms of the primary segment, all the Group's brands operate in sales of "fashionwear" and, in Management's opinion in all material respects all brands have similar risk profiles and similar prerequisites in terms of long-term financial performance. Furthermore the supply-, the distribution- and the sales processes are shared for all brands. On this basis, the Group does not disclose separate segment information for the individual brands, which is considered to be in compliance with the requirements of IAS 14.

**Geographical segments**
The Group's activities are primarily based in Scandinavia (Denmark, Sweden and Norway) and the rest of Europe.

The below table specifies the Group's sale of goods, broken down by geographic markets, and the allocation of carrying amounts and the additions for the year of property, plant and equipment and intangible assets broken down by geographical areas based on physical location.

| DKK million | 2007/08 Scandinavia | Other Europe | Other world | Group total |
|---|---|---|---|---|
| Revenue | 1,949.3 | 1,607.7 | 180.2 | 3,737.2 |
| Total segment assets | 1,362.1 | 477.0 | 93.1 | 1,932.3 |
| Investments in intangible assets and property, plant and equipment | 71.1 | 62.3 | 7.2 | 140.6 |

| DKK million | 2006/07 Scandinavia | Other Europe | Other world | Group total |
|---|---|---|---|---|
| Revenue | 1,689.1 | 1,508.7 | 156.0 | 3,353.8 |
| Total segment assets | 1,335.7 | 447.9 | 65.7 | 1,849.3 |
| Investments in intangible assets and property, plant and equipment | 135.9 | 33.6 | 8.8 | 178.3 |

# 4. REVENUE

| DKK million | GROUP 2007/08 | 2006/07 |
|---|---|---|
| Continuing brands | 3,698.3 | 3,322.0 |
| Discontinued brands | 0.4 | 7.2 |
| External brands | 38.5 | 24.6 |
| **Total** | **3,737.2** | **3,353.8** |

# 5. STAFF COSTS

| DKK million | GROUP 2007/08 | 2006/07 |
|---|---|---|
| Salaries, wages and remuneration etc. can be specified as follows: | | |
| Remuneration to the Board of Directors | 1.7 | 1.7 |
| Salaries, wages and remuneration | 772.1 | 669.7 |
| Defined contribution plans, cf. note 21 | 33.3 | 25.7 |
| Defined benefit plans, cf. note 21 | 2.1 | (0.9) |
| Other social security costs | 69.8 | 66.7 |
| Share-based payment | 6.2 | 6.0 |
| Other staff costs | 46.0 | 38.3 |
| **Total** | **931.2** | **807.2** |
| **Average number of employees** | **2,365** | **2,199** |

Remuneration of Board of Directors, Executive Board and other executives:

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 | | | 2006/07 | | |
| DKK million | Board of Directors | Executive Board | Other executives | Board of Directors | Executive Board | Other executives |
| Remuneration to the Board of Directors | 1.7 | - | - | 1.7 | - | - |
| Salaries, wages and emoluments | - | 7.3 | 5.1 | - | 5.9 | 4.8 |
| Severance payment | - | 12.9 | 1.0 | - | - | - |
| Pension contribution | - | 0.7 | - | - | 0.5 | - |
| Share-based payment | - | (0.2) | 1.2 | - | 1.2 | 0.7 |
| **Total** | **1.7** | **20.7** | **7.3** | **1.7** | **7.6** | **5.5** |

The members of the Executive Board and a number of other executives are included in a bonus plan the payments of which are related to the financial performance of the employee's own area of responsibility. The bonus potential is in the range of 20-30% of the annual salary. The bonus plan is based on profits achieved in the individual financial year, which helps ensure that the Group's growth targets are met.

**Remuneration policy**
The Board ensures that the individual remuneration of the members of the Executive Board reflects their performance and the value added to the company. The remuneration paid to the members of the Executive Board consists of a cash salary, a 10% pension, an annual bonus, a company car, stock option plans, and the usual other benefits. The overall composition of the Executive Board's remuneration is in general expected to be unchanged for 2008/09 where the remuneration policy will be applied as in 2007/08.

If the employment of a member of the Executive Board is terminated by the Company before reaching retirement age, the Company shall pay his salary during the period of notice, which is 12 months, as well as salary for a further 24 months, against which any new salary may be offset after 3 months.

**Stock option programme**
In the spring of 2008, the Board of Directors granted stock options to the Chief Executive Officer and the Chief Financial Officer of the Company. At 30 June 2008, the stock option plan comprises 130,000 outstanding stock options.

Each stock option entitles the holder to acquire one existing share of DKK 10 nominal value in the Company. The stock option plan entitles the holders to buy 0.7% of the share capital if all stock options are exercised.

The stock options granted give the Group's Chief Executive Officer admittance to in immediate continuation of the company's release of the annual report for 2008/09, 2009/10, 2010/11, 2011/2012 and 2012/13 against payment in cash to buy 20,000 shares annually.

The stock options granted give the Group's Chief Financial Officer admittance to in immediate continuation of the company's release of the annual report for 2007/08, 2008/09 and 2009/10 against payment in cash – to buy 10,000 shares annually.

The options were issued at an exercise price corresponding to DKK 180.0 and 5% per annum is added to the exercise price calculated from 31 March 2008. Unexercised options from one year can be transferred to the two subsequent years. In the event of termination of employment, all exercised stock options will lapse.

The options may only be settled in shares. A part of the Company's holding of treasury shares is reserved for settlement of the options granted.

In September 2007, 66 executives and key employees were granted stock options. The grant is performance based and calculated on a proportion from 10% - 30% of the wage of the individual employee which by means of the Black & Scholes formula will grant a specific number of stock options to the employee in question. The total grant constitutes 237,769 stock options that each entitles the holder the right to acquire one existing share at DKK 10 nominal value. The stock option programme entitles the holder to acquire 1.3% of the share capital in the event that all stock options are exercised.

The options were issued at an exercise price corresponding to DKK 329,39 and 5% per annum is added to the exercise price calculated from 13 September 2007.
The options may be exercised at the earliest after the publication of the Company's Annual Report 2009/10 and not later than after the publication of the Company's Annual Report 2012/13.

The options may only be settled in shares. A part of the Company's holding of treasury shares is reserved for settlement of the options granted.

In the spring of 2005, IC Companys granted stock options to the Executive Board (two persons). At 30 June 2008, the stock option plan comprised 60,000 outstanding stock options and 40,000 stock options have been exercised in 2007/08. Each stock option entitles the holder to acquire one existing share of DKK 10 nominal value in the Company. In the financial year 2007/08, 60,000 stock options have lapsed as a consequence of termination of employment. The stock option plan entitles the holders to buy 0.3% of the share capital if all stock options are exercised.

The options were issued at an exercise price corresponding to DKK 154.50 and 5% per annum is added to the exercise price calculated from 15 April 2005. Unexercised options from one year cannot be transferred to subsequent years.

The options may only be settled in shares. A part of the Company's holding of treasury shares is reserved for settlement of the options granted.

## Specification of outstanding stock options:

| | Executive Board (no. of options) | Other executives (no. of options) | Number of options in total | Average exercise price per option (DKK) |
|---|---|---|---|---|
| Outstanding at 1 July 2006 | **200,000** | **-** | **200,000** | 163.9 |
| Exercised | (40,000) | - | (40,000) | 165.5 |
| **Outstanding at 30 June 2007** | **160,000** | **-** | **160,000** | 171.6 |
| Exercised | (40,000) | - | (40,000) | 335.0 |
| Lapsed due to termination of employment | (60,000) | (2,288) | (62,288) | 180.2 |
| Issued in the financial year | 130,000 | 237,769 | 367,769 | 285.9 |
| Transfered | 12,302 | (12,302) | - | 342.6 |
| **Outstanding at 30 June 2008** | **202,302** | **223,179** | **425,481** | 270.7 |
| **Number of options that are exercisable at 30 June 2008** | **-** | **-** | **-** | |

| | Financial year | Outstanding | Value DKK million | Exercise price per option (DKK) | Exercise period |
|---|---|---|---|---|---|
| Executive board | 2004/05 | 60,000 | 0.2 | 154,5 + 5% pa. | 01.10.06 - 31.10.09 |
| Other executives | 2007/08 | 223,179 | 0.1 | 329,4 + 5% pa. | 01.10.08 - 31.10.13 |
| Executive board | 2007/08 | 12,302 | - | 329,4 + 5% pa. | 01.10.08 - 31.10.13 |
| Executive board | 2007/08 | 130,000 | 1.7 | 180,0 + 5% pa. | 01.10.08 - 31.10.13 |
| **Total stock options** | | **425,481** | **2.0** | | |

The average market price of options exercised in 2007/08 was DKK 355.5 (2006/07: DKK 344.5).

In 2007/08, the fair value of the stock options recognised in the consolidated income statement amounted to DKK 2.8 million (2006/07: DKK 1.2 million). In 2007/08, the fair value of the stock options recognised in the Parent Company's income statement amounted to DKK 1.5 million (2006/07: DKK 1.2 million).

The exercise period of stock options granted to the Executive Board in 2007/08 is a period of 30 days from the release of the Company's Annual Report from the autumn of 2008 to the autumn of 2013. The overall plan can be exercised by 10,000 stock options in the autumn of 2008, 30,000 in the autumn of 2009, 30,000 stock options in the autumn of 2010 and the remaining 60,000 stock options can be exercised by 1/3 in each of the subsequent years.

The exercise period of stock options granted to executives in 2007/08 is a period of 4 weeks from the release of the Company's Annual Report.

The exercise period of stock options granted in 2004/05 is a period of 30 days from the autumn of 2006 to the autumn of 2009 the release of the Company's Annual Report. The overall plan can be exercised by 40,000 stock options in the autumn of 2008 and 20,000 in the autumn of 2009.

In none of the stock option plans it has been possible to settle the options by paying the difference in cash.

**Warrant plan**

In April 2007, the Company granted warrants to 1 executive employee. The granted warrants provide access to the subscription for a total of 10,000 shares with up to 1/3 in the autumn of 2007, 2008 and 2009 after the release of the Annual Report. The subscription price amounts to 328.3 plus 5% per annum calculated from 11 April 2007.

Furthermore, in November 2006, the company granted warrants to 4 executive employees who had taken a position with the Company since the latest issue in May 2006. The granted warrants provide access to the subscription for a total of 30,000 shares with up to 1/3 in the autumn of 2007, 2008, 2009 after the release of the Annual Report. The subscription price amounts to 363.0 plus 5% per annum calculated from 24 November 2006.

In May 2006, 7 Executives were granted a warrant program. The warrants granted provide access to the subscription for a total of 65,000 shares with up to 1/3 in the autumn of 2007, 2008 and 2009 after the release of the Annual Report. The subscription price amounts to 382.7 plus 5% per annum calculated from 19 May 2006.

Finally in the spring of 2005, IC Companys also granted warrants to a number of key employees (45 persons). The warrants granted entitle the holders to subscribe for 365,000 shares by up to one third in the autumn of 2006, 2007 and 2008 respectively, after the release of the Annual Report. The subscription price amounts to 154.50 plus 5% per annum calculated from 15 April 2005.

For all warrants granted applies that non-exercised warrants in one year can be transferred to the subsequent year during the term of the warrant plan. The exercise of warrants is conditional upon the holder not having terminated his position at the time of exercise. No other vesting conditions apply.

## Specification of outstanding warrants:

| | Executive Board (no. of warrants) | Other executives (no. of warrants) | Number of warrants in total | Average exercise price per warrant (DKK) |
|---|---|---|---|---|
| Outstanding at 1 July 2006 | **-** | **400,000** | **400,000** | 199.1 |
| Exercised | - | (105,917) | (105,917) | 165.5 |
| Lapsed regarding program of April 2005 | - | (6,668) | (6,668) | 165.5 |
| Lapsed regarding program of May 2006 | - | (5,000) | (5,000) | 404.4 |
| Issued in November 2006 | - | 30,000 | 30,000 | 373.5 |
| Issued in April 2007 | - | 10,000 | 10,000 | 332.0 |
| **Outstanding at 30 June 2007** | **-** | **322,415** | **322,415** | 238.7 |
| Exercised | | (107,059) | (112,059) | 173.5 |
| | 5,000 | (5,000) | | |
| **Outstanding at 30 June 2008** | **5,000** | **215,356** | **210,356** | **288.1** |
| **Number of warrants that are exercisable at 30 June 2008** | **-** | **-** | **-** | |



IC COMPANYS
HOME OF FASHION BRANDS

| | Financial year | Outstanding | Value DKK million | Exercise price per warrant (DKK) | Exercise period |
|---|---|---|---|---|---|
| Other executives | 2004/05 | 105,356 | 0.1 | 154,5 + 5% pa. | 01.10.06 - 31.10.08 |
| Executive board | 2004/05 | 5,000 | - | 154,5 + 5% pa. | 01.10.06 - 31.10.08 |
| Other executives | 2005/06 | 60,000 | - | 382,7 + 5% pa. | 01.10.07 - 31.10.09 |
| Other executives | 2006/07 | 30,000 | - | 363,0 + 5% pa. | 01.10.07 - 31.10.09 |
| Other executives | 2006/07 | 10,000 | - | 328,3 + 5% pa. | 01.10.07 - 31.10.09 |
| **Total warrants** | | **210,356** | **0.1** | | |

The average market price of options exercised in 2007/08 was DKK 355.5 (2006/07: DKK 341.8).

In 2007/08, the fair value of the warrants recognised in the consolidated income statement amounted to DKK 3.4 million (2006/07: DKK 4.8 million). In 2007/08, the fair value of the warrants recognised in the Parent Company's income statement amounted to DKK 2.4 million (2006/07: DKK 2.9 million).

The computation of fair values is based on the Black & Scholes model. The applied assumptions, which are based on actual market conditions, are as follows:

| | 2007/08 | 2006/07 |
|---|---|---|
| Expected volatility | 25.0% | 23.5% |
| Expected dividend per share | 2.59% | 1.26% |
| Risk-free interest rate (based on Danish government bonds with similar maturity) | 4,9% - 5,0% | 4,5% - 4,6% |

In the fair value calculation, the terms used are average expected terms.

The expected volatility is based on the volatility over the past year for the IC Companys share, compared with management's expectations.

The risk-free interest rate has been set at the yield of a government bond with the same term to maturity as the plan.

## 6. OTHER EXTERNAL COSTS

Other external costs include the total fees paid for the preceding financial year to the auditors appointed at the annual general meeting. The fees break down can be specified as follows:

| | GROUP | |
|---|---|---|
| DKK million | 2007/08 | 2006/07 |
| **Audit fees:** | | |
| Deloitte | 4.2 | 4.0 |
| Other audit firms | 0.2 | 0.4 |
| **Other fees:** | | |
| Deloitte | 2.2 | 3.3 |
| Other audit firms | 0.7 | 0.5 |
| **Total** | **7.3** | **8.2** |

Two of the Group's minor subsidiaries are not audited by Deloitte, nor by international business partners of the aforementioned nor by a recognised international auditing company.

## 7. OTHER GAINS AND LOSSES

| DKK million | GROUP 2007/08 | GROUP 2006/07 |
|---|---|---|
| Gains/(loss) on sale of other non-current assets | 5.5 | 16.2 |
| **Total** | **5.5** | **16.2** |

## 8. FINANCIAL INCOME AND EXPENSES

| DKK million | GROUP 2007/08 | GROUP 2006/07 |
|---|---|---|
| **Financial income:** | | |
| Interest on bank deposits | 3.9 | 4.5 |
| Realised gain on forward contracts | 5.2 | 9.0 |
| Other financial income | 4.1 | 3.4 |
| **Total** | **13.2** | **16.9** |
| **Financial expenses:** | | |
| Interest on debt to financial institutions | (43.2) | (31.8) |
| Net currency loss | (0.8) | (0.3) |
| Other financial expenses | (1.1) | (4.5) |
| **Total** | **(45.1)** | **(36.6)** |
| **Net financial items** | **(31.9)** | **(19.7)** |

## 9. INCOME TAX

| DKK million | GROUP 2007/08 | GROUP 2006/07 |
|---|---|---|
| Current tax | 59.7 | 49.6 |
| Change in deferred tax | 27.9 | 40.9 |
| Prior-year adjustments, deferred tax | 1.9 | (0.4) |
| Adjustment regarding changes in tax percentages, deferred tax | 0.1 | 15.6 |
| Prior-year adjustments, tax payable | 1.6 | (19.4) |
| Foreign non-income dependent taxes | 1.1 | 0.9 |
| **Income tax for the year** | **92.3** | **87.2** |
| Which is recognised as follows: | | |
| Income tax on profit for the year | 93.4 | 79.8 |
| Tax on equity movements | (1.1) | 7.4 |
| **Income tax for the year** | **92.3** | **87.2** |
| Tax receivable / (payable) at 1 July | (35.8) | (37.8) |
| Tax payable on profit for the year | (62.4) | (31.1) |
| Tax payable in acquired subsidiary | - | (3.0) |
| Paid / (received) income tax during the year | 53.8 | 36.7 |
| Currency translation etc. | 0.6 | (0.6) |
| **Income tax receivable / (payable) at 30 June, net** | **43.8** | **(35.8)** |
| Which is recognised as follows: | | |
| Income tax receivable | 1.6 | 3.1 |
| Income tax payable | (45.4) | (38.9) |
| **Income tax receivable / (payable), net** | **(43.8)** | **(35.8)** |

Breakdown of tax on profit:

| DKK million | GROUP 2007/08 | GROUP 2006/07 |
|---|---|---|
| Estimated tax on the profit before tax, 25% | 79.3 | 80.1 |
| Non-deductible write down/amortisation of goodwill/leasehold rights | 0.1 | 1.3 |
| Other non-taxable income and non-deductible costs | 1.3 | (7.8) |
| Adjustment regarding change in income tax rate, effect on deferred tax | 0.1 | 15.6 |
| Net deviation of tax in foreign subsidiaries relative to 25% | 3.1 | 11.2 |
| Foreign non-income dependent taxes | 1.1 | 0.9 |
| Prior-year adjustments | 3.4 | (19.4) |
| Other adjustments including revaluation of tax losses carried forward etc. | 5.0 | (2.1) |
| **Total** | **93.4** | **79.8** |
| **Effective tax rate for the year** | **29%** | **25%** |

## 10. EARNINGS PER SHARE

| (DKK million) / (1,000 shares) | GROUP 2007/08 | GROUP 2006/07 |
|---|---|---|
| Profit for the year | 224.0 | 240.6 |
| Profit for the year attributable to minority interest | (5.3) | (5.6) |
| **Profit for the year attributable to equity holders of IC Companys A/S** | **218.7** | **235.0** |
| Average number of shares | 18,232.1 | 18,695.9 |
| Average number of treasury shares | (891.1) | (760.4) |
| Average number of outstanding shares | 17,341.0 | 17,935.5 |
| Effect of dilutive potential shares | 74.8 | 191.3 |
| **Average number of shares for the purpose of diluted earnings per share** | **17,415.8** | **18,126.8** |
| **Earnings per share (EPS) of 10 DKK** | **12.6** | **13.1** |
| **Diluted earnings per share (EPS-D) of 10 DKK*** | **12.6** | **13.3** |

* In the calculation of diluted earnings per share, any adjustment factor used in share issues completed in prior periods has been taken into account.

## 11. DIVIDENDS

Please see note 9 to the consolidated financial statements.

## 12. THE GROUP'S INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

| DKK million | Goodwill | Software and IT systems | Trademark rights | Leasehold rights | Land and buildings | Leasehold improvements | Equipment and furniture | Property, plant and equipment under construction |
|---|---|---|---|---|---|---|---|---|
| **Cost at 30 June 2006** | **176.6** | **148.7** | **0.4** | **92.3** | **186.4** | **253.2** | **303.3** | **31.2** |
| Currency translation | (0.5) | 0.1 | - | (0.6) | 1.3 | 0.2 | 1.2 | - |
| Transfer | - | - | - | - | (6.9) | 6.9 | - | - |
| Reclassification of assets under construction | - | 4.7 | - | 2.5 | 13.6 | 10.6 | 1.1 | (32.5) |
| Acquisition of subsidiary | - | - | - | - | - | 1.9 | 3.4 | 1.3 |
| Additions | 27.4 | 9.2 | - | 0.9 | 21.8 | 36.2 | 74.6 | 8.2 |
| Disposals | - | - | - | (2.3) | (21.7) | (24.2) | (32.2) | - |
| **Cost at 30 June 2007** | **203.5** | **162.7** | **0.4** | **92.8** | **194.5** | **284.8** | **351.4** | **8.2** |
| Currency translation | (2.8) | - | - | 0.1 | (0.2) | - | (0.2) | - |
| Transfer | - | - | - | - | - | 0.1 | (0.1) | - |
| Reclassification of assets under construction | - | - | - | - | - | 0.3 | 7.9 | (8.2) |
| Acquisition of subsidiary | - | - | - | - | - | - | - | - |
| Additions | - | 19.4 | - | 6.3 | 4.3 | 50.3 | 47.8 | 12.5 |
| Disposals | - | (0.3) | - | (5.0) | - | (29.5) | (28.3) | - |
| **Cost at 30 June 2008** | **200.7** | **181.8** | **0.4** | **94.2** | **198.6** | **306.0** | **378.5** | **12.5** |
| **Accumulated amortisation, depreciation and impairment at 30 June 2006** | **-** | **(126.3)** | **(0.2)** | **(70.0)** | **(26.7)** | **(166.1)** | **(219.6)** | **-** |
| Currency translation | - | - | - | 0.9 | (0.9) | (2.3) | 1.5 | - |
| Transfer | - | - | - | - | 1.8 | (1.8) | - | - |
| Additions regarding acquisition | - | - | - | - | - | (1.1) | (2.4) | - |
| Amortisation, depreciation and impairment on disposals | - | - | - | 2.3 | 15.3 | 18.7 | 29.5 | - |
| Amortisation, depreciation and impairment | (2.5) | (12.4) | - | (5.4) | (6.4) | (32.0) | (37.6) | - |
| **Accumulated amortisation, depreciation and impairment at 30 June 2007** | **(2.5)** | **(138.7)** | **(0.2)** | **(72.2)** | **(16.9)** | **(184.6)** | **(228.6)** | **-** |
| Currency translation | - | - | - | 0.1 | - | - | - | - |
| Transfer | - | - | - | - | - | 0.3 | - | - |
| Acquisition of subsidiary | - | - | - | - | - | - | - | - |
| Amortisation, depreciation and impairment on disposals | - | - | - | 5.0 | - | 28.0 | 26.7 | - |
| Amortisation, depreciation and impairment | - | (12.6) | - | (4.6) | (7.1) | (41.7) | (46.8) | - |
| **Accumulated amortisation, depreciation and impairment at 30 June 2008** | **(2.5)** | **(151.3)** | **(0.2)** | **(71.7)** | **(24.0)** | **(198.0)** | **(248.7)** | **-** |
| **Carrying amount at 30 June 2008** | **198.2** | **30.5** | **0.2** | **22.5** | **174.6** | **108.0** | **129.8** | **12.5** |
| **Carrying amount at 30 June 2007** | **201.0** | **24.0** | **0.2** | **20.6** | **177.6** | **100.2** | **122.8** | **8.2** |

*The capitalised value of leased assets is included at an amount of DKK 1.0 million under development in the balance under intangible assets.

The public assessment of Danish land and buildings was DKK 116 million at 30 June 2008 (assessment as at 1 October 2006) (30 June 2007: DKK 116 million) and the carrying amount of land and buildings at 30 June 2007 is DKK 174.6 million.

### Goodwill

Goodwill on business combinations is allocated at the takeover date to the cash-generating units expected to achieve economic benefits from the takeover. The carrying amount of goodwill is allocated as follows to the respective cash-generating units.

| | GROUP | |
|---|---|---|
| | **2008** | **2007** |
| Tiger of Sweden AB | 81.1 | 82.8 |
| Peak Performance AB | 49.7 | 50.8 |
| Saint Tropez A/S | 37.0 | 37.0 |
| Adventure Sport & Leisure AS | 27.4 | 27.4 |
| IC Companys Research ApS | 3.0 | 3.0 |
| **Carrying amount of goodwill** | **198.2** | **201.0** |

Goodwill is tested at least once annually for impairment and more frequently in the event that impairment is indicated.

The recoverable amounts of the individual cash-generating units to which the goodwill amounts have been allocated, are calculated based on expected future cash flows, compared with carrying amounts. Future cash flows are based on the entities' business plans and budgets during the strategy period for 2007/08-2009/10. The most important parameters in the calculation of value in use are revenue, EBITDA and working capital. The business plans are based on management's specific assessment of the business units' expected performance during the strategy period. The terminal values for the period after 2009/10 have been calculated by means of a conservative projection of the business entities. In the calculation of value in use, a WACC of 8.58% before tax has been applied.

**Leasehold rights with indefinable useful lives**

Of the total carrying amount of "Leasehold rights", DKK 6.2 million (2006/07: DKK 6.1 million) relates to leasehold rights with indefinable useful lives, determined on the basis of the contractual terms of the leases. Therefore, impairment tests were conducted at 30 June 2008, and management assesses that the recoverable amount exceeds the carrying amount.

## 13. FINANCIAL ASSETS

| DKK million | Non-current loans to customers | Shares | Deposits, etc. | Total financial assets |
|---|---|---|---|---|
| Carrying amount at 1 July 2006 | - | 0.2 | 21.6 | 21.8 |
| Acquisition of subsidiary | | 0.4 | - | 0.4 |
| Additions, disposals and exchange differences during the year | 3.0 | - | (0.8) | 2.2 |
| **Carrying amount at 30 June 2007** | **3.0** | **0.6** | **20.8** | **24.4** |
| Acquisition of subsidiary | - | - | - | - |
| Additions, disposals and exchange differences during the year | (1.9) | - | 3.1 | 1.2 |
| **Carrying amount at 30 June 2008** | **1.1** | **0.6** | **23.9** | **25.6** |

The Group has in 2006/07 granted a loan of DKK 3 million to a wholesale partner to be used for financing of operating investments. This loan has been settled during the financial year 2007/08. In 2007/08, the Group has granted subordinated loan of DKK 1.1 million to a business partner. The term of the loan is 5 years with a floating interest rate adjusted according to the at all times floating rate repo in force with additional 150 basis point. At 30 June 2008, the effective rate of interest amounts to 5.85%. No security has been received for the loan. The carrying amount of the loan corresponds to the fair value.

## 14. DEFERRED TAX

| DKK million | GROUP 2008 | GROUP 2007 |
|---|---|---|
| **Deferred tax assets at 1 July** | **108.1** | **162.6** |
| Prior-year adjustments | (1.9) | 0.4 |
| Adjustment regarding changes in tax percentages | (0.1) | (15.6) |
| Currency translation | 0.8 | 0.1 |
| Deferred tax on equity movements | 3.9 | (8.0) |
| Acquisition of subsidiary | - | 1.5 |
| Change in deferred tax on profit for the year | (31.8) | (32.9) |
| **Net deferred tax assets at 30 June** | **79.0** | **108.1** |
| Recognised as follows: | | |
| Deferred tax assets | 123.9 | 137.1 |
| Deferred tax | (44.9) | (29.0) |
| **Net deferred tax assets at 30 June** | **79.0** | **108.1** |
| Breakdown of deferred tax assets at 30 June: | | |
| Gross deferred tax assets | 189.3 | 236.2 |
| Unrecognised tax assets | (110.3) | (128.1) |
| **Net deferred tax assets at 30 June** | **79.0** | **108.1** |

Unrecognised tax assets relate to tax losses that are not assessed to be sufficiently likely to be utilised in the foreseeable future. The unrecognised tax losses have in all material respects no expiry date. See also note 26 to the financial statements. Temporary differences and changes to these during the year are specified as follows:

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 | | | | | |
| DKK million | Net deferred tax asset at 1 July 2007 | Currency translation | Recognised in profit for the year | Recognised in equity | Acquisition of subsidiary | Net deferred tax asset at 30 June 2008 |
| Intangible assets | 10.1 | - | (6.7) | - | - | 3.4 |
| Property, plant and equipment | 19.7 | - | (3.3) | - | - | 16.4 |
| Financial assets | 0.8 | - | (0.8) | - | - | - |
| Receivables | 5.2 | - | 2.9 | - | - | 8.1 |
| Inventories | 22.8 | 0.1 | 9.3 | - | - | 32.2 |
| Provisions | - | - | 8.6 | 6.4 | - | 15.0 |
| Other current liabilities | (35.5) | 0.8 | (13.3) | - | - | (48.0) |
| Share-based payment | 9.9 | - | (2.5) | (7.4) | - | - |
| Tax losses carried forward | 203.2 | - | (41.0) | - | - | 162.2 |
| Unrecognised tax assets | (128.1) | - | 17.8 | - | - | (110.3) |
| **Total** | **108.1** | **0.9** | **(29.0)** | **(1.0)** | **-** | **79.0** |

| | 2006/07 | | | | | |
|---|---|---|---|---|---|---|
| DKK million | Net deferred tax asset at 1 July 2006 | Currency translation | Recognised in profit for the year | Recognised in equity | Acquisition of subsidiary | Net deferred tax asset at 30 June 2007 |
| Intangible assets | 11.8 | 0.2 | (1.9) | - | - | 10.1 |
| Property, plant and equipment | 29.5 | - | (9.8) | - | - | 19.7 |
| Financial assets | (2.3) | - | 3.1 | - | - | 0.8 |
| Receivables | 3.9 | - | 0.9 | - | 0.4 | 5.2 |
| Inventories | 21.0 | - | 1.1 | - | 0.7 | 22.8 |
| Provisions | 1.6 | - | (1.6) | - | - | - |
| Other current liabilities | (18.3) | 0.2 | (19.4) | 1.6 | 0.4 | (35.5) |
| Share-based payment | 11.2 | - | (1.3) | - | - | 9.9 |
| Tax losses carried forward | 238.0 | (0.3) | (34.5) | - | - | 203.2 |
| Unrecognised tax assets | (133.8) | - | 5.7 | - | - | (128.1) |
| **Total** | **162.6** | **0.1** | **(57.7)** | **1.6** | **1.5** | **108.1** |

## 15. INVENTORIES

| DKK million | GROUP 2008 | GROUP 2007 |
|---|---|---|
| Raw materials and consumables | 35.3 | 29.5 |
| Finished goods and goods for resale | 361.7 | 292.6 |
| Goods in transit | 135.4 | 144.3 |
| **Inventories at 30 June** | **532.4** | **466.4** |

Movements in inventory writedowns:

| DKK million | GROUP 2008 | GROUP 2007 |
|---|---|---|
| Write-downs at 1 July | 90.9 | 93.2 |
| Write-downs, additions | 62.7 | 47.6 |
| Write-downs, reversals | (55.0) | (49.9) |
| **Write-downs at 30 June** | **98.6** | **90.9** |

Inventories recognised at net realisable value amount to DKK 113.3 million at 30 June 2008 (2006/07 DKK 96.9 million).

## 16. TRADE RECEIVABLES

Movements in allowance for bad debt:

| DKK million | GROUP 2008 | GROUP 2007 |
|---|---|---|
| Allowance 1 July | 29.4 | 32.0 |
| Change in allowance | 35.6 | 11.6 |
| Realised (loss)/gain | (14.2) | (14.2) |
| **Allowance at 30 June** | **50.8** | **29.4** |

Receivables are written down to net realisable value, corresponding to the sum of expected future net payments received on the receivables. Allowance is calculated on the basis of individual assessments of the receivables.

Trade receivables (gross) are specified as follows:

| DKK million | GROUP 2008 | GROUP 2007 |
|---|---|---|
| Not yet due | 171.1 | 147.8 |
| Due, 1 - 60 days | 80.8 | 80.7 |
| Due, 61 - 120 days | 38.3 | 28.0 |
| Due more than 120 days | 57.3 | 39.5 |
| **Trade receivables, gross** | **347.5** | **296.0** |

The carrying amounts of the receivables in all material respects correspond to their fair values.

The receivables do not carry interest until normally between 30 and 60 days after the invoice date. After this date, interest is charged on the outstanding amount.

## 17. OTHER RECEIVABLES

| DKK million | GROUP 2008 | 2007 |
|---|---|---|
| VAT receivable, etc. | 11.0 | 11.7 |
| Receivables from stores owned by third parties | 6.1 | 2.0 |
| Credit card receivables | 6.5 | 5.2 |
| Miscellaneous prepayments | 0.2 | 6.4 |
| Receivables from sales of non-current assets | - | 10.1 |
| Sundry receivables | 11.2 | 18.9 |
| **Other receivables at 30 June** | **35.0** | **54.3** |
| Out of the total receivables, the following amounts fall more than 12 months after the end of the financial year: | | |
| Other receivables | - | 1.0 |
| **Receivables at 30 June** | **-** | **1.0** |

Management assesses that the carrying amount of receivables at 30 June 2008 in all material respects corresponds to the fair value, and that the receivables are not subject to any particular credit risk.

## 18. PREPAYMENTS

| DKK million | GROUP 2008 | 2007 |
|---|---|---|
| Collection samples | 45.5 | 48.0 |
| Advertising | 10.8 | 13.4 |
| Rent, etc. | 22.0 | 17.9 |
| Insurance | 0.5 | 0.6 |
| Social security payments | 0.2 | 0.2 |
| Others | 29.8 | 17.8 |
| **Prepayments at 30 June** | **108.8** | **97.9** |

## 19. SHARE CAPITAL

The share capital consists of 17,919,632 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 in the past five years:

| | Number | Nominal value tDKK |
|---|---|---|
| **Share capital at 30 June 2004** | **18,351,650** | **183.517** |
| Issue of share-based payment plans in 2004/05 | 238,112 | 2.381 |
| **Share capital at 30 June 2005** | **18,589,762** | **185.898** |
| Issue of share-based payment plans in 2005/06 | **263,694** | **2.637** |
| **Share capital at 30 June 2006** | **18,853,456** | **188.535** |
| Issue of share-based payment plans in 2006/07 | 105,917 | 1.059 |
| Reduction of share capital due to share buyback carried through | (565,875) | (5.659) |
| **Share capital at 30 June 2007** | **18,393,498** | **183.935** |
| Issue of share-based payment plans in 2007/08 | 112,059 | 1.121 |
| Reduction of share capital due to share buyback carried through | (585,925) | (5.859) |
| **Share capital at 30 June 2008** | **17,919,632** | **179.197** |

Breakdown of treasury shares:

| | % of share capital | Number | Nominal value |
|---|---|---|---|
| Treasury shares 1 July 2006 | 4.2% | 799,757 | 7,998.6 |
| Addition through share buyback | 3.6% | 659,725 | 6,597.3 |
| Reduction of share capital due to share buyback carried through | -3.1% | (565,875) | (5,658.8) |
| Disposal through exercise of share options | -0.2% | (40,000) | (400.0) |
| **Treasury shares at 30 June 2007** | **4.6%** | **853,607** | **8,537.1** |
| Addition through share buyback | 6.1% | 1,091,200 | 10,912.0 |
| Reduction of share capital due to share buyback carried through | -3.3% | (585,925) | (5,859.3) |
| Disposal through exercise of share options | -0.2% | (40,000) | (400.0) |
| **Treasury shares at 30 June 2008** | **7.4%** | **1,318,882** | **13,189.8** |

Pursuant to a resolution passed by the shareholders in general meeting, the Company may acquire treasury shares equivalent to a maximum of 10% of the share capital.

The treasury shares held as of 1 July 2005 were originally acquired to cover the Company's liabilities under the stock option plan for the Executive Board.

In the 2007/08 financial year, the Company has in accordance with 2006/07 completed a share buyback programme in order to reduce the Companys share capital. Under the programme, the Company in 2007/08 acquired treasury shares with a nominal value of DKK 10,912,000 (2006/07: DKK 6,597,250) at an average price per share of DKK 217.7 (2006/07: 341.4 DKK), equivalent to DKK 237.6 million (2006/0: DKK 225.2 million) excluding brokerage.

As a consequence of the share buyback 585,925 shares have been cancelled in January 2008.

The value of the Company's treasury shares at the market price on 30 June 2008 was DKK 205.7 million (30 June 2007: DKK 271.5 million).

## 20. PENSION OBLIGATIONS

The pension obligations of Danish companies are covered by insurance, which is also the case with the pension obligations of a large number of the Group's foreign companies. Foreign companies whose pension obligations are not or only partly covered by insurance (defined benefit plans) recognise the uncovered pension obligations on an actuarial basis at the present value at the balance sheet date. The Group has defined benefit plans in the Netherlands and Norway. These pension plans are covered in pension funds for the employees. In the consolidated financial statements an amount of DKK 5.7 million (2006/07: DKK 5.1 million) has been recognised in liabilities in relation to the Group's obligations towards current and former employees after deduction of plan assets. The Parent Company only operates defined contribution pension plans.

For defined benefit plans, the present value of future benefits, which the Company is liable to pay under the plan, is computed using actuarial principles. The computation of the present value is based on assumptions about discount rates, increases in pay rates and pensions, investment yield, staff resignation rates and mortality. Present value is computed exclusively for the benefits to which the employees have earned entitlement through their employment with the company up till now.

An amount of DKK 33.3 million (2006/07: DKK 25.7 million) has been recognised in the consolidated income statement relating to plans covered by insurance (defined contribution plans). For plans not covered by insurance (defined benefit plans) a cost of DKK 2.1 million has been recognised (2006/07: an income of DKK 0.9 million).

For defined contribution plans, the employer is obliged to pay a defined contribution (for example a fixed amount or a fixed percentage of an employee's salary). For a defined contribution plan, the Group runs no risk in respect of future developments in interest rates, inflation, mortality or disability.

| DKK million | GROUP 2007/08 | 2006/07 |
|---|---|---|
| Commitments under non-cancellable operating leases are: | | |
| Shop leases and other land and buildings: | | |
| 0-1 year | 211.3 | 184.6 |
| 1-5 years | 346.3 | 290.2 |
| After 5 years | 62.9 | 42.9 |
| Total | 620.5 | 517.7 |
| Lease of equipment and furniture etc.: | | |
| 0-1 year | 15.5 | 16.1 |
| 1-5 years | 19.4 | 19.7 |
| After 5 years | - | - |
| Total | 34.9 | 35.8 |

The pension obligation is specified as follows:

| DKK million | 30 June 2008 | 30 June 2007 | 30 June 2006 |
|---|---|---|---|
| Present value of defined benefit plans | 30.6 | 31.2 | 32.6 |
| Fair value of the assets of the plan | (24.9) | (26.1) | (24.3) |
| **Total** | **5.7** | **5.1** | **8.3** |

The average assumptions for the actuarial calculations at the balance sheet date were:

| | 2008 | 2007 |
|---|---|---|
| Average discounting rate applied | 5.5% | 4.8% |
| Expected return on plan assets | 5.8% | 5.0% |
| Expected future pay increase rate | 2.3% | 2.9% |

The plan assets consist of ordinary investment assets, including shares and bonds. No investments have been made in the Group's own shares.

The expected return on the plans is based on long term expectations to the return of the assets in the respective countries. The return of the plans' assets amounted to DKK -2.5 million in 2007/08 (2006/07 DKK -0.3 million). The Group's expected contribution to the plans in 2008/09 amounts to DKK 1.7 million.

## 21. NON-CURRENT DEBT TO FINANCIAL INSTITUTIONS

| DKK million | GROUP 2008 | 2007 |
|---|---|---|
| Maturity structure of long-term liabilities: | | |
| After more than five years from the balance sheet date | 168.0 | 168.0 |
| **Long-term debt at 30 June** | **168.0** | **168.0** |
| **Nominal value** | **168.0** | **168.0** |

The non-current debt to financial institutions as at 30 June 2008 was a floating-rate bullet loan denominated in Danish kroner. The average interest rate in 2007/08 amounted to 5.30% (2006/07 4.33%). The loan amounted to DKK 168.0 million at 30 June 2007. The nominal value of the debt corresponds in all material respects to the fair value.

## 22. SHORT-TERM DEBT TO CREDIT INSTITUTIONS

The Group's total short-term debt to credit institutions comprises Danish and foreign overdraft facilities carrying interest at an average rate of 5.40% p.a. (5.23% in 2006/07).

Short-term debt is repayable on demand, and the fair value therefore corresponds to the carrying amount.

Short-term debt to credit institutions is denominated in the following currencies:

| | GROUP | |
|---|---|---|
| | **2008** | **2007** |
| DKK | 36% | 68% |
| EUR | 47% | 5% |
| SEK | 4% | 10% |
| PLN | 3% | 6% |
| USD | 5% | 6% |
| GBP | 1% | 0% |
| CHF | 1% | 0% |
| CAD | 0% | 1% |
| Other | 3% | 4% |
| **Total** | **100%** | **100%** |

## 23. TRADE PAYABLES

| | GROUP | |
|---|---|---|
| DKK million | **2008** | **2007** |
| Trade payables | 313.8 | 296.8 |
| **Total** | **313.8** | **296.8** |

The carrying amount corresponds to the fair value of the liabilities.

## 24. OTHER DEBT

| | GROUP | |
|---|---|---|
| DKK million | **2008** | **2007** |
| VAT, customs and PAYE tax withheld | 48.0 | 44.3 |
| Salaries, social security costs and holiday allowance payable | 110.3 | 106.6 |
| Accrued interest | 0.8 | 0.4 |
| Unrealised loss on financial contracts | 42.3 | 15.3 |
| Credit vouchers | 0.4 | 6.6 |
| Severance pay | 18.3 | 6.4 |
| Other costs payable | 57.9 | 30.8 |
| **Total** | **278.0** | **210.4** |

DKK 10.2 million in severance pay is due within a year.

The carrying amount of amounts payable under Other debt in all material respects corresponds to the fair value of the liabilities.

## 25. OPERATING LEASES

| DKK million | GROUP 2008 | 2007 |
|---|---|---|
| Commitments under non-cancellable operating leases are: | | |
| Shop leases and other land and buildings: | | |
| 0-1 year | 211.3 | 184.6 |
| 1-5 years | 346.3 | 290.2 |
| After 5 years | 62.9 | 42.9 |
| Total | 620.5 | 517.7 |
| Lease of equipment and furniture etc.: | | |
| 0-1 year | 15.5 | 16.1 |
| 1-5 years | 19.4 | 19.7 |
| After 5 years | - | - |
| Total | 34.9 | 35.8 |

The Group leases properties under operating leases. The lease period is typically between 3 – 10 years with an option to extend on expiry. Many of the lease contracts contain rules regarding revenue based lease.

In addition, the Group leases cars and other operating equipment under operating leases. The lease period is typically between three to five years with an option to extend on expiry.

An amount of DKK 246.7 million (2006/07: DKK 233.6 million) relating to operating leases has been recognised in the consolidated income statement for 2007/08.

Some of the leased stores are sub-let to franchise stores etc., and for these the Company has received a rental income on non-terminable leases of DKK 24.2 million (2006/07: DKK 26.1 million). The expected future minimum rental income on non-terminable leases is DKK 46.8 million (2006/07: DKK 66.2 million) for the financial years 2007/08 – 2016/17.

## 26. OTHER LIABILITIES AND CONTINGENT LIABILITIES

| DKK million | GROUP 2008 | 2007 |
|---|---|---|
| Guarantees and other collateral security | 631.5 | 519.7 |

The Company is jointly and severally liable with the other jointly taxed Danish companies for tax on the joint taxable income for the period 2003/04 - 2004/05.

The Company has entered into binding agreements with suppliers on the delivery of collections until 31 December 2008, of which the majority are tied to sales orders entered into with preorder customers.

The Parent Company's shares in the subsidiary Raffinaderivej 10 A/S (recognised in the consolidated financial statements with an amount of DKK 1.1 million) have been provided as security for the Group's long-term debt in relation to the acquisition of the property Raffinaderivej 10, amounting to DKK 168.0 million at 30 June 2008. Carrying amount of the property amounts to DKK 163.4 million.

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

The Group is subject to the usual return obligations imposed in the industry. Management expects no major loss on these obligations.

The Group is regularly involved in litigation with Danish and foreign tax authorities. For an extended period of time, IC Companys has been subject to a tax audit in one of the Group's German companies, which has generated a tax loss of DKK 145 million in the tax years comprised by the audit. Based on their audit, the German tax authorities have increased the income for the years under review by DKK 130 million. The argument is that the transfer pricing principles have not been correctly applied. IC Companys has brought the case before the Danish tax authorities in order to obtain a corresponding adjustment and repayment of tax paid. The Danish tax authorities have rejected this claim. Consequently, IC Companys has decided to bring the case before an EC Arbitration Commission pursuant to the applicable rules.

In the financial year 2007/08 IC Companys' other German sales company has been subject to a tax audit. The audit of the years under review has generated a tax loss of DKK 55 million. Based on their audit, the German tax authorities have increased the income for the years under review by DKK 65 million. As in the case above, the argument is that the transfer pricing principles have not been correctly applied. Equal to the other case, the Danish authorities have rejected to perform corresponding adjustment. As in the case mentioned above, the case will be brought before an EC Arbitration Commission and preliminary proceedings are ongoing.

Historically, such cases are lengthy, and a resolution is not expected for at least one year for the first case and three years for the latter. The tax base of these tax losses and the possible refund of Danish taxes are not recognised in the balance sheet.

## 27. CASH FLOW FROM INVESTMENT AND FINANCING ACTIVITIES

| | GROUP | |
|---|---|---|
| DKK million | 2007/08 | 2006/07 |
| Purchase of intangible assets and property, plant and equipment, see note 12 | 140.6 | 178.3 |
| Reversed cost of goodwill | - | (27.4) |
| Cash flow from acquisition of activities | - | 37.0 |
| **Paid regarding purchase of intangible assets and property, plant and equipment** | 140.6 | **187.9** |
| Proceeds from the raising of financial obligations | - | 50.5 |
| - hereof spent on purchase of land and buildings | - | - |
| Discharged financial lease obligations | - | (51.0) |
| - herof disnounced financial lease obligation (gain according to note 7) | - | 8.0 |
| Instalment on financial lease obligations etc. | - | - |
| **Proceeds form the raising of financial obligations, net** | **-** | **7.5** |

## 28. CHANGES IN WORKING CAPITAL

| | GROUP | |
|---|---|---|
| DKK million | 2007/08 | 2006/07 |
| Change in inventories | (66.0) | (66.6) |
| Change in receivables | (22.0) | (41.7) |
| Change in short-term debt excluding tax | 48.2 | 15.2 |
| **Total** | **(39.8)** | **(93.1)** |

## 29. CASH AT YEAR END

| DKK million | GROUP 2008 | 2007 |
|---|---|---|
| Cash and cash equivalents | 132.0 | 144.9 |
| Financial institutions, short-term | (603.0) | (534.5) |
| **Total** | **(471.0)** | **(389.6)** |

The Group's total credit commitments amounted to DKK 1,420 million at 30 June 2008 (30 June 2007: DKK 1,209 million). Of this amount, DKK 771 million has been utilised in the form of short-term and long-term debt to credit institutions and DKK 270 million has been utilised in the form of trade finance facilities and guarantees. Accordingly, unutilised credit facilities amount to DKK 379 million. All credit facilities are standby credits which can be utilised with a day's notice.

## 30. RISKS AND DERIVATIVE FINANCIAL INSTRUMENTS

### Foreign exchange risk

The Group's foreign exchange risk (transaction risk) is handled centrally by the Group's Treasury Department. DKK is the Group's functional currency, and foreign exchange positions are generally hedged vis-à-vis DKK. The Group's primary transaction risk relates to the buying and selling of goods in foreign currency. The accounting and anticipated risks are hedged by means of forward transactions and/or options. Hedging is made on a 12 month horizon. The currencies HKD and USD are at 30 June 2008 hedged for an 18 month period.

Forward currency contracts relate exclusively to hedges of goods sold and bought. See the Group's policy in this respect. The risk coverage of the Group's transaction exposure is made from an estimate of the cash flow demand for the future 12 months and for USD and HKD for the future 18 months. As a general rule cash flows in all currencies are hedged except from EUR.

The Group's foreign exchange exposure is hedged centrally, although a few subsidiaries have unhedged foreign exchange exposures if they have signed leases in a currency other than the local currency.

| The Group's risks at 30 June 2008 for the next 12 months may be specified as follows (million): | Anticipated inflow | Anticipated outflow | Hedge 0 - 12 months | Hedge 0 - 18 months | Average hedge rate | Net position | Net position DKK million |
|---|---|---|---|---|---|---|---|
| EUR | 114.6 | (47.5) | - | - | - | 67.2 | 500.9 |
| USD | 11.8 | (143.3) | 94.5 | 37.0 | 495.6 | - | - |
| HKD | - | (999.5) | 669.5 | 330.0 | 64.1 | - | - |
| SEK | 657.0 | (21.2) | (635.8) | - | 79.5 | - | - |
| NOK | 297.2 | - | (297.2) | - | 92.3 | - | - |
| GBP | 8.4 | - | (8.4) | - | 978.8 | - | - |
| CHF | 19.5 | - | (19.5) | - | 462.5 | - | - |
| PLN | 32.0 | (10.0) | (22.0) | - | 210.4 | - | - |
| CZK | 84.6 | - | (84.6) | - | 29.6 | - | - |
| HUF | 324.6 | - | (324.6) | - | 2.9 | - | - |
| CAD | 15.5 | - | (15.5) | - | 492.8 | - | - |
| JPY | 116.9 | - | (116.9) | - | 4.7 | - | - |

| As at 30 June 2007 (million): | Anticipated inflow | Anticipated outflow | Hedge 0 - 12 months | Hedge 0 - 18 months | Average hedge rate | Net position | Net position DKK million |
|---|---|---|---|---|---|---|---|
| EUR | 114.1 | (45.1) | - | - | - | 69.0 | 513.5 |
| USD | 11.7 | (90.6) | 78.0 | - | 552.8 | (0.9) | (5.0) |
| HKD | - | (598.3) | 598.0 | - | 71.6 | (0.3) | (0.2) |
| SEK | 599.4 | (21.5) | (572.0) | - | 81.2 | 5.9 | 4.7 |
| NOK | 258.2 | (3.0) | (250.0) | - | 91.7 | 5.2 | 4.9 |
| GBP | 8.3 | (0.1) | (7.2) | - | 1,087.1 | 1.0 | 11.0 |
| CHF | 17.2 | - | (16.3) | - | 468.8 | 0.9 | 4.0 |
| PLN | 24.1 | (2.5) | (21.5) | - | 194.3 | 0.1 | 0.2 |
| CZK | 36.3 | - | (36.0) | - | 26.6 | 0.3 | 0.1 |
| HUF | 208.2 | - | (208.0) | - | 2.8 | 0.2 | 0.0 |
| CAD | 13.1 | - | (12.0) | - | 506.6 | 1.1 | 5.7 |
| JPY | 146.8 | - | (71.0) | - | 4.7 | 75.8 | 3.4 |

Net outstanding forward currency contracts at 30 June 2008 for the Group and the Parent Company designated as and qualifying as a hedge of future transactions:

| DKK million | 2008 Notional principal* | 2008 Gain/loss recognised in equity | 2008 Fair value | 2008 Maturity (months) | 2007 Notional principal* | 2007 Gain/loss recognised in equity | 2007 Fair value | 2007 Maturity (months) |
|---|---|---|---|---|---|---|---|---|
| USD | 131.5 | (22.1) | 629.4 | 0-18 | 78.0 | (2.8) | 427.9 | 0-12 |
| HKD | 787.5 | (15.4) | 486.2 | 0-18 | 408.0 | (3.1) | 287.3 | 0-12 |
| SEK | (635.8) | 4.6 | (500.8) | 0-12 | (572.0) | 3.2 | (461.7) | 0-12 |
| NOK | (297.2) | (0.7) | (275.0) | 0-12 | (250.0) | (3.2) | (232.9) | 0-12 |
| Other | - | 1.3 | (333.7) | 0-12 | - | (0.5) | (276.7) | 0-12 |
| **Total at 30 June** | | **(32.3)** | **6.1** | | | **(6.4)** | **(256.1)** | |

* Positive principal amounts on forward currency contracts indicate a purchase of the currency in question. Negative principal amounts indicate a sale.

Open currency hedge contracts for the Group and the Parent Company qualifying as hedges of recognised assets and liabilities:

| DKK million | 2008 Notional principal* | 2008 Gain/loss recognised in profit for the year | 2008 Fair value | 2008 Maturity (months) | 2007 Notional principal* | 2007 Gain/loss recognised in profit for the year | 2007 Fair value | 2007 Maturity (months) |
|---|---|---|---|---|---|---|---|---|
| HKD | 212.0 | (10.0) | 129.0 | 0-12 | 190.0 | (3.4) | 134.0 | 0-12 |
| **Total at 30 June** | | **(10.0)** | **129.0** | | | **(3.4)** | **134.0** | |

The exchange rate loss as at 30 June 2008 is recognised in the income statement under cost of sales.

The calculated fair values are made on the basis of actual interest rate curves and exchange rates as at 30 June 2008.

In 2007/08 DKK 1.5 million (2006/07: DKK -1.1 million) regarding ineffective cash flow hedging transactions have been recognised in the income statement.

Neither the Group nor the Parent Company have any open currency hedge contracts that do not qualify for hedge accounting at 30 June 2008 or at 30 June 2007.

The recognised positive/negative market values in equity have been treated in accordance with the rules for hedging of future cash flows and are closed/adjusted during the year after the “hedge accounting principles”.

The net position of the Group calculated after the value at risk method will maximally result in a loss of DKK 2.0 million. The calculation is made by using a 95% confidence interval with a term of 6 months. Value at risk states the amount that maximally can be lost on a position calculated by using volatilities on the different currencies as well as correlations between the currencies. The calculation is made by using historical data.

Apart from derivative financial instruments entered into to hedge foreign exchange risks in the balance sheet, no changes to the fair value of unlisted financial assets and liabilities have been re-cognised in the income statement.

| DKK million | 2008 | 2007 |
|---|---|---|
| Foreign currency bought on forward contracts<br>Nominal value, forward contracts | 1,228.3 | 851.4 |
| Foreign currency sold on forward contracts<br>Nominal value, forward contracts | 1,110.4 | 970.2 |

The calculation of fair values regarding financial instruments is made on the basis of official market rates on an active market and exchange rates at 30 June 2008.

The existing categories of financial assets and liabilities are shown below:

| DKK million | 2008 | 2007 |
|---|---|---|
| Available-for-sale financial assets | | |
| Unlisted shares, recognised as financial assets (Shares) | 0.6 | 0.6 |
| Loans and receivables | | |
| Deposits (Financial assets) | 23.9 | 20.8 |
| Non-current loans to customers (Financial assets) | 1.1 | 3.0 |
| Trade receivables | 296.7 | 266.6 |
| Other receivables | 35.0 | 54.3 |
| Cash and cash equivalents | 132.0 | 144.9 |
| **Total financial assets at 30 June** | **489.3** | **490.2** |
| Financial liabilities at fair value through the income statement: | | |
| Derivative financial instruments (refer to note 24), recognised as current liabilities (Other debt) | 42.3 | 15.3 |
| Financial liabilities at amortised cost: | | |
| Financial institutions (Non-current liabilities) | 168.0 | 168.0 |
| Financial institutions (Current liabilities) | 603.0 | 534.5 |
| Trade payables | 313.8 | 296.8 |
| Other debt | 277.9 | 210.4 |
| **Total financial liabilities at 30 June** | **1,405.0** | **1,225.0** |

## Translation risk

In accordance with the Group's financial guidelines the translation risk (investment in or loans to foreign subsidiaries) is normally not hedged. The only exception is the Parent Company's investment in the Swedish subsidiaries which in 2005/06 was hedged with currency/interest rate swaps at a nominal amount of SEK 1,660 million.
At 1 July 2007 the translation was reduced to a nominal value SEK 900 million. In the financial year 2007/08, these currency/interest swaps have been settled.
The fair value adjustment in comparison with last year amounts to DKK 4.9 million.
DKK 3.7 million hereof is recognised in the income statement under financial items as an income relating to the ineffective part and DKK 1.2 million is recognised in equity relating to the effective part.

## Liquidity risk

IC Companys secures a sufficient liquidity reserve by a combination of liquidity control and non-guaranteed credit facilities see note 29.

## Interest rate risk

The Group's interest rate risk is monitored by the Treasury Department on an ongoing basis in accordance with Group policies. The Group employs matching of the maturities of each individual asset/liability. The typical neutral maturity for the Group is two months. FRA's and/or interest rate swaps are used to hedge potential interest rate risks.

The company's interest rate risk relates to the interest rate bearing debt. The company's loan portfolio consists of current bank debt and a non-current loan financing the properties which the company owns. The sensitivity of an interest rate change of +/- 1% amounts to approximately DKK +/- 0.6 million calculated by using the BVP method.

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

| As at 30 June 2008 (DKK million): | Reassessment / maturity profile 0-1 years | 1-5 years | > 5 years | Fixed interest | Effective rate of interest |
|---|---|---|---|---|---|
| Non-current loans to customers | - | 1.1 | - | no | 5.75% |
| Trade receivables | 296.7 | - | - | no | 0.00% |
| Trade payables | 313.8 | - | - | no | 0.00% |
| Financial institutions, current | 603.0 | - | - | no | 5.40% |
| Financial institutions, non-current | - | - | 168.0 | no | 5.30% |

| As at 30 June 2007 (DKK million): | Reassessment / maturity profile 0-1 years | 1-5 years | > 5 years | Fixed interest | Effective rate of interest |
|---|---|---|---|---|---|
| Non-current loans to customers | - | 3.0 | - | no | 6.15% |
| Trade receivables | 266.6 | - | - | no | 0.00% |
| Trade payables | 296.8 | - | - | no | 0.00% |
| Financial institutions, current | 534.5 | - | - | no | 5.23% |
| Financial institutions, non-current | - | - | 168.0 | no | 4.89% |

**Credit risk**

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

In respect of trade receivables, the Group typically uses credit insurance in countries in which the credit risk is deemed to be high and where credit insurance is feasible. This primarily applies to export markets in which IC Companys is not represented through an independent sales company.

Beyond this the credit risk regarding trade receivables and other receivables is limited as the Group has no material concentration of credit risk as the exposure is spread on a large amount of counterparties and customers in many different markets.

## 31. RELATED PARTY TRANSACTIONS

IC Companys A/S' related parties include subsidiaries as set out at the back of the Annual Report, their Board of Directors, Executive Board and other executives as well as their related family members. Related parties also comprise companies in which the individuals mentioned above have material interests. IC Companys A/S has no related parties with controlling influence on the Company.

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

Information on trading with subsidiaries is provided below:

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| DKK million | 2007/08 | 2006/07 | 2007/08 | 2006/07 |
| Purchase of finished goods and consumables from Group enterprises | - | - | 922.9 | 976.5 |
| Sale of finished goods and consumables to Group enterprises | - | - | 1,761.4 | 1,457.5 |
| Sale of non-current assets to Group enterprises | - | - | - | 18.3 |
| Sale of services to Group enterprises | - | - | 73.8 | 74.3 |

Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies.

The remuneration paid to the members of the Board of Directors, Executive Board and other executives as well as share-based compensation plans are disclosed in note 5 to the financial statements. Other executive positions of the Executive Board and the Board of Directors appear from page 91.

Interest on accounts with related parties is stated in note 7 to the Parent Company financial statements.

The Parent Company's accounts with the subsidiaries comprise ordinary trade balances concluded on trading terms equivalent to those applied for the Group's and the Parent Company's other customers and suppliers. Moreover, the Parent Company has granted loans to subsidiaries with a total balance as at 30 June 2008 of DKK 862.3 million (30 June 2007: DKK 878.8 million). The loans carry interest on normal market terms. DKK 831.9 million becomes due for payment in 2008 and the remaining DKK 30.4 million is a bullet loan for which no due date has been set. The Parent Company's net receivables from subsidiaries include a provision of DKK 80.0 million (30 June 2007: DKK 66 million) to meet likely future losses in subsidiaries with negative equity values.

The Parent Company has issued letters of comfort for certain subsidiaries.

The Parent Company has received dividends of DKK 50.3 million (2006/07: DKK 353.0 million) from subsidiaries.

The Group has a property lease with I/S Hakkesstraat 35-37, Venlo, the Netherlands. This partnership is owned 95% by the Chairman of the Board of Directors: Niels Martinsen (who owns 39.0% of IC Companys A/S via Friheden Invest A/S). 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 1 November 2008. The rent paid by the Group in respect of the lease was DKK 2.4 million in 2007/08 (2006/07: DKK 2.4 million).

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.

# PARENT COMPANY FINANCIAL STATEMENTS

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# PROFIT

***1 July - 30 June***

| | | PARENT COMPANY | |
|---|---|---|---|
| **Note** | DKK million | **2007/08** | **2006/07** |
| 3 | **REVENUE** | **1,695.7** | **1,538.3** |
| | Cost of sales | (1,292.1) | (1,207.1) |
| | **GROSS PROFIT** | **403.6** | **331.2** |
| 4 | Staff costs | (270.9) | (237.4) |
| 10 | Depreciation, amortisation and writedown of fixed assets | (20.8) | (17.9) |
| 5 | Other operating income | 73.8 | 74.3 |
| 6 | Other external cost | (168.6) | (138.1) |
| | **OPERATING PROFIT** | **17.1** | **12.1** |
| 11 | Income from investments in subsidiary undertakings | 22.1 | 205.6 |
| 7 | Financial income | 63.6 | 62.2 |
| 7 | Financial expenses | (67.6) | (63.4) |
| | **PROFIT BEFORE TAX** | **35.2** | **216.5** |
| 8 | Income tax for the year | 0.7 | 2.2 |
| | **PROFIT FOR THE YEAR** | **35.9** | **218.7** |
| | **PROFIT ALLOCATION** | | |
| 9 | Proposed dividend | 66.1 | 70.2 |
| | Retained earnings | (30.2) | 148.5 |
| | **PROFIT FOR THE YEAR** | **35.9** | **218.7** |

# BALANCE SHEET – ASSETS

***As at 30 June***

| Note | DKK million | PARENT COMPANY 2008 | PARENT COMPANY 2007 |
|---|---|---|---|
| | **NON-CURRENT ASSETS** | | |
| | Software and IT systems | 30.0 | 23.7 |
| | Trademark rights | 0.2 | 0.2 |
| | IT systemer under construction | 1.0 | - |
| 10 | **Intangible assets** | 31.2 | 23.9 |
| | Leasehold improvements | 5.2 | 5.4 |
| | Equipment and furniture | 35.4 | 36.0 |
| | Property, plant and equipment under construction | - | 4.0 |
| 10 | **Property, plant and equipment** | 40.6 | 45.4 |
| 11 | Investments in subsidiary undertakings | 457.3 | 478.1 |
| 12 | Receivables from subsidiary undertakings | 862.3 | 878.8 |
| 12 | Deposits, etc. | 3.0 | 3.4 |
| 13 | Deferred tax assets | 59.5 | 72.5 |
| | **Other non-current assets** | 1,382.1 | 1,432.8 |
| | **Total non-current assets** | **1,453.9** | **1,502.1** |
| | **CURRENT ASSETS** | | |
| 14 | Inventories | 408.7 | 363.3 |
| 15 | Trade receivables | 30.2 | 35.2 |
| | Receivables from subsidiary undertakings | 310.5 | 239.8 |
| 8 | Income tax receivable | 32.1 | 30.2 |
| 16 | Other receivables | 3.9 | 18.6 |
| 17 | Prepayments | 31.8 | 20.3 |
| 26 | Cash and cash equivalents | 10.9 | 24.3 |
| | **Total current assets** | **828.1** | **731.7** |
| | **TOTAL ASSETS** | **2,282.0** | **2,233.8** |

# BALANCE SHEET – EQUITY AND LIABILITIES

***As at 30 June***

| | | PARENT COMPANY | |
|---|---|---|---|
| **Note** | DKK million | **2008** | **2007** |
| | **EQUITY** | | |
| 18 | Share capital | 179.2 | 183.9 |
| | Reserve for hedging transactions | (32.2) | (4.7) |
| 9 | Retained earnings | 557.4 | 789.3 |
| | **Total equtiy** | **704.4** | **968.5** |
| | **LIABILITIES** | | |
| 19,26 | Financial institutions | 568.5 | 471.1 |
| 20 | Trade payables | 70.1 | 70.2 |
| | Payables to subsidiary undertakings | 799.3 | 636.0 |
| 21 | Other debt | 139.7 | 88.0 |
| | **Current liabilities** | 1,577.6 | 1,265.3 |
| | **Total liabilities** | **1,577.6** | **1,265.3** |
| | **TOTAL EQUITY AND LIABILITIES** | **2,282.0** | **2,233.8** |

22 Operating lease arrangements
23 Other financial liabilities and contingent liabilities
27 Risks and derivative financial instruments
28 Transaction with subsidiaries

# MOVEMENTS IN EQUITY, PARENT COMPANY

| DKK million | Share capital | Reserve for hedging transactions | Retained earnings | Total Equity |
|---|---|---|---|---|
| **Equity at 30 June 2006** | **188.5** | **(17.2)** | **830.6** | **1,001.9** |
| **Equity movements in 2006/07:** | | | | |
| Gain on derivative financial instruments for hedging of future cash flow | - | 3.2 | - | 3.2 |
| Loss on derivative financial instruments for hedging of future cash flow | - | (9.6) | - | (9.6) |
| Tax on equity movements | - | (6.5) | - | (6.5) |
| Net income recognised directly on equity | - | (12.9) | - | (12.9) |
| Gain transferred to the income statement | - | (2.7) | - | (2.7) |
| Loss transferred to the income statement | - | 28.1 | - | 28.1 |
| Profit for the year | - | - | 218.7 | 218.7 |
| Tax on equity movements | - | - | 0.6 | 0.6 |
| **Total recognised income for the year** | **-** | **12.5** | **219.3** | **231.8** |
| Capital reduction | (5.7) | - | 5.7 | - |
| Share buyback | - | - | (225.5) | (225.5) |
| Dividend paid out | - | - | (67.7) | (67.7) |
| Recognition of share-based payments | - | - | 6.0 | 6.0 |
| Issue of share-based payment plans | 1.1 | - | 23.1 | 24.2 |
| Tax on equity movements | - | - | (2.2) | (2.2) |
| **Total equity movements in 2006/07** | **(4.6)** | **12.5** | **(41.3)** | **(33.4)** |
| **Equity at 30 June 2007** | **183.9** | **(4.7)** | **789.3** | **968.5** |
| **Equity movements in 2007/08:** | | | | |
| Gain on derivative financial instruments for hedging of future cash flow | - | 5.9 | - | 5.9 |
| Loss on derivative financial instruments for hedging of future cash flow | - | (38.2) | - | (38.2) |
| Tax on equity movements | - | - | 10.1 | 10.1 |
| Net income recognised directly on equity | - | (32.3) | 10.1 | (22.2) |
| Gain transferred to the income statement | - | (3.2) | - | (3.2) |
| Loss transferred to the income statement | - | 9.6 | - | 9.6 |
| Profit for the year | - | - | 35.9 | 35.9 |
| Tax on equity movements | - | (1.6) | - | (1.6) |
| **Total recognised income for the year** | **-** | **(27.5)** | **46.0** | **18.5** |
| Capital reduction | (5.8) | - | 5.8 | - |
| Share buyback | - | - | (237.8) | (237.8) |
| Dividend paid out | - | - | (70.0) | (70.0) |
| Recognition of share-based payments | - | - | 6.2 | 6.2 |
| Issue of share-based payment plans | 1.1 | - | 25.3 | 26.4 |
| Tax on equity movements | | - | (7.4) | (7.4) |
| **Total equity movements in 2007/08** | **(4.7)** | **(27.5)** | **231.9** | **264.1** |
| **Equity at 30 June 2008** | **179.2** | **(32.2)** | **557.4** | **704.4** |

# PARENT COMPANY CASH FLOW STATEMENT

***1 July - 30 June***

| Note | DKK million | PARENT COMPANY 2007/08 | 2006/07 |
|---|---|---|---|
| | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | **Operating profit** | 17.1 | 12.1 |
| | Reversed depreciation and impairment losses and profit/(loss) on sale of non-current assets | 20.8 | 17.9 |
| | Reversed cost for share-based payment plans | 6.2 | 6.0 |
| | Other adjustments | (1.0) | (2.3) |
| 25 | Change in working capital | 66.6 | (88.7) |
| | **Cash flow from operating activities before financial items** | 109.7 | (55.0) |
| | Financial income received | 65.4 | 59.5 |
| | Financial expenses paid | (61.3) | (60.2) |
| | **Cash flow from ordinary activities** | 113.8 | (55.7) |
| 8 | Income tax paid | 12.9 | 6.5 |
| | **Total net cash flow from operating activities** | **126.7** | **(49.2)** |
| | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Acquisition of activities etc. | - | (43.6) |
| 11 | Capital increases in subsidiary undertakings | - | (24.1) |
| 10.24 | Purchase of intangible assets | (19.7) | (13.7) |
| 10.24 | Purchase of property, plant and equipment | (5.8) | (9.0) |
| | Loan to subsidiary | 16.5 | (112.6) |
| | Sale of other non-current assets | 2.2 | 18.3 |
| | Change in deposits and other financial assets | 0.4 | (1.1) |
| | Dividend received, proceeds from liquidations etc. | 50.3 | 366.5 |
| | **Total net cash flow from investing activities** | **43.9** | **180.7** |
| | **Total net cash flow from operating and investing activities** | **170.6** | **131.5** |
| | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Discharged finance lease liabilities | - | (41.5) |
| | Share buyback | (237.8) | (225.5) |
| | Dividend paid out | (70.0) | (67.7) |
| | Proceeds from excercise of share-based payment plans | 26.4 | 24.2 |
| | **Total net cash flow from financing activities** | **(281.4)** | **(310.5)** |
| | **CASH FLOW FOR THE YEAR** | **(110.8)** | **(179.0)** |
| | **CASH AND CASH EQUIVALENTS** | | |
| | Cash and cash equivalents, beginning of year | (446.8) | (267.8) |
| | Cash flow for the year | (110.8) | (179.0) |
| 26 | **Cash and cash equivalents, end of year** | **(557.6)** | **(446.8)** |

# NOTES TO THE FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

The annual report of the Parent Company forms an integral part of the "Annual Report 2007/08" of IC Companys A/S. The Parent Company's financial statements for the year ended 30 June 2007 are presented in accordance with IFRS. The accounting policies for the Parent Company remain unchanged compared to last year.

The accounting policies for the Parent Company are the same as for the Group with the exception of the items below see note 1 to the consolidated financial statements.

**Other operating income**
Other operating income comprises management fees from subsidiaries to the Parent Company for their share of the Group's overheads.

**Dividend on investments in subsidiary undertakings in the Parent Company annual report**
Dividend on investments in subsidiary undertakings is recognised in the Parent Company's income statement in the financial year in which the dividend is declared. However, to the extent that the dividend distributed exceeds accumulated earnings after the acquisition date dividend is recognised as a reduction of the cost of the investment rather than being recognised in the income statement.

**Investments in subsidiary undertakings in the Parent Company annual report**
Investments in subsidiary undertakings are measured at cost. Where the recoverable amount is lower than cost, the investments are written down to such lower value.

Cost is reduced to the extent that distributed dividend exceeds the accumulated earnings after the acquisition date.

**Receivables from subsidiary undertakings in the Parent Company annual report**
Receivables from subsidiary undertakings in the Parent Company annual report are, on initial recognition, measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value less provision for bad debts.

## 2. ACCOUNTING ESTIMATES AND JUDGMENTS

See note 2 to the consolidated financial statements.

## 3. REVENUE

| DKK million | PARENT COMPANY 2007/08 | 2006/07 |
|---|---|---|
| Sale of goods, own brands | 1,694.9 | 1,537.7 |
| Licence fee | 0.8 | 0.6 |
| **Total** | **1,695.7** | **1,538.3** |

## 4. STAFF COSTS

| DKK million | PARENT COMPANY 2007/08 | 2006/07 |
|---|---|---|
| Salaries, wages and remuneration, etc. can be specified as follows: | | |
| Remuneration to the Board of Directors | 1.7 | 1.7 |
| Salaries, wages and remuneration | 231.3 | 202.9 |
| Defined contribution plans | 13.8 | 9.6 |
| Other social security costs | 1.3 | 1.6 |
| Share-based payment | 4.1 | 4.1 |
| Other staff costs | 18.7 | 17.5 |
| **Total** | **270.9** | **237.4** |
| **Average number of employees** | **442** | **442** |

Remuneration of the Board of Directors, Executive Board and stock option plans for the management and employees are disclosed in note 5 to the consolidated financial statements.

## 5. OTHER OPERATING INCOME

| DKK million | PARENT COMPANY 2007/08 | 2006/07 |
|---|---|---|
| Services provided to subsidiaries | 73.8 | 74.3 |
| **Total** | **73.8** | **74.3** |

## 6. OTHER EXTERNAL COSTS

Other external costs include the total fees paid for the preceding financial year to the auditors appointed at the annual general meeting. The fees break down as follows:

| DKK million | PARENT COMPANY 2007/08 | 2006/07 |
|---|---|---|
| Deloitte, audit fee | 1.0 | 0.9 |
| Deloitte, other fees | 1.2 | 2.0 |
| **Total** | **2.2** | **2.9** |

# 7. FINANCIAL INCOME AND EXPENSES

| DKK million | PARENT COMPANY 2007/08 | 2006/07 |
|---|---|---|
| **Financial income:** | | |
| Interest on receivables from subsidiary undertakings | 59.8 | 50.5 |
| Realised gain on forward contracts | 3.5 | 11.0 |
| Other financial income | 0.2 | 0.7 |
| **Total** | **63.6** | **62.2** |
| **Financial expenses:** | | |
| Interest on debt to financial institutions | (29.7) | (19.8) |
| Interest on payables to subsidiary undertakings | (31.5) | (36.3) |
| Net currency loss | (6.3) | (5.0) |
| Other financial expenses | (0.1) | (2.3) |
| **Total** | **(67.6)** | **(63.4)** |
| **Net financial items** | **(4.0)** | **(1.2)** |

# 8. INCOME TAX

| DKK million | PARENT COMPANY 2007/08 | 2006/07 |
|---|---|---|
| Current tax | (14.8) | (16.9) |
| Change in deferred tax | 11.4 | 26.1 |
| Prior-year adjustments, deferred tax | 1.6 | - |
| Adjustment regarding changes in tax percentages, deferred tax | - | 11.8 |
| Prior-year adjustments, tax payable | - | (15.2) |
| **Income tax for the year** | **(1.8)** | **5.8** |
| Which is recognised as follows: | | |
| Income tax on profit for the year | (0.7) | (2.2) |
| Tax on equity movements | (1.1) | 8.0 |
| **Income tax for the year** | **(1.8)** | **5.8** |
| Tax receivable / (payable) at 1 July | 30.2 | 4.4 |
| Tax payable on profit for the year | 14.8 | 17.1 |
| Prior-year adjustments | - | 15.2 |
| Paid / (received) income tax during the year | (12.9) | (6.5) |
| **Income tax receivable / (payable) at 30 June, net** | **32.1** | **30.2** |
| Which is recognised as follows: | | |
| Income tax receivable | 32.1 | 30.2 |
| Income tax payable | - | - |
| **Income tax receivable / (payable), net** | **32.1** | **30.2** |

## Breakdown of income tax:

| DKK million | 2007/08 | 2007/08 |
|---|---|---|
| Estimated tax on the profit before tax | 17.9 | 54.1 |
| Other non-taxable income and non-deductible costs | (15.2) | (60.0) |
| Changes in tax percentages | - | 11.8 |
| Foreign non-income dependent taxes | 0.0 | - |
| Prior-year adjustments | 1.6 | |
| Other adjustments including revaluation of tax losses carried forward etc. | (5.0) | (8.1) |
| **Total** | **(0.7)** | **(2.2)** |
| **Effective tax rate for the year** | **2%** | **-1%** |

## 9. DIVIDENDS

In the financial year 2007/08, the distribution of dividends of IC Companys A/S amounted to DKK 74 million to the shareholders (2006/07: DKK 68 million).

For the financial year 2007/08, the Board of Directors recommends a dividend of DKK 66 million, equivalent to DKK 4.00 per share eligible for dividend including treasury shares (2006/07: DKK 4.00 DKK per share), which will be paid to the shareholders after the Annual General Meeting to be held 22 October 2008 provided that the Annual General Meeting approves the proposal of the Board of Directors. As the dividend will depend on the approval of the Annual General Meeting, it is not recognised as a liability at 30 June 2008 in the balance sheet. Dividends will be paid to the shareholders who are registered in the Company's register of shareholders at 22 October 2008.

## 10. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

| DKK million | Software and IT systems | Trademark rights | Leasehold improvements | Equipment and furniture | Property, plant and equipment under construction |
|---|---|---|---|---|---|
| Cost at 1 July 2006 | **148.0** | **0.4** | **32.7** | **41.7** | **19.5** |
| Additions | 8.9 | - | 1.8 | 21.5 | 4.0 |
| Reclassification of assets under construction | 4.8 | - | - | 1.1 | (5.9) |
| Disposals | - | - | (26.1) | (0.7) | (13.6) |
| **Cost at 30 June 2007** | **161.7** | **0.4** | **8.4** | **63.6** | **4.0** |
| Additions | 18.7 | - | 0.8 | 5.0 | 1.0 |
| Reclassification of assets under construction | - | - | 0.4 | 3.6 | (4.0) |
| Disposals | - | - | (0.1) | (6.0) | - |
| **Cost at 30 June 2008** | **180.4** | **0.4** | **9.5** | **66.2** | **1.0** |
| Accumulated amortisation, depreciation and impairment at 1 July 2006 | **(125.9)** | **(0.2)** | **(9.9)** | **(23.4)** | - |
| Amortisation, depreciation and impairment on disposals | - | - | 8.3 | 0.2 | - |
| Amortisation, depreciation and impairment | (12.1) | - | (1.4) | (4.4) | - |
| **Accumulated amortisation, depreciation and impairment at 30 June 2007** | **(138.0)** | **(0.2)** | **(3.0)** | **(27.6)** | **-** |
| Amortisation, depreciation and impairment on disposals | | | 0.1 | 3.8 | - |
| Amortisation, depreciation and impairment | (12.4) | - | (1.4) | (7.0) | - |
| **Accumulated amortisation, depreciation and impairment at 30 June 2008** | **(150.4)** | **(0.2)** | **(4.3)** | **(30.8)** | **-** |
| **Carrying amount at 30 June 2008** | **30.0** | **0.2** | **5.2** | **35.4** | **1.0** |
| **Carrying amount at 30 June 2007** | **23.7** | **0.2** | **5.4** | **36.1** | **4.0** |

* Under assets under construction, DKK 1.0 million is classified IT systems under development in the balance sheet under intangible assets.

## 11. EQUITY INTERESTS IN SUBSIDIARIES

| DKK million | PARENT COMPANY 2008 | 2007 |
|---|---|---|
| Cost at 1 July | 800.8 | 746.7 |
| Addition due to acquisition of subsidiary | - | 43.6 |
| Additions due to establishment of subsidiaries | - | 16.6 |
| Capital increases by cash contribution | - | 7.5 |
| Disposal due to liquidation of companies | (14.0) | (13.6) |
| **Cost at 30 June** | **786.8** | **800.8** |
| Write-downs at 1 July | (322.7) | (178.7) |
| Write-downs | (6.8) | (144.0) |
| **Write-downs at 30 June** | **(329.5)** | **(322.7)** |
| **Carrying amount at 30 June** | **457.3** | **478.1** |

An overview of the Group structure may be found at the back of the financial statements.

Revenue from equity interests in subsidiaries amount to gross DKK 22.1 million (DKK 205.6 million DKK in 2006/07) and comprises the share of profit from subsidiaries that are not in excess of the combined earnings in the subsidiary since the acquisition deducted the amortization of the equity interests and receivables

A loss of DKK -14.0 million (2006/07: DKK -3.4 million) related to short-term receivables of subsidiaries is recognised in the income statement.

## 12. OTHER NON-CURRENT ASSETS

| DKK million | PARENT COMPANY Receivables from subsidiary undertakings | Non-current loans to customers | Deposits, etc. |
|---|---|---|---|
| Cost at 1 July 2006 | 760.0 | - | 2.3 |
| Additions | 120.0 | 3.0 | (1.9) |
| Disposals | (5.5) | - | - |
| **Cost at 30 June 2007** | **874.5** | **3.0** | **0.4** |
| Additions | 4.0 | - | - |
| Disposals | (2.8) | (1.9) | 1.5 |
| **Cost at 30 June 2008** | **875.7** | **1.1** | **1.9** |
| Value adjustment at 1 July 2006 | 6.2 | - | - |
| Currency translation, etc. | (1.9) | - | - |
| **Value adjustment at 30 June 2007** | **4.3** | - | - |
| Currency translation, etc. | (17.7) | - | - |
| **Value adjustment at 30 June 2008** | **(13.4)** | **-** | **-** |
| **Carrying amount at 30 June 2008** | **862.3** | **1.1** | **1.9** |
| **Carrying amount at 30 June 2007** | **878.8** | **3.0** | **0.4** |

The Group has in 2006/07 granted a loan of DKK 3 million to a wholesale partner to be used for financing of operating investments. This loan has been settled during the financial year 2007/08. In 2007/08, the Group has granted a subordinated loan of DKK 1.1 million to a business partner. The term of the loan is 5 years with a floating interest rate adjusted according to the at all times floating rate repo in force with additional 150 basis point. At 30 June 2008, the effective rate of interest amounts to 5.85%. No security has been received for the loan.

The carrying amount of the loan corresponds to the fair value.
The carrying amount on the deposit corresponds to the fair value.

# 13. DEFERRED TAX

| DKK million | PARENT COMPANY 2008 | 2007 |
|---|---|---|
| **Deferred tax assets at 1 July** | **72.5** | **110.5** |
| Prior-year adjustments | (1.6) | - |
| Adjustment regarding changes in tax percentages | - | (11.8) |
| Deferred tax on equity movements | 3.9 | (8.0) |
| Change in deferred tax on profit for the year | (15.3) | (18.2) |
| **Net deferred tax assets at 30 June** | **59.5** | **72.5** |
| Recognised as follows: | | |
| Deferred tax assets | 59.5 | 72.5 |
| Deferred tax | - | - |
| **Net deferred tax assets at 30 June** | **59.5** | **72.5** |
| Breakdown of deferred tax assets at 30 June: | | |
| Gross deferred tax assets | 90.0 | 110.5 |
| Unrecognised tax assets | (30.5) | (38.0) |
| **Net deferred tax assets at 30 June** | **59.5** | **72.5** |

Unrecognised tax assets relate to tax losses that are not assessed to be sufficiently likely to be utilised in the foreseeable future. The unrecognised tax losses have no expiry date.

Changes to temporary differences during the year are as follows:

| | PARENT COMPANY | | | |
|---|---|---|---|---|
| | 2007/08 | | | |
| DKK million | Balance as at 1 July 2007 | Recognised in profit for the year | Recognised in equity | Balance as at 30 June 2008 |
| Intangible assets | 4.6 | (1.0) | - | 3.6 |
| Property, plant and equipment | 13.4 | (2.5) | - | 10.9 |
| Receivables | 0.2 | 0.7 | - | 0.9 |
| Provisions | 0.2 | 5.1 | 6.5 | 11.8 |
| Other current liabilities | (8.9) | (0.1) | - | (9.0) |
| Share-based payment | 9.9 | (2.5) | (7.4) | - |
| Tax losses carried forward | 91.1 | (19.2) | - | 71.9 |
| Unrecognised tax assets | (38.0) | 7.4 | - | (30.6) |
| **Total** | **72.5** | **12.1** | **(0.9)** | **59.5** |

| | 2006/07 | | | |
|---|---|---|---|---|
| DKK million | Balance as at 1 July 2007 | Recognised in profit for the year | Recognised in equity | Balance as at 30 June 2007 |
| Intangible assets | 4.0 | 0.6 | - | 4.6 |
| Property, plant and equipment | 20.6 | (7.2) | - | 13.4 |
| Receivables | 0.3 | (0.1) | - | 0.2 |
| Provisions | 1.1 | (0.9) | - | 0.2 |
| Other current liabilities | (0.4) | (10.1) | 1.6 | (8.9) |
| Share-based payment | 11.2 | (1.3) | - | 9.9 |
| Tax losses carried forward | 112.2 | (21.1) | - | 91.1 |
| Unrecognised tax assets | (38.5) | 0.5 | - | (38.0) |
| **Total** | **110.5** | **(39.6)** | **1.6** | **72.5** |

## 14. INVENTORIES

| DKK million | PARENT COMPANY 2008 | 2007 |
|---|---|---|
| Raw materials and consumables | 1.1 | 0.1 |
| Finished goods and goods for resale | 274.6 | 219.8 |
| Goods in transit | 133.0 | 143.4 |
| **Inventories at 30 June** | **408.7** | **363.3** |

Movements in inventory writedowns:

| DKK million | PARENT COMPANY 2008 | 2007 |
|---|---|---|
| Write-downs at 1 July | 47.5 | 48.9 |
| Write-downs, additions | 33.4 | 28.1 |
| Write-downs, reversals | (38.6) | (29.5) |
| **Write-downs at 30 June** | **42.3** | **47.5** |

At 30 June 2008, inventories made up at net realizable value constitute DKK 68.5 million (2006/07: DKK 32.8 million).

## 15. TRADE RECEIVABLES

Movements in allowance for bad debt:

| DKK million | PARENT COMPANY 2008 | 2007 |
|---|---|---|
| Allowance 1 July | 0.7 | 0.9 |
| Change in allowance | 8.8 | 1.5 |
| Realised (loss)/gain | (6.0) | (1.7) |
| **Allowance at 30 June** | **3.5** | **0.7** |

Breakdown of trade receivables (gross)

| DKK million | PARENT COMPANY 2008 | 2007 |
|---|---|---|
| Not yet due | 16.8 | 17.5 |
| Due, 1 - 60 days | 12.1 | 10.3 |
| Due, 61 - 120 days | 1.4 | 6.4 |
| Due more than 120 days | 3.4 | 1.7 |
| **Trade receivables, gross** | **33.7** | **35.9** |

Please see note 16 to the consolidated financial statements.

## 16. OTHER RECEIVABLES

| DKK million | PARENT COMPANY 2008 | 2007 |
|---|---|---|
| VAT receivable, etc. | 1.2 | 1.3 |
| Advance payments to employees, etc. | 0.2 | 0.1 |
| Miscellaneous prepayments | 0.3 | 5.7 |
| Receivables from sales of non-current assets | - | 8.1 |
| Sundry receivables | 2.2 | 3.4 |
| **Other receivables at 30 June** | **3.9** | **18.6** |

Management assesses that the carrying amount of receivables at 30 June 2008 in all material respects corresponds to the fair value, and that the receivables are not subject to any particular credit risk.

## 17. PREPAYMENTS

| DKK million | PARENT COMPANY 2008 | PARENT COMPANY 2007 |
|---|---|---|
| Collection samples | 8.8 | 10.5 |
| Advertising | 4.0 | 3.9 |
| Rent, etc. | 1.0 | - |
| Insurance | 0.3 | 0.1 |
| Others | 17.7 | 5.8 |
| **Prepayments at 30 June** | **31.8** | **20.3** |

## 18. SHARE CAPITAL

Information on the share capital distribution on number of shares etc. appears from note 19 to the consolidated financial statements.

## 19. SHORT-TERM DEBT TO CREDIT INSTITUTIONS

The Group's total short-term debt to credit institutions comprises Danish and foreign overdraft facilities carrying interest at an average rate of 5.34% p.a. (5.31% p.a.).

Short-term debt is repayable on demand, and the fair value therefore corresponds to the carrying amount. Short-term debt to credit institutions is denominated in the following currencies:

| | PARENT COMPANY 2008 | PARENT COMPANY 2007 |
|---|---|---|
| DKK | 37% | 78% |
| EUR | 47% | 1% |
| SEK | 4% | 3% |
| PLN | 3% | 7% |
| USD | 6% | 6% |
| GBP | 1% | 0% |
| CHF | 1% | 0% |
| CAD | 0% | 1% |
| Others | 1% | 4% |
| **Total** | **100%** | **100%** |

## 20. TRADE PAYABLES

| DKK million | PARENT COMPANY 2008 | PARENT COMPANY 2007 |
|---|---|---|
| Trade payables | 70.1 | 70.2 |
| **Total** | **70.1** | **70.2** |

The carrying amount corresponds to the fair value of the liabilities.

## 21. OTHER DEBT

| DKK million | PARENT COMPANY 2008 | 2007 |
|---|---|---|
| VAT, customs and PAYE tax withheld | 26.7 | 25.1 |
| Salaries, social security costs and holiday allowance payable | 33.1 | 32.1 |
| Unrealised loss on financial contracts | 42.3 | 15.3 |
| Severance pay | 14.6 | 2.9 |
| Other costs payable | 23.0 | 12.6 |
| **Total** | **139.7** | **88.0** |

DKK 6.5 million in severance pay is due within a year.

The carrying amount of amounts payable under Other debt in all material respects corresponds to the fair value of the liabilities.

## 22. OPERATIONAL LEASING

| DKK million | PARENT COMPANY 2007/08 | 2006/07 |
|---|---|---|
| Commitments under non-cancellable operating leases are: | | |
| Shop leases and other land and buildings: | | |
| 0-1 year | 22.7 | 18.1 |
| 1-5 years | 46.5 | 34.9 |
| After 5 years | 3.2 | - |
| **Total** | **72.4** | **53.0** |
| Lease of equipment and furniture etc.: | | |
| 0-1 year | 3.0 | 3.8 |
| 1-5 years | 4.5 | 6.5 |
| After 5 years | - | - |
| **Total** | **7.5** | **10.3** |

The Parent company leases properties under operating leases. The lease period is typically between 3 – 10 years with an option to extend on expiry.

In addition, the Parent Company leases cars and other operating equipment under operating leases. The lease period is typically between three to five years with an option to extend on expiry.

An amount of DKK 24.7 million (2006/07: DKK 20.6 million) relating to operating leases has been recognised in the income statement for 2007/08.

## 23. OTHER LIABILITIES AND CONTINGENT LIABILITIES

| DKK million | PARENT COMPANY 2008 | 2007 |
|---|---|---|
| Guarantees and other collateral security relating to subsidiaries | 574.3 | 486.4 |
| Other guarantees and other collateral security | 20.2 | 10.4 |

The Parent Company has issued letters of comfort for certain subsidiaries. The Parent Company's shares in the subsidiary Raffinaderivej 10 A/S (recognised in the financial statements of the Parent Company DKK 0.5 million) has been provided as security for the Group's long-term debt of DKK 168.0 million concerning the acquirement of the property Raffinaderivej 10. Recognised value of the property amounts to DKK 163.4. Please see note 26 to the consolidated financial statements.

## 24. CASH FLOW FROM INVESTMENT

| DKK million | PARENT COMPANY 2007/08 | 2006/07 |
|---|---|---|
| Purchase of intangible assets and property, plant and equipment, cf. note 10 | 25.5 | 36.2 |
| Disposals, assets under construction | - | (13.6) |
| Currency translation etc. | - | 0.1 |
| **Paid regarding purchase of intangible assets and property, plant and equipment** | **25.5** | **22.7** |

## 25. CHANGES IN WORKING CAPITAL

| DKK million | PARENT COMPANY 2007/08 | 2006/07 |
|---|---|---|
| Change in inventories | (45.5) | (48.9) |
| Change in receivables | 17.2 | (13.7) |
| Change in current debt excluding tax | 94.9 | (26.1) |
| **Total** | **66.6** | **(88.7)** |

## 26. CASH AT YEAR END

| DKK million | PARENT COMPANY 2007/08 | 2006/07 |
|---|---|---|
| Cash and cash equivalents | 10.9 | 24.3 |
| Financial institutions, current | (568.5) | (471.1) |
| **Total** | **(557.6)** | **(446.8)** |

## 27. RISKS AND DERIVATIVE FINANCIAL INSTRUMENTS

Please see note 30 to the consolidated financial statements.

## 28. RELATED PARTY TRANSACTIONS

Please see note 31 to the consolidated financial statements.

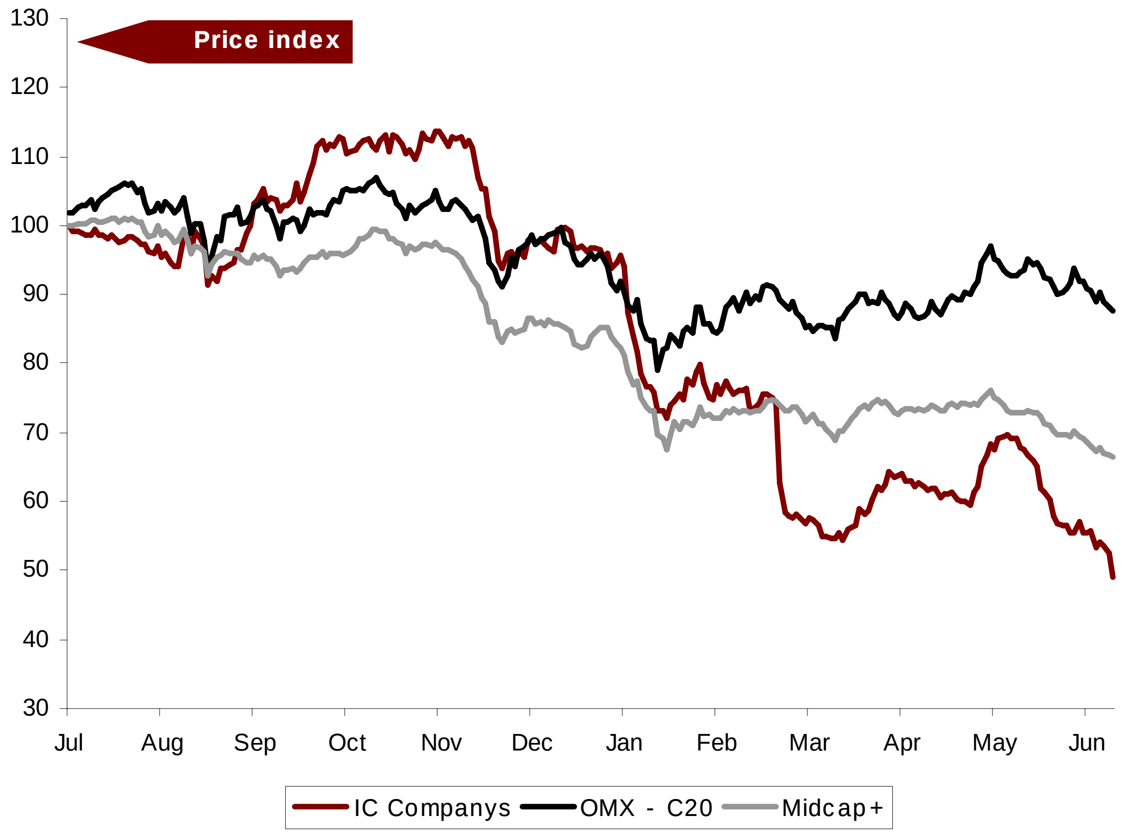
## SHAREHOLDER INFORMATION

The long-term financial objective of IC Companys is to achieve a competitive return to Company shareholders. The return is generated by share price increases, distribution of dividends and share buybacks.

**THE FINANCIAL YEAR 2007/08**
IC Companys' shares are listed on OMX Nordic Exchange Copenhagen. As measured on daily average prices the share price decreased by 51% from DKK 316.7 per share on July 1 2007 to DKK 155.1 on June 30 2008. At the end of the financial year the market capitalisation of IC Companys was DKK 2.8 billion. The highest price of IC Companys shares was reached November 1 2007, when the average share price was DKK 361.1. The lowest price of the year of IC Companys shares was on June 25 2008, at which point the average share price was DKK 155.1.

The share buy back programme for IC Companys during the financial year amounted to DKK 238 million (1,091,200 shares). Of these shares, 193,000 are employed to hedge stock option programmes. In the financial year 2007/08, dividends of DKK 4.00 per have been distributed, corresponding to DKK 70 million.

The trading volume of IC Companys shares on OMX Nordic Exchange Copenhagen in the financial year 2007/08 amounted to DKK 2.1 billion (DKK 4.3 billion) and the transaction volume totaled DKK 7.7 million (DKK 12.2 million).



## SHARE CAPITAL

In the 2007/08 financial year the share capital rose by a total of 112.059 shares. The increase of DKK 1.120.590 nominal value can be contributed to the exercise of warrants granted in previous financial years. The subscription price per share was DKK 173.50 and the company proceeds of the subscription amounted to DKK 19.4 million.

At IC Company's Annual general meeting 24 October 2007 a resolution was passed to the effect that the share capital be reduced by DKK nominal value 5,859,250 equivalent to the number of shares repurchased under the share buyback programmes carried out in the period 24 November 2006 to 29 June 2007.

At 30 June 2008 the share capital constituted DKK 179,196,320 (DKK 183,934,980). The share capital consists of 17,919,632 shares nominal value DKK 10.

## TREASURY SHARES

| Development in Treasury Shares | Number of shares |
|---|---|
| Treasury shares June 30, 2007 | 853,607 |
| Reduction of share capital due to share buyback programme 2006/07 | (585,925) |
| Option program for executives and key employees | 83,000 |
| Executive option plan exercised | (40,000) |
| Share buyback programme in 2007/08 | 898,200 |
| Option program Executive Board | 110,000 |
| Treasury shares June 30, 2008 | 1,318,882 |

At the Group's Annual general meeting a proposal will be made to reduce the share capital by nominal value DKK 9,768,250 equivalent to the 976,825 shares repurchased under the buyback programmes carried out in the period 3 January 2008 to 29 July 2008.

## OWNERSHIP STRUCTURE

At 30 June 2008, IC Companys had 8,994 registered shareholders, who aggregated hold 96.9% of the share capital. A breakdown of the shareholders is shown below.

| Shareholders, 30 June 2007 | Number of shares | Capital and votes |
|---|---|---|
| Friheden Invest A/S | 6,983,892 | 39.0% |
| Danish Labour Market Capital Pension Fund (ATP) | 2,000,788 | 11.2% |
| Other Danish institutional shareholders | 2,908,314 | 16.2% |
| Danish private shareholders | 2,578,468 | 14.4% |
| Foreign institutional shareholders | 1,428,097 | 8.0% |
| Foreign private shareholders | 143,543 | 0.8% |
| Treasury shares | 1,318,882 | 7.4% |
| Non registered shareholders | 557,648 | 3.1% |
| Total | 17,919,632 | 100.0% |

## INVESTOR RELATIONS

The Group has set out the objective to maintain a high and uniform information flow and to further the open and active dialogue with investors, analysts and other stakeholders. Visit www.iccompanys.com for investor policy, financial statements, presentations, the group's announcements to the OMX Nordic Exchange Copenhagen and other relevant investor information.

During the financial year the group has hosted 4 webcasts at the release of the quarterly reports. Furthermore, the Company participates continually in road shows, investor seminars and sets up meetings with individual investors and financial analysts. IC Companys A/S does not hold investor meetings in a period of 4 weeks up to the release of financial statements or other material announcements.

## FINANCIAL CALENDER 2008/09

| Date | Event |
|---|---|
| 22.10.08 | 2008 Annual General Meeting expected to be held |
| 19.11.08 | Expected release of Q1 announcement |
| 26.02.09 | Expected release of H1 announcement |
| 20.05.09 | Expected release of Q3 announcement |
| 10.09.09 | Expected release of profit announcement for the full year 2008/09 |
| 21.10.09 | 2009 Annual General Meeting expected to be held |

Inquiries from shareholders, analysts and other stakeholders may be directed at:

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IC Companys A/S
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2300 København S

Tel: +45 3266 7017
Fax: +45 3266 7040

Investor Relations Manager
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IC Companys A/S
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Tel.: +45 3266 7409
Fax: +45 3266 7040
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## ANALYSTS

| Investment Bank | Analyst | E-mail |
|---|---|---|
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| Sydbank | Bjørn Schwarz | schwarz@sydbank.dk |

## ANNUAL GENERAL MEETING 2007/08

The Annual General Meeting will be held Wednesday 22 October 2008 at 15:00 hours at “The Black Diamond”, Søren Kierkegaards Plads 1, DK-1221 Copenhagen K.

The agenda is as follows:

1. Report by the Board of Directors on the activities of the Company.

2. Presentation of the annual report for the period 1 July 2007 - 30 June 2008 endorsed by the auditors and approval of the annual report.

3. Resolution as to the appropriation of the profits, including the declaration of dividends, or provision for losses in accordance with the adopted annual report.
   The Board of Directors proposes to distribute a dividend of DKK 4.00 per share ranking for dividend.

4. Election of members to the Board of Directors. Niels Hermansen has resigned from the Board of Directors as at 1 August 2008. The Board of Directors proposes re-election of the remaining Board.

5. Appointment of auditor. The Board of Directors proposes that Deloitte Statsautoriseret Revisionsaktieselskab be reappointed.

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. Capital reduction – Amendment of article 4 of the Articles of Association. The Board of Directors proposes that the share capital be reduced by DKK 9,768,250 nominal value equivalent to the number of shares repurchased under the share buyback programmes carried out.

8. Members of the Executive Board – Amendment of article 24 of the Articles of Association. The Board of Directors proposes that article 24 of the Articles of Association be amended to the effect that the Board of Directors may engage an Executive Board consisting of one to four Executive Officers to handle the daily management of the company.

9. Any other business.

## ANNOUNCEMENTS TO THE STOCK EXCHANGE 2007/08

| Date | No | Subject |
|---|---|---|
| 16-07-07 | 31 (2007) | Financial calendar 2007/08 |
| 04-09-07 | 32 (2007) | Information meeting Annual Report 2006/07 |
| 12-09-07 | 33 (2007) | Annual Report 2006/07 |
| 12-09-07 | 34(2007) | Report management purchase |
| 12-09-07 | 35 (2007) | Shareholder announcement ATP |
| 13-09-07 | 36(2007) | Report Board of Directors |
| 14-09-07 | 37 (2007) | Report management sale |
| 26-09-07 | 38 (2007) | Warrants |
| 26-09-07 | 39 (2007) | Articles of Association |
| 05-10-07 | 40 (2007) | Notice General Meeting |
| 24-10-07 | 41 (2007) | Development Annual General Meeting |
| 07-11-07 | 42 (2007) | Information meeting interim report 2007/08 |
| 14-11-07 | 43 (2007) | Interim report Q1 2007/08 |
| 13-12-07 | 44 (2007) | Extraordinary General Meeting |
| 03-01-08 | 1 (2008) | Share buyback beginning |
| 14-01-08 | 2 (2008) | Share buyback |
| 15-01-08 | 3 (2008) | Extraordinary General Meeting |
| 21-01-08 | 4 (2008) | Share buyback |
| 28-01-08 | 5 (2008) | Share buyback |
| 28-01-08 | 6 (2008) | Share buyback |
| 28-01-08 | 7(2008) | Articles of Association |
| 30-01-08 | 8 (2008) | Development Extraordinary General Meeting |
| 04-02-08 | 9 (2008) | Share buyback |
| 11-02-08 | 10 (2008) | Share buyback |
| 18-02-08 | 11(2008) | Share buyback |
| 21-02-08 | 12(2008) | Information meeting |
| 25-02-08 | 13(2008) | Share buyback |
| 28-02-08 | 14(2008) | Share buyback beginning |
| 29-02-08 | 15(2008) | Interim Report H1 2007/08 |
| 29-02-08 | 16(2008) | Share buyback beginning |
| 10-03-08 | 17 (2008) | Share buyback |
| 17-03-08 | 18 (2008) | Share buyback |
| 31-03-08 | 19(2008) | Share buyback |
| 31-03-08 | 20 (2008) | New CEO |
| 31-03-08 | 21(2008) | Stock options |
| 07-04-08 | 22(2008) | Share buyback |
| 08-04-08 | 23(2008) | Share buyback |
| 14-04-08 | 24(2008) | Share buyback |
| 21-04-08 | 25(2008) | Share buyback |
| 28-04-08 | 26(2008) | Share buyback |
| 02-05-08 | 27(2008) | COO |
| 05-05-08 | 28(2008) | Share buyback |
| 07-05-08 | 29(2008) | Information meeting Interim Report 2007/08 |
| 14-05-08 | 30(2008) | Share buyback ending |
| 15-05-08 | 31(2008) | Interim report Q3 2007/08 |
| 15-05-08 | 32(2008) | Share buyback beginning |
| 26-05-08 | 33(2008) | Share buyback |
| 02-06-08 | 34(2008) | Share buyback |
| 09-06-08 | 35(2008) | Share buyback |
| 13-06-08 | 36(2008) | Financial calendar 2008/09 |
| 16-06-08 | 37(2008) | Share buyback |
| 23-06-08 | 38(2008) | Share buyback |
| 30-06-08 | 39(2008) | Share buyback |

# BOARD OF DIRECTORS, EXECUTIVE TEAM AND EXECUTIVES

## BOARD OF DIRECTORS

| | |
|---|---|
| Niels Erik Martinsen (60)<br>**Chairman**<br><br>Member of the board since 2001<br>Shareholdings: 6,984,520 | President & CEO of Friheden Invest A/S<br><br>*Chairman of the Board of Directors of:* A/S Sadolin Parken and A/S Rådhusparken<br>*Member of the Board of Directors of:* Friheden Invest A/S, By Malene Birger A/S<br><br>*Is considered a dependent member of the Board of Directors* |
| Henrik Heideby (59)<br>**Deputy Chairman**<br><br>Member of the board since 2005<br>Shareholdings: 3,000 | President & CEO of PFA Holding A/S and PFA Pension, forsikringsaktieselskab<br><br>*Member of the Board of Directors of: Unomedical A/S, Unomedical Holding A/S, Mezzanin Kapital A/S, Holdingaktieselskabet FunktionærPension*<br><br>*Is considered an independent member of the Board of Directors* |
| Ole Wengel (58)<br>**Deputy Chairman**<br><br>Member of the board since 2003<br>Shareholdings: 43,333 | President & CEO of Pinus Møller Holding A/S<br><br>*Is considered an independent member of the Board of Directors* |
| Anders Colding Friis (45)<br><br>Member of the board since<br>Shareholdings: 2,450 | President & CEO of Skandinavisk Tobakskompagni A/S<br><br>*Chairman of the Board of Directors of:* Orlik Tobacco Company A/S, Dagrofa A/S, Monberg & Thorsen A/S<br>*Member of the Board of Directors of:* Dyrup A/S<br><br>*Is considered an independent member of the Board of Directors* |
| Per Bank (40)<br><br>Member of the board since 2008<br>Shareholdings: 0 stk. | CEO of Coop Danmark A/S<br><br>*Chairman of the Board of Directors of:* Irma A/S, Fakta A/S, Intercoop Ltd.<br>*Member of the Board of Directors of:* OK A.m.b.a., Coop Trading A/S<br><br>*Is considered an independent member of the Board of Directors* |

## EXECUTIVE BOARD

| | |
|---|---|
| Niels Mikkelsen (43)<br>**Chief Executive Officer (2008)**<br><br>Shareholdings: 0<br>Stock Options: 100.000 | *Chairman of the Board of Directors of:* By Malene Birger A/S |
| Chris Bigler (38)<br>**Chief Financial Officer (2004)**<br><br>Shareholdings: 6.549<br>Options: 30.000<br>Warrants: 5.000 | |
| Anders Cleemann (41)<br>**Executive Brand Officer (2008)**<br><br>Shareholdings: 0<br>Optioner: 30.000<br>Warrants: 10.000 | *Member of the Board of Directors of:* Muuto A/S, Kraftvaerk A/S |

## FUNCTIONAL DIRECTORS

| | |
|---|---|
| Lars Altemark | Supply Chain Director |
| Anders Cleemann, acting | Brand Director, Part Two |
| Annette C. Thomsen | Brand Director, Soaked in Luxury |
| Claus Bendixen | Brand Director, InWear & Matinique |
| Jonas Ottosson | Brand Director, Peak Performance |
| Lars Andresen | Brand Director, By Malene Birger |
| Niels Eskildsen | Brand Director, Designers Remix Collection |
| Hans-Peter Henriksen | Brand Director, Saint Tropez |
| Roger Tjernberg | Brand Director, Tiger of Sweden |
| Sune Bjerregaard | Brand Director, Jackpot & Cottonfield |

## AUDITORS

Deloitte Statsautoriseret Revisionsaktieselskab

## COMPANY DATA

| | | | |
|---|---|---|---|
| **Share capital** | 170,919,632 | **Address** | IC Companys A/S |
| **No. shares** | 17,919,632 | | Raffinaderivej 10 |
| **Share Classes** | One Class | | 2300 København |
| **ISIN-Code** | DK0010221803 | | |
| **Reg. no.** | 62816414 | **Telephone** | +45 3266 7788 |
| | | **Fax** | +45 3266 7703 |
| **Reuters ticker** | IC.CO | **Email** | ho@iccompanys.com |
| **Bloomberg Ticker** | IC DC | | |

# DEFINITION OF KEY RATIOS

| | | |
|---|---|---|
| EBITDA margin (%) | = | Operating profit before depreciation and amortisation / Revenue |
| EBIT margin (%) | = | Operating profit / Revenue |
| Gross margin (%) | = | Gross profit / Revenue |
| Net interest-bearing debt | = | Short-term and long-term debt to financial institutions and and lease debt less cash and cash equivalents |
| Average capital employed including goodwill | = | Net average working capital plus intangible assets and property, plant and equipment less provisions. Goodwill included represents total purchased goodwill before accumulated amortisation and after writedown for impairment. |
| Return on capital employed (%) | = | Operating profit before amortisation of goodwill and special items / Average capital employed including goodwill |
| Diluted earnings per share | = | Profit for the year / Diluted average number of shares excluding treasury shares |
| Diluted cash flow per share | = | Cash flow from operating activities / Diluted average number of shares excluding treasury shares |
| Diluted net asset value per share | = | Group Equity at year-end excluding minority interests / Number of shares at year-end excluding treasury shares, diluted |
| Return on equity (%) | = | Profit for the year / Average equity |
| Equity ratio (%) | = | Equity at year-end / Total assets at year-end |
| Financial leaverage (%) | = | Net interest-bearing debt / Equity at year-end |
| Diluted price / earning | = | Market price per share at year-end / Diluted earnings per share |
| Distribution channel profit/(loss) | = | Revenue of the distribution channel less cost of sales and selling and distribution costs and administrative expenses attributable to the distribution channel. |
| Same Store Definition | = | A Same Store has an unchanged location, sales area and facade name and at least a full year of comparable sales data |

# GROUP STRUCTURE AT 30 JUNE 2008

| Company | Country | Currency | Share capital 1000 units |
|---|---|---|---|
| **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 |
| Brand Farm A/S | Denmark | DKK | 1,000 |
| Designers Remix Collection A/S | Denmark | DKK | 500 |
| Raffinaderivej 10 A/S | Denmark | DKK | 500 |
| IC Companys Research ApS | Denmark | DKK | 500 |
| Adventure Sport & Leisure AS | Norway | NOK | 9,450 |
| ICe Companys Sweden AB | Sweden | SEK | 10,000 |
| Tiger of Sweden AB | Sweden | SEK | 501 |
| ICe Companys Sweden Holding AB | Sweden | SEK | 50,000 |
| Vingåker Factory Outlet AB | Sweden | SEK | 200 |
| Carli Gry International Sweden AB | Sweden | SEK | 100,000 |
| Peak Performance AB | Sweden | SEK | 2,645 |
| Peak Performance Production AB | Sweden | SEK | 400 |
| S T Sweden AB | Sweden | SEK | 100 |
| IC Companys Finland Oy | Finland | EUR | 384 |
| IC Companys Holding & Distributie B.V. | Netherlands | EUR | 2,269 |
| IC Companys Nederland B.V. | Netherlands | EUR | 39 |
| IC Companys Belgium N.V. | Belgium | EUR | 3,305 |
| IC Companys (UK) Ltd. | UK | GBP | 4,350 |
| IC Companys Germany G.m.b.H. | Germany | EUR | 26 |
| IC Companys Verwaltungs G.m.b.H. | Germany | EUR | 1,432 |
| IC Companys Austria G.m.b.H. | Austria | EUR | 413 |
| IC Companys AG | Switzerland | CHF | 3,101 |
| IC Companys Spain S.A. | Spain | EUR | 1,400 |
| 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 |
| IC Companys Hong Kong Ltd. | Hong Kong | HKD | 10,000 |
| IC Companys (Shanghai) Ltd. | China | CNY | 5,289 |
| IC Companys Trading (Shanghai) Ltd. | China | USD | 2,000 |
| IC Companys Romania SRL | Romania | ROL | 1,317 |
| Peak Performance Italy SRL | Italy | EUR | 10 |
| **51% owned subsidiary** | | | |
| By Malene Birger A/S | Denmark | DKK | 500 |

IC COMPANYS
HOME OF FASHION BRANDS