

PRESS ANNOUNCEMENT

24 July 2011

Occurrences of chemical residues in products from IC Companys

IC Companys has recently reported a number of cases to the Danish Ministry of the Environment concerning occurrences of chemical residues in garments sold through several Group brands.

Detected findings of chemical residues:

1. In November 2009 we detected a small amount of the Azo dye (the value is 36mg/kg – which is 0.06mg/kg above the permitted value) in a small badge of one long sleeve T-shirt from the brand Cottonfield. The name of the style is "RAY". The badge is placed on the outside of the style in question and is not in direct contact with the skin. After having detected the chemical residues, the style in question was immediately recalled. 999 pieces of this style were sold of which we have received 25 pieces back.
2. In June 2010 we detected too high amounts of the allergy-provoking dye "Disperse red 11" in two dresses from the brand InWear. The names of the two styles are "SAJAMI" and "YAMMIE". After having detected the chemical residues, both styles in questions were immediately recalled. "Disperse red 11" – cas no.2872-48-2 – is pursuant to GHS classified as code H317; stating that it "may cause allergic skin reaction." However, it should be noted that we have not received any complaints from customers or partners concerning any allergic skin reactions from these products. 2388 pieces of these styles were sold of which we have received 992 pieces back.
3. In July 2010 we detected a too high amount of nickel content in the metal parts of a leather bracelet from the brand Part Two. The name of the accessory is "PT96". After having detected this, the bracelet was immediately recalled. Nickel may cause allergic reactions when in direct contact with the skin. No allergic reactions have been reported in connection with this occurrence. 1429 pieces of this accessory were sold of which we have received 712 pieces back.
4. In January 2011 we detected a too high concentration of Cr6+ (Chromium 6) in a leather shirt from the brand Part Two. The name of the style is "QINNA". After having detected this, the style in question was immediately recalled. Pursuant to GHS, Chromium 6 is classified as code H317; stating that it "may cause allergic skin reaction". However, it should be noted that we have not received any negative reactions from customers or partners. 229 pieces of this style were sold of which we have received 175 pieces back.

IC Companys takes such findings very serious and we reacted promptly after having detected too high permissible values by immediately recalling the products from the stores and informing our entire sales chain. Furthermore, we then contacted the producers of the affected products and asked them to guarantee that future products would comply with IC Companys' high standards of comfort and safety.

At that point in time we considered our actions to be correct, but after having looked into the procedures, we must admit that we unfortunately have made a procedural mistake by not informing the authorities and customers as we are required to by law. This does not live up to our own standards of ensuring the best possible consumer safety and complying with the rules in force. We are of course truly sorry that we did not fully comply with the statutory regulations on this specific issue and consequently did not inform the Danish Safety Technology Authority and the Danish Ministry of the Environment. The Company has internally reviewed this case thoroughly and we are firm on stressing that the rules must be complied with, in particular, in cases such as these concerning consumer safety.

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

To us safety is an important issue and we regret immensely these occurrences. Consequently, we have therefore requested to have personal meetings and counseling with both the Danish Safety Technology Authority and the Danish Ministry of the Environment. Both authorities have responded positively to our request. In the future we will in cooperation with the relevant authorities do all we can to implement or enhance the procedures needed in connection with such occurrences.

Decision from the Danish Ministry of the Environment:

Concerning the cases; the long sleeve T-shirt with the badge containing the Azo dye (findings no. 1), the dresses with the Disperse Red (findings no. 2) and the leather bracelet containing nickel (findings no. 3), the Danish Ministry of the Environment has instructed the Company to follow their guidelines.

Conclusively, the guidelines from the Danish Ministry of the Environment recommend the use of analytical methods which take into account the standards of the Commission (findings no. 3) and that further tests are performed in case of findings close to the maximum permissible values (findings no. 1). The Danish Ministry of the Environment considers the three cases closed.

Concerning the case with the shirt containing Chromium 6 (findings no. 4), the Danish Ministry of the Environment has stressed that the Company should have informed the inspection authorities and communicated this to the customers at that time. Obviously, we take note of this and regret deeply that we did not react as required back then. In accordance with the existing procedures in the area, the Company will in cooperation with the Danish Ministry of the Environment send a statutory notification of the product to the relevant EU authorities. Besides this notification and our product recall in February 2011, the Danish Ministry of the Environment has confirmed that no further measures need to be taken in relation to these products.

Future measures:

Based on the experience gained from the above-mentioned findings and our dialogues with the authorities, we have now rectified our processes both internally as well as externally in relation to product recall and communication with the authorities and the public, and we have implemented new procedures concerning product recall. Furthermore, in the future we will strive at conducting a close dialogue with the authorities in order to ensure that our procedures are the most optimum in relation to complying with the prevailing regulations and best practices.

Our new procedures for product recall were "tested" in mid-July where the external laboratory, with which we cooperate, detected three styles containing allergy-provoking substances under a spot check of new products. The Danish Ministry of the Environment was subsequently informed within 24 hours while we recalled the products immediately. This prompt reaction resulted in the fact that the major part of the products were still in stock. The Danish Ministry of the Environment has reported that until further notice the Company does not need to communicate to the customers regarding the findings of these three new cases.

IC Companys' many external suppliers produce more than 14 million garments a year. Irrespective of our high requirements to the suppliers, we are in no position to guarantee that every single one comply with our high standards of comfort and safety. We can, however, guarantee that we will react promptly and consistently on all occurrences of which we are informed. Furthermore, we will strive at enhancing the control of our products before they reach the stores.

As a consequence we have strengthened the CSR organisation that will help the Company undertake such issues. At the same time we are working on a sourcing project of which the objective is to reduce the number of suppliers and enter into close partnerships with the rest. This will result in a far better control of our products and will ensure that the suppliers comply with our requirements.

It has been most unfortunate to realise that our internal systems do not fully live up to the intentions. We hope that with the measures we have initiated, we can avoid future occurrences, and we very much look forward to meeting the Minister of the Danish Ministry of the Environment to discuss on how to further improve the consumer safety.

IC Companys A/S

Niels Mikkelsen
Chief Executive Officer

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

Please direct any questions regarding this announcement to:

Thomas Rohold
Investor Relations Manager
+45 3266 7093

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.