IC GROUP

IC GROUP

ANNUAL REPORT 2015/16

PEAK PERFORMANCE, 30TH ANNIVERSARY COLLECTION, WINTER 2016

MANAGEMENT COMMENTARY

CONSOLIDATED FINANCIAL STATEMENTS

PARENT COMPANY FINANCIAL STATEMENTS

STATEMENTS

GROUP STRUCTURE AND KEY RATIOS

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK million	2015/16	2014/15	2013/14	2012/13[1]	2011/12[1]
INCOME STATEMENT					
Revenue	2,665	2,638	2,563	2,424	2,297
Gross profit	1,513	1,446	1,470	1,371	1,253
Operating profit before depreciation and amortization (EBITDA)	306	263	284	255	219
Operating profit (EBIT)	243	207	221	191	156
Net financials	(7)	(8)	(5)	(13)	(1)
Profit for the year before tax	247	201	216	178	155
Profit for the year of continuing operations	192	154	160	138	107
Profit/loss for the year of discontinued operations	3	(14)	5	(134)	(17)
Profit for the year	195	140	165	4	90
STATEMENT OF FINANCIAL POSITION					
Total assets	1,444	1,852	1,854	2,022	2,008
Average invested capital including goodwill	736	659	708	914	1,110
Net working capital	314	268	314	279	403
Total equity	740	884	833	809	831
Net interest-bearing debt, end of year	25	82	52	118	248
STATEMENT OF CASH FLOWS					
Cash flow from operating activities	183	226	264	232	258
Cash flow from investing activities	55	15	(91)	(167)	(108)
Investments in property, plant and equipment	(81)	(45)	(77)	(58)	(72)
Free cash flow	238	241	173	65	150
Cash flow from financing activities	(319)	(172)	(109)	(35)	(87)
Net cash flow for the year	(81)	69	64	30	64
KEY RATIOS (%)					
Revenue growth	1.0	2.9	5.7	5.5	2.1
Gross margin	56.8	54.8	57.3	56.6	54.5
EBITDA margin	11.5	10.0	11.0	10.5	9.5
EBIT margin	9.1	7.8	8.6	7.9	6.8
Tax rate	22.2	23.2	25.8	22.5	31.0
Return on equity	23.5	18.0	19.5	16.9	13.6
Equity ratio	51.2	47.5	45.3	40.0	41.4
Return on invested capital, 12 months trailing EBIT[2]	33.0	31.4	31.2	20.9	14.0
Net working capital in proportion to 12 months trailing revenue	11.8	10.2	12.3	11.5	17.5
Cash conversion	1.0	1.2	0.8	0.3	1.0
Financial gearing	3.4	9.3	6.3	14.6	29.9
SHARE-BASED RATIOS					
Average number of shares excluding treasury shares, diluted (thousands)	16,678	16,550	16,447	16,402	16,406
Share price, end of year, DKK	172.0	187.5	185.5	122.0	97.5
Earnings per share, DKK	11.6	8.5	9.9	0.1	5.4
Diluted earnings per share, DKK	11.6	8.5	9.9	0.1	5.4
Diluted cash flow per share, DKK	11.0	13.7	18.2	14.2	15.7
Diluted net asset value per share, DKK	44.0	53.1	50.3	49.1	50.5
Diluted price/earnings, DKK	14.8	22.1	18.7	1,220.0	18.2
EMPLOYEES					
Number of employees, calculated as FTEs, end of year	1,146	1,042	1,047	1,264	1,302

The key ratios have been calculated according to the recommendations set out in "Recommendations & Financial Ratios 2015" issued by the Danish Society of Financial Analysts.

1) Comparative figures in the income statement have been adjusted to reflect that the Mid Market division has been presented as discontinued operations. Other key ratios for 2011/12–2012/13 have not been adjusted.

2) Return on invested capital is calculated as EBIT's share of invested capital, cf. definition of key ratios on page 95.

THE GROUP IN SHORT

THE GROUP

IC Group operates in the apparel and fashion industry, focusing exclusively on the Premium segment. The Group operates and develops 3 Premium brands – Peak Performance, Tiger of Sweden and By Malene Birger. In addition, the Group owns the 2 brands Saint Tropez and Designers Remix (equity share of 51%). The Group has more than 1,000 employees, and its products are sold through more than 5,000 selling points – primarily within the Nordic region and in rest of Europe.

VISION

To be among the best developers of Premium apparel brands.

MISSION

To build successful brands by uniting business excellence with creativity and innovation.

BUSINESS MODEL

We create value through a well-defined business model which constitutes the platform for operating and developing our Premium brands. The business model facilitates project management, strategic sparring and knowledge sharing across brands. Furthermore, it includes a shared infrastructure and a number of centralized support functions shared by all Group brands, thus exploiting the synergies arising when operating several brands.

AMBITIONS

It is our ambition to generate continued revenue growth while at the same time improving the profitability of the Group in the long-term perspective. We strive at achieving this ambition by increasing existing markets shares for our Premium brands while at the same time expanding into new markets.

OUTLOOK

The Group's Premium brands are expected to drive the total revenue development. Revenue growth is expected to be driven by both the wholesale channel as well as the retail channel where new stores are expected to impact positively

Specifically, we expect the Group to realize:

Revenue growth (in local currency)	**at least 6%**
EBIT margin	**approx. 9%**
Investments (of annual revenue)	**3-5%**

PREMIUM BRANDS

PeakPerformance

Peak Performance was founded in Sweden in 1986 by passionate skiers. Today, Peak Performance is the largest brand in Scandinavia developing technical, functional sports and fashion wear.

Wholesale customers:	1.814
Retail stores:	39
Franchise stores:	36
Concessions:	1

peakperformance.com

TIGER OF SWEDEN

With its strong roots in classic menswear confection tradition and proud tailoring skills, Tiger of Sweden has, since 1903, developed into a brand distinguishing itself by offering modern apparel to men and women characterized by "a different cut".

Wholesale customers:	1.029
Retail stores:	20
Franchise stores:	11
Concessions:	19

tigerofsweden.com

BY MALENE BIRGER

Since its foundation in 2003, By Malene Birger has been recognized as a high-profile design brand with an international appeal offering "affordable luxury" to fashion-conscious women.

Wholesale customers:	823
Retail stores:	8
Franchise stores:	9
Concessions:	6

bymalenebirger.com

OTHER BRANDS

SAINT TROPEZ

DESIGNERS REMIX CHARLOTTE ESKILDSEN

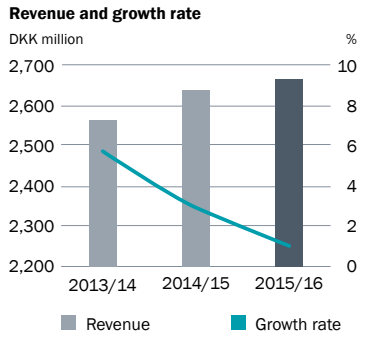
FINANCIAL FACTS OF THE GROUP

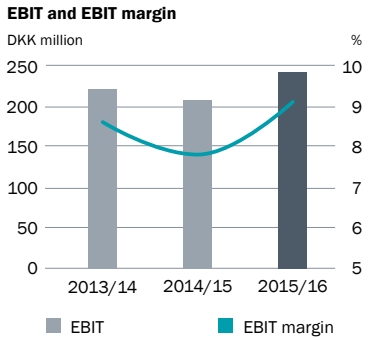
FINANCIAL KEY RATIOS

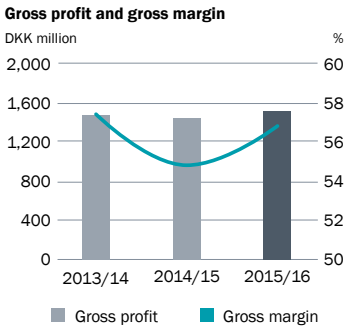
REVENUE DKK MILLION	REPORTED GROWTH	GROWTH IN LOCAL CURRENCY	EBIT DKK MILLION	REPORTED EBIT MARGIN
2,665	1.0%	1.9%	243	9.1%

FREE CASH FLOW DKK MILLION	FREE CASH FLOW PER SHARE, DKK	RETURN ON INVESTED CAPITAL	NET WORKING CAPITAL RELATIVE TO REVENUE	NET INTEREST-BEARING DEBT, DKK MILLION
238	14	33%	12%	25

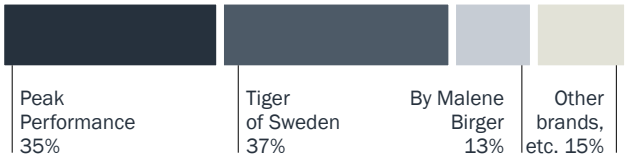
DEVELOPMENT LAST 3 YEARS



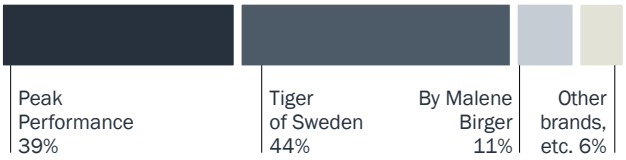




REVENUE PER BUSINESS UNIT



EBIT PER BUSINESS UNIT



REVENUE DISTRIBUTION ON GEOGRAPHICAL MARKETS AND SALES CHANNELS

	Group	Peak Performance	Tiger of Sweden	By Malene Birger	Other brands
Nordic region	72%	63%	82%	62%	79%
Rest of Europe	23%	33%	15%	25%	16%
Rest of world	5%	4%	3%	13%	5%
Wholesale and franchise	63%	64%	63%	69%	54%
Retail	37%	36%	37%	31%	46%

A GOOD YEAR DESPITE LOWER THAN EXPECTED REVENUE DEVELOPMENT

Financial results lower than expected

Despite a good head start at the beginning of the financial year where especially the physical stores as well as the e-commerce channel performed well, the disappointing second half-year of 2015/16 meant that we did not perform according to our originally announced outlook. In the beginning of the calendar year, we experienced a significant shift in the market conditions which was reflected in the lower traffic to our stores. This trend was generally outspoken in all of the Group's primary markets – Sweden, Denmark and Norway – and, therefore, also affected our wholesale customers. Consequently, this did not only have an impact on our retail business, it also affected our opportunities for supplementary sales to our wholesale customers. At the same time, a couple of weak spring collections fuelled the adverse effects of the development.

The Group realized a total revenue of DKK 2,665 million for the financial year 2015/16 corresponding to a growth rate of 1.0% compared to last financial year. The operating profit amounted to DKK 243 million corresponding to an EBIT margin of 9.1%. Both figures are lower than expected at the beginning of the financial year and for that reason not satisfactory.

Reasons for optimism

Despite the fact that we did not achieve the financial results as expected, we still delivered good results in a number of areas. We are particularly pleased with the satisfactory growth in our e-commerce channel which contributed to the Group's total revenue growth for the financial year. Moreover, this channel also playes a pivotal role in our efforts to gain a higher consumer focus. The combination of our state-of-the-art e-commerce platform and consolidated distribution centre provide us with a good basis for strengthening the interaction between physical retail and e-commerce – also referred to as omni-channel. There is no doubt that the development from physical retail towards online retail will continue. And specifically in the industry and segment in which our Premium brands operate, there is a need for a strong interaction between online and offline sales channels. Consequently, we will continue to work towards more controlled distribution where the different channels need to supplement and reinforce each other.

We are also pleased to see that we have improved our gross margin across all brands, and the Group's gross margin rose by 2.0 percentage points. Since the end of the financial year 2014/15, we have worked on a number of initiatives that will all contribute to a continuous improvement of the Group's gross margin.

In general, we are focusing on two initiatives in order to improve the gross margin. Our first focus area is to improve the gross margin on the goods we produce. Externally, our focus is on continously optimizing the supplier base and terms of cooperation with these suppliers. Internally, we are adapting a more structural and targeted work approach and, among others, minimizing the size of collections for the purpose of reducing the complexity and increasing efficiency. The other main focus area is to increase the share of products sold at full price. In this aspect, we are working on implementing a more stringent control of business terms and discount structures which at the same time will be synchronized with the segmentation of the wholesale customers, just as we are working more selectively with discounting and sales periods in our own channels. In spite of the adverse impact from a significantly higher USD exchange rate, the Group has succeeded in improving its gross margin for 2015/16 through a combination of targeted work efforts with the supplier base and business terms, product development improvements as well as price increases.

We expect to see further effects from the initiatives we are implementing, and we still expect further gross margin improvements over the coming years. However, in addition we have already observed one important side effect of our efforts. We have rooted a stronger awareness in respect of profitability and the understanding of this throughout our development process. The same applies for our operational platform where we continuously consider the opportunities for ensuring the best and most efficient support of the Group's Premium brands. The consolidation of the Logistics function to one distribution centre in Denmark, the decision of off-shoring the Financial Shared Services (FSS) function to Poland as well as the relocation of the Group's head office to new and smaller premises are all visible results of these efforts during the financial year 2015/16.

Group Premium brands to continue development

Again this financial year, the Group's 3 Premium brands have taken important steps towards achieving their long-term strategic targets.

In Peak Performance revenue and operating profit were affected by the implemented distribution restructuring which in particular had an negative impact on the wholesale channel. In all matrial

respects, the restructuring has been completed, and the brand now has the proper base of wholesale customers which we will continue to develop in the future. On the product and branding side, the consumer is now able to see a significantly changed profile for Peak Performance. Besides distribution, product development has played a key focus area, and large changes have taken place. In order to gain the desired market position, it is decisive that we intensify our distribution control and increase the number of branded sales areas – a focus area which is shared by all our Premium brands. Hence, Peak Performance opened 7 new stores and 3 outlets during the financial year under review which contribute to a higher distribution control of both in-season products as well as surplus products.

Once again, Tiger of Sweden generated revenue growth in spite of lower traffic in own stores as well an OTB business (supplementary sales to wholesale customers) which did not perform as expected. Tiger of Sweden opened 7 new stores and 1 outlet during the financial year 2015/16 which, combined with considerable growth rates reported in the e-commerce channel, contributed to revenue growth. The newly opened stores are primarily located in Sweden while the first store, out of a planned number of stores in Germany, opened in Berlin in April 2016. Germany accounts for the largest of the brand's 3 primary focus markets outside the Nordic region.

By Malene Birger headed by a new CEO has embarked on implementing a more commercial agenda to the business and the organization. Since the brand was founded, its strength has been its strong design-driven DNA. To exploit the brand's potential even further and to put more focus on international expansion, the brand needs to supplement its design-driven competences with business procedures and framework supporting a more commercial agenda than previously. In particular, this applies for product development where we are focusing on reducing the collection complexity, strengthen important product categories and increase the share of basis products. Same applies for branding and go-to-market strategies where we will increase focus on consumer demand and preferences.

Consumer focus

During the financial year 2015/16 we opened far more stores compared to previous years. Specifically, we opened 23 new stores and outlets. We have embarked on the expansion of our store network – an expansion which will continue during the coming financial years. As mentioned earlier, we are focusing on increasing distribution control in general. First and foremost, this is handled by increasing the share of own controlled distribution – both physical stores as well as e-commerce.

Consumer behavior is the catalyst for the change which is taking place in our industry, and the consumer is therefore also the pivotal point for the development of our future distribution. As mentioned earlier, e-commerce and the interaction with the physical channels play a central role. However, a higher focus on retail and consumers puts a number of requirements on us – in particular in respect of the physical stores. We must not only be good at operating stores, we must also be better at optimizing sourcing and coordinating the inventory flow to them in order to match demand throughout the season. Already during the product development phase, we need to keep the consumer and our own channels in mind to a far greater extent than earlier. We must thus optimize the collections and improve our products' hit rates in the stores. We are highly aware of how important this is for our success, and are thus in the process of strengthening our consumer focus across the entire organization. At the same time we will continue to add competences – both from our own industry and from other industries from which we can learn something.

More aggressive action in the future

We own 3 strong Premium brands, for all of which we have high ambitions. All 3 brands hold potentials for further international expansion, and we are determined to exploit this potential. We approach this task in an analytical and structural manner, however, at the same time we are aware of not getting caught up in the analysis phase. We must act forcefully in seizing the opportunities needed to achieve success for our Premium brands outside the Nordic region.

CORPORATE STRATEGY AND BUSINESS MODEL

Our vision to be among the best developers of Premium brands within the industry of apparel and fashion forms the basis for our target of creating shareholder value. Group brands are developed by means of a well-defined business model which constitutes the framework for our mission of building successful brands by uniting business excellence with creativity and innovation.

The market of apparel and fashion

The industry of apparel and fashion represents one of the world's largest consumer goods markets which accounted for a global revenue of approx. USD 1,400 billion in 2015. The global market for apparel and fashion may roughly be divided into 4 segments which differ in a number of parameters such as price and quality level, degree of branding as well as mix of distribution channels. The number of market players between the different segments varies significantly and with that also the competition as well as growth and earnings opportunities. Besides the 4 segments outlined below, there is also a large mass-market for non-branded products as well as private labels.

Premium-focused strategy

IC Group creates value by operating and developing brands in the Premium segment. We focus on this market segment as it has historically been characterized by strong growth rates and solid earnings. Furthermore, this segment is characterized by a high degree of internationalization. We hold strong competences within this segment in which we have succeeded in operating and developing brands. Historically, we have generated solid revenue growth and high earnings.

We create value by developing and investing in existing Group Premium brands. This takes place by means of a well-defined business model which constitutes the framework for operating and developing these brands. Furthermore, we continuously consider the opportunities for further value creation by developing the brand portfolio. Historically, we have successfully acquired brands, and 2 of our Premium brands have been added to our portfolio through acquisitions.

The Group has a clear target which is to generate profitable growth. Revenue must be improved while earnings must increase proportionally more in the long-term perspective. We expect to realize growth primarily through internalization of the Group's Premium brands by means of expansion in both existing as well as new selected markets.

Higher consumer focus

The consumer plays a pivotal role in our strategy and achievement of results. However, in a world where everything is becoming more global and digitalized, the consumer behavior is changing rapidly. We are therefore constantly trying to better understand the consumer behaviour and the changes that it is undergoing. This is a key factor in ensuring that the Group's brands stay relevant in their markets and meet consumer demands at any time.

It is also crucial for us that we strengthen the control of the distribution channels which is the place where the consumers meet our brands and experience the products that we offer. Consequently, our own stores and e-commerce platform play a

MARKET OF APPAREL AND FASHION

FAST FASHION	MID MARKET	PREMIUM	LUXURY
• Fast-to-market business model (through supply chain execellence) • 100% own distribution • Volume focus	• Balance commercial products, costs and branding • Fragmented market with few international players	• Build strong brands through attractive branding • Good quality and unique design • Selective international expansion, mix of wholesale and retail	• Branding and design are crucial • High quality products • Primarily own distribution

vital role when it comes to delivering the best possible consumer experience. In these channels we have full control and receive consumer feedback immediately. We will therefore expand the network of own stores and boost growth of the e-commerce platform in the coming years. Store openings will take place based on a cluster approach where each store opening is supported by intensified efforts towards wholesale customers located in the area, targeted local communication as well as enhanced marketing through the e-commerce platform.

While gradually expanding the share of own controlled distribution, we are working on streamlining the brand experience across all distribution and communication channels to ensure that we offer a seamless consumer journey everywhere and whenever our consumers engage with one of our brands. We acknowledge the differences in consumer needs across geographical markets, but at the same time we also conclude that the modern consumer is less bound by geographical borders.

The Group's Premium brands

Today, IC Group develops and operates the 3 Premium brands; Peak Performance, Tiger of Sweden and By Malene Birger which are all strong brands with a high degree of brand awareness in their Nordic core markets. All 3 brands hold significant international growth potentials.

Other brands

In addition, the Group owns the 2 brands; Saint Tropez (wholly owned) and Designers Remix (equity share of 51%). Saint Tropez is a Fast Fashion brand whereas Designers Remix operates within the Premium segment. None of the 2 brands are integrated into the Group's operational platform, and in all material respects both brands operate independently. Both brands are considered as investments.

Corporate business model

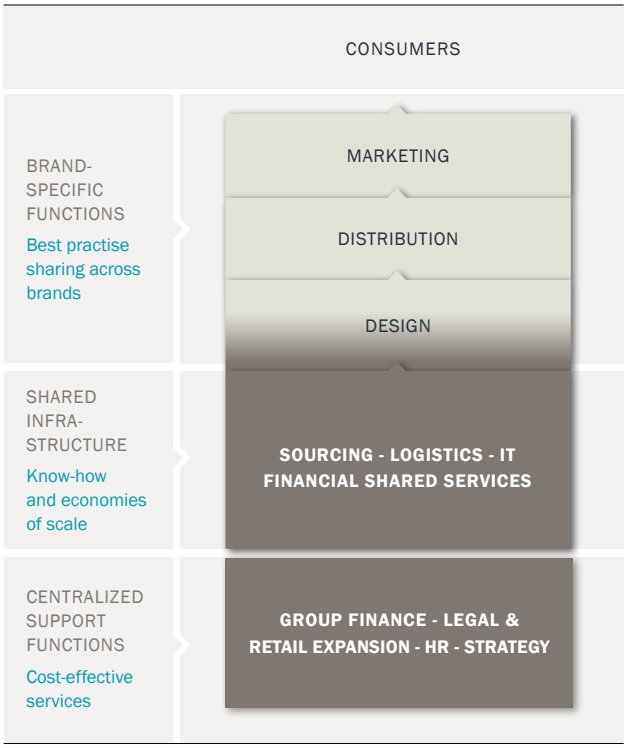
The corporate business model seeks to maximize the value of the Group's portfolio of Premium brands. The business model has been developed with a clear focus on constantly improving and optimizing the functions and processes which in combination create value to the Group. Across all functions and brands, opportunities exist – big or small – to work smarter, simpler and more cost-efficient. The Group has a vast amount of knowledge and experience. By utilizing and sharing such knowledge and experience across all functions and brands, we ensure that all opportunities for improvement are identified and exploited to continuously improve and create shareholder value.

Knowledge sharing and optimization projects across all brands

The corporate business model acknowledges that all Premium brands are different, and each brand contains a unique brand DNA which must be maintained and further developed. However, in spite of the differences between brands, we know that major advantages may be achieved by sharing knowledge and experiences as well as structures and processes across the individual brands. A current key focus area of the Group is to increase the gross margin. We are working on achieving this across all Group Premium brands – in two main areas. In one key area we are focusing on improving the gross margins of the products we develop – the theoretical gross margins. Besides continuous optimization of the supplier base, we are working on the below initiatives;

- to adjust our collections based on style-specific gross margin targets;
- to optimize the product development process in general - improve efficiency and reduce the size of the collections;
- to improve our forecasting and planning in order to ensure optimal order depth of the collections; and
- to implement a more tactical approach to pricing and product price changes.

CORPORATE BUSINESS MODEL



The other key area is focusing on reducing the average discounts – to both wholesale customers as well as the consumers in own sales channels of which the latter is to the benefit of not only the gross margin but also to a stronger market position of our Premium brands. In this area, we are primarily working on;

- segmentation of the wholesale customers;
- improved coordination of discount structures and principles;
- implementation of a number of fees and removal of undesirable discounts; and
- clearing of surplus products through our own network of outlets.

The corporate business model and organization allow us to drive business process development and efficiency projects across all brands and functions, and we are constantly seeking to optimize processes where we see a potential for additional value creation.

Infrastructure forms the basis for continued growth and brand-building

Similarities in brand structure, work processes and resource requirements across a large number of areas are many, in particular in respect of the supply chain, where the Global Logistics and Global Sourcing functions constitute key elements of the Group's infrastructure. We aim at optimizing and developing these areas to ensure that the Group has the most optimal basis for maintaining and further developing the competitive position of the individual brands in the market. We also aim at exploiting the synergies arising when several brands use the same infrastructure.

- The Global Logistics function not only provides competitive logistics solutions to the Group's Premium brands, it also delivers specialized high-quality solutions, which is crucial to the Group's business relations with leading department stores in Europe, where timely delivery is vital for building and maintaining long-term relationships. The Global Logistics function is consolidated into one distribution centre in Denmark from where all of the Group's logistics and distribution activities are handled – to the Group's wholesale and franchise customers, our physical stores as well as consumers in the e-commerce channel.
- The Global Sourcing function works closely with the design functions of each brand and is responsible for supplier management during the production process, thus helping to ensure a high level of quality of the Group's products while ensuring that costs stay at agreed levels. At the same time, the function ensures that Group guidelines and requirements for sustainable and responsible production are observed. The Global Sourcing function also defines the strategic framework for selecting suppliers facilitated by a continued mapping of the global supplier landscape; a landscape which continues to change as pay levels increase and skills develop in the different geographical regions.

Furthermore, the infrastructure comprises Financial Shared Services (FSS) and IT, including the Group's e-commerce platform, which is shared by all Premium brands. The platform is fully integrated into the logistics function and is technologically up-to-date.

Support functions provide cost-efficient services

Finally, the Group's business model consists of a number of centrally organized support functions providing standardized services and strategic support to the Group's Premium brands. These support functions consist of Group Finance, Legal and Retail Expansion, HR and Strategy. The overall target of all Group support functions is to provide cost-efficient support as well as strategic sparring to the Group's Premium brands.

Long-term ambitions

Our strategy is well-defined, and the overall targets for the Group's Premium brands are clear. The business model constitutes a strong platform, thus enabling the Group to achieve these targets and to continue to create value.

Our ambition is to generate revenue growth – in particularly in own channels. It is also our ambition to improve the EBIT margin in the long-term perspective. We expect that the initiated projects concerning the gross margin as well as growth in own channels will contribute to this while the expansion of physical stores is expected to have a dilutive effect due to a increased costs.

Investments, capital structure and dividend policy

Growth strategy and investments

Based on growth strategies for the individual Group Premium brands, the Group expects to generate future revenue growth. Besides growth from wholesale, distributor partnerships and franchise agreements, we expect that an increasingly higher proportion of growth wil be realized through expansion of our own distribution channels. Investments in new stores will include carefully selected locations in our focus markets. We will continue to invest in the development of our infrastructure to ensure optimal support of the Group's 3 Premium brands.

The Group's future investment level must support the expansion plans of our Premium brands. Depending on how fast we execute these plans, the investment level may vary year on year. In the long-term perspective, we expect the Group's investments to attain a level of approx. 3-5% of the annual revenue. For the financial year 2015/16, investments accounted for 3% of the annual revenue.

Working capital investments

The working capital is expected to constitute approx. 10-12% of the annual revenue. At 30 June 2016, the working capital constituted 11.8% of the annual revenue. However, the expected revenue growth will naturally lead to working capital investments, and therefore, during periods of high growth, the working capital may exceed this level. Through efficiency improvements and strict control of the elements constituting the net working capital, we work to continuously minimize the tied-up working capital.

Capital structure

The Group aims to maintain a low level of financial gearing since, among other things, we operate in a market sensitive to economic trends. Furthermore, the Group's operating leases represent an element of operational gearing which is not insignificant. At the end of the financial year 2015/16, operating leases amounted to DKK 324 million.

To maintain the highest possible degree of flexibility in the future and thereby support the growth strategies pursued by the Group's Premium brands in the best possible way, we have specifically decided to retain the level of net interest-bearing debt at zero for the financial year as a whole. The Group's credit facilities will then primarily be employed to fund seasonal fluctuations in the working capital during the year. At 30 June 2016, the net interest-bearing debt amounted to DKK 25 million.

To maintain strategic flexibility, the Group has decided that the net interest-bearing debt, including its operating leases, may, calculated at 30 June, constitute a level 3 times higher than EBITDA should this be required. At 30 June 2016, this key ratio amounted to 1.1 (1.4).

Capital allocation and dividend policy

The Group's priority for employing its free cash flows is as follows:

1. For value-adding investments, including maintenance of existing assets and investments in new, e.g., expansion of the Group's network of stores;
2. Repayment of net interest-bearing debt if this debt is above the fixed target; and
3. Distribution of dividends or share buy-backs to the Company's shareholders.

When distributing dividends to the shareholders, it is the Group's policy that the total distribution reflects the Group's earnings performance. In concrete terms, this means that, as a minimum, 30% of the consolidated profit after tax will be distributed as an ordinary dividend in connection with the annual general meeting. Any additional surplus liquidity will then be distributed to the shareholders through share buy-backs or extraordinary dividends during the financial year. During the past 3 years, the Group has distributed extraordinary dividends totalling the amount of approx. DKK 450 million (including dividend on treasury shares).

Dividend for the financial year 2015/16

The Board of Directors will propose at the Annual General Meeting 2016 a resolution recommending an ordinary dividend of DKK 5.00 per eligible share corresponding to a total dividend of DKK 85 million or 44% of the consolidated profit after tax in respect of the financial year 2015/16 to be distributed to shareholders.

OUTLOOK

Meeting expectations for 2015/16

Consolidated revenue of continuing operations for the financial year 2015/16 amounted to DKK 2,665 million corresponding to a growth rate of 1.0%. The most recently announced outlook for continuing operations stated "at the same level as the financial year 2014/15".

Operating profit (EBIT) of continuing operations for the financial year 2015/16 amounted to DKK 243 million corresponding to an EBIT margin of 9.1%. The most recently announced outlook stated an EBIT margin of approx. 9%.

Investments of continuing operations for the financial year 2015/16 amounted to DKK 91 million corresponding to 3% of revenue which is in line with the most recently announced outlook.

Outlook for 2016/17

The Group's Premium brands are expected to drive the total revenue development. Revenue growth is expected to be driven by both the wholesale channel as well as the retail channel where new stores are expected to impact positively – both stores opened during the financial year 2015/16 as well as store openings planned for 2016/17. At present, the Group's Premium brands expect to open 10-15 new stores during the financial year 2016/17.

Specifically, we expect to realize a revenue growth rate measured in local currency of at least 6%. Based on the exchange rates of the Group's primary sales currencies (primarily SEK, NOK and GBP), this corresponds to a reported revenue growth rate of at least 5%.

The consolidated earnings are expected to be positively impacted by a higher gross margin whereas the number of store openings mentioned above will lead to a higher level of costs.

Consequently, we expect the Group's EBIT margin to attain a level of approx. 9%.

Investments for the financial year 2016/17 are expected to attain a level of approx. 3-5% of the annual revenue. These investments are undertaken to maintain existing assets – including store furniture and equipment – as well as in connection with new store openings (leasehold improvements and if necessary key money).

OUTLOOK

DKK million	Original outlook 2015/16	Most recent outlook 2015/16	Realized 2015/16	Outlook 2016/17
Revenue growth measured in local currency	n.a	n.a.	1.9%	at least 6%
Revenue growth in reporting currency (%)	4%	approx. 0%	1.0%	at least 5%
EBIT margin	10%	approx. 9%	9.1%	approx. 9%
Investments (% of revenue)	3-4%	3-4%	3%	3-5%

TIGER OF SWEDEN, MEN AUTUMN/WINTER 2016

PEAK PERFORMANCE

We are now able to see the first positive indications of the repositioning which we initiated during the financial year 2014/15. The products have been improved and the distribution has been restructured. The work towards achieving the desired market position will continue throughout the financial year 2016/17, however, to a lesser extent than earlier. To strengthen the brand's distribution control, the number of the brand's sales areas will be increased in the future.

Peak Performance

Peak Performance is Scandinavia's largest brand of technical sports and fashion wear. The brand has its origin in alpine skiing and was founded in 1986 by passionate skiers who called for functional ski-wear which at the same time was stylish and modern. Since then, Peak Performance has been among the world's leading brands when it comes to technical, functional sports and fashion wear.

In 2014/15, we embarked on a repositioning process of Peak Performance in order to unleash its large potential. The strength of the brand has always been its combination of functionality and style, and the desired positioning reflects this strength to a far better extent. The repositioning involves both products, where certain product categories have already been improved, and distribution where quality and control will continue to be strengthened in the future.

Geographically, the Nordic markets Sweden, Denmark, Norway and Finland are of strategic importance. Combined, they account for the majority of revenue, and the brand holds a strong position with good growth opportunities in all of these markets. Outside the Nordic region, the markets in the Alp region are important and comprise Germany, Austria, France, Switzerland and Italy. Peak Performance has gained a strong foothold in these markets, which must be expanded with focus on strategically important regions, cities and ski resorts. Outside Europe, Peak Performance has a minor foothold in Canada which strategically has a lower priority in the short-term perspective.

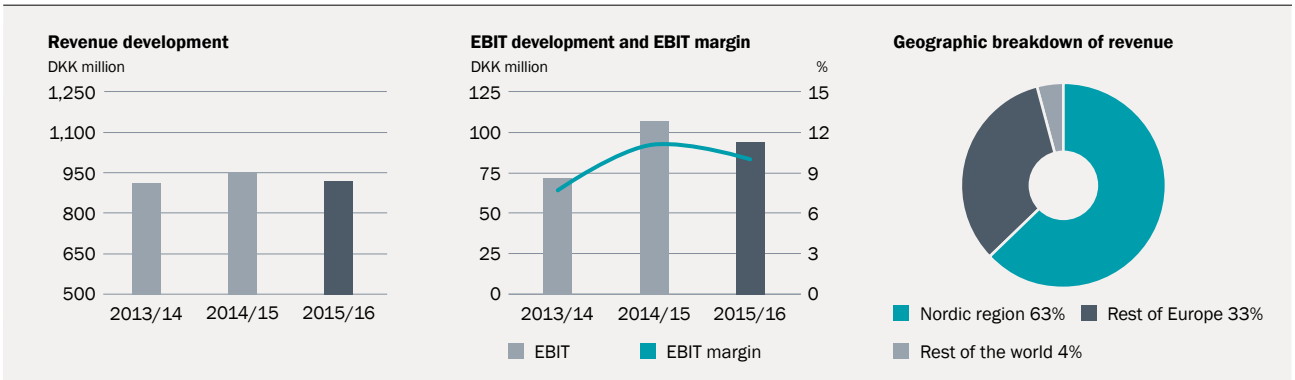
To gain a successful repositioning, it is essential that the number of branded sales areas is increased while at the same time strengthening the control of these areas across all sales channels. In the wholesale channel this must be achieved partly by strengthening the cooperation with a number of key customers and partly by increasing the share and size of branded sales areas (soft corners and shop-in-shops). In addition, the cooperation with the franchise partners must be strengthened to ensure a consistent brand profile towards the consumers. In our own channels comprising physical stores, concessions, own e-commerce as well as outlets the consumer experience must be more exclusive, and the brand experience must be clear and unambiguous across all different product categories in the stores – both in physical stores and online. As a consequence of the above factors, the relative revenue share from own channels is expected to increase.

At the end of the financial year 2015/16, Peak Performance had 1,814 wholesale customers. Furthermore, distribution comprised 76 branded stores of which 40 are own stores and 36 are franchise stores. Peak Performance's products are sold online through selected third party e-commerce channels as well the Group's own e-commerce platform.

peakperformance.com

PEAK PERFORMANCE

Financial highlights and key ratios



Development in 2015/16

We have reached far in the process of repositioning Peak Performance. On the product side, we have simplified the design guide lines fundamentally. All sub-categories below the overall 5 product collections have been removed. Previously, the brand designers were bound by rules and principles governing these different sub-categories, but now they are far more free to develop products in line with the overall design guidelines of the brand. This more simple process has freed up the creative energy in the design team, and at the same time it contributes to a design expression which appears more consistent across all 5 product collections – Ski, Golf, Active, Sportswear and Urban – offered by Peak Performance.

At the beginning of 2015/16, the first new and updated products were available in the stores, and they performed well in stores. In particular, the outerwear category in the Urban collection enjoyed good sales, which is a positive indication of the implemented product changes. At the annual ISPO fair in Munich in January 2016, Peak Performance won a Gold Award (third year in a row) for the "Milan" jacket designed for both skiing and leisure. The jacket is yet another example of Peak Performance being among the leading players within functional skiwear.

Throughout the financial year under review, the effect of the restructuring implemented by Peak Performance in the wholesale channel has been visible, since revenue from this channel was reduced. The cooperation with several wholesale customers have been terminated while terms of trade conditions have been changed for other customers. Peak Performance now has the right size of wholesale customer base, and the future focus will be on developing the cooperation with these customers as well as gain new Premium-focused customers. We have implemented a more stringent discount structure in own channels which means that the sale periods will begin later in the season than previosly and that discounts granted will account for maximum 40% as opposed to 50% earlier. This new discount structure supports the brand's strategy of a more exclusive market positioning.

During the financial year 2015/16, Peak Performance opened 7 new retail stores (primarily in Sweden) whereas only 1 store was closed. In addition, the brand opened 3 new outlets resulting in Peak Performance having achieved the desired outlet capacity in the Nordic region in order to control the distribution of surplus goods.

Performance for the year

Peak Performance realized a revenue of DKK 936 million (DKK 953 million) for 2015/16 corresponding to a reduction of 1.8% (reduction of 1.4% measured in local currency) compared to last financial year. The wholesale channel was affected by the previously mentioned distribution restructuring, and revenue from this channel was consequently reduced by 8.1%. However, revenue from the retail channel rose by 12.0% which was particularly driven by e-commerce growth as well as a higher outlet capacity. Same-store revenue (excluding outlets) rose by 7.9% and was partly attributable to growth reported in physical stores and in particular the e-commerce channel.

Revenue from the Nordic region was reduced by 2.2% which is also the market where the largest distribution restructuring has taken place. The opening of 2 new franchise stores in Denmark contributed to higher revenue growth from this market. Revenue from the market segment Rest of Europe, which primarily comprises countries in the Alp region, attained the same level as last financial year. Revenue from outside Europe was lower compared to 2014/15 due to scaling-back activities in Asia whereas revenue from Canada was at the same level as last financial year.

In spite of a higher exchange rate of the USD, which accounts for one of the primary sourcing currencies, Peak Performance has achieved to improve its gross margin driven by higher margins on sold products. The earnings development may primarily be ascribed the reduced revenue as well as higher costs attributable to the opening of stores and outlets. The operating profit (EBIT) amounted to DKK 94 million which is a reduction of DKK 13 million compared to 2014/15 corresponding to an EBIT margin of 10.0% (11.2%).

PEAK PERFORMANCE

Earnings overview

DKK million	2015/16	2014/15	Change, %
Revenue	936	953	(1.8)
Wholesale and franchise	599	652	(8.1)
Retail, e-commerce and outlets	337	301	12.0
Revenue growth in local currency (%)	*(1.4)*		
Operating profit before depreciation and amortization (EBITDA)	111	122	(9.0)
EBITDA margin (%)	*11.9*	*12.8*	
Depreciation, amortization and impairment losses	(17)	(15)	13.3
Operating profit (EBIT)	**94**	**107**	**(12.1)**
EBIT margin (%)	*10.0*	*11.2*	

TIGER OF SWEDEN

Again this year, Tiger of Sweden realized good revenue growth driven by store openings, among others. The brand opened a store in Berlin, which is the first store out of a number of planned store openings in Germany. This market together with England and France form the focus markets according to the European expansion plan. Tiger of Sweden's CEO resigned at the end of the financial year, and we have initiated a recruitment process to find the right candidate to head the brand and its expansion in Europe.

Tiger of Sweden

Tiger of Sweden was founded in 1903 in Sweden and has its foundation in the strong menswear confection tradition and solid tailoring skills, refined for more than 110 years. Today, Tiger of Sweden is a modern brand offering apparel to both men and women, including a jeans collection and accessory line. Tiger of Sweden is thereby offering a wide range of products which all differentiate by a distinctive design characterized by "a different cut".

Tiger of Sweden is that of the Group's 3 Premium brands, which has continuously realized the highest revenue and earnings growth. This positive development is primarily achieved in the Nordic region, however, neighbouring European markets have to an increasing extent also contributed during the past few years. Combined, the markets in the Nordic region Sweden, Denmark, Norway and Finland account for the majority of the brand's revenue. They form a strong foundation of the business with solid earnings and further growth opportunities, and consequently, the markets in the Nordic region are still strategically important.

Outside the Nordic region, the expansion in Germany has the highest priority – higher than England and France at present. Germany represents the largest market outside the Nordic region, and, up until now, growth has primarily taken place through the wholesale channel. To leverage the strong momentum in Germany, we are working on opening several stores in selected locations in a number of large cities within the next few years. Contrary to the Nordic region where all Tiger of Sweden's brand concepts are well-established, we use a go-to-market strategy outside the Nordic region with Tiger Men as the primary concept flanked by the Tiger Jeans concept which targets a younger consumer. This combination has demonstrated to be very successful in the expansion process outside the Nordic region.

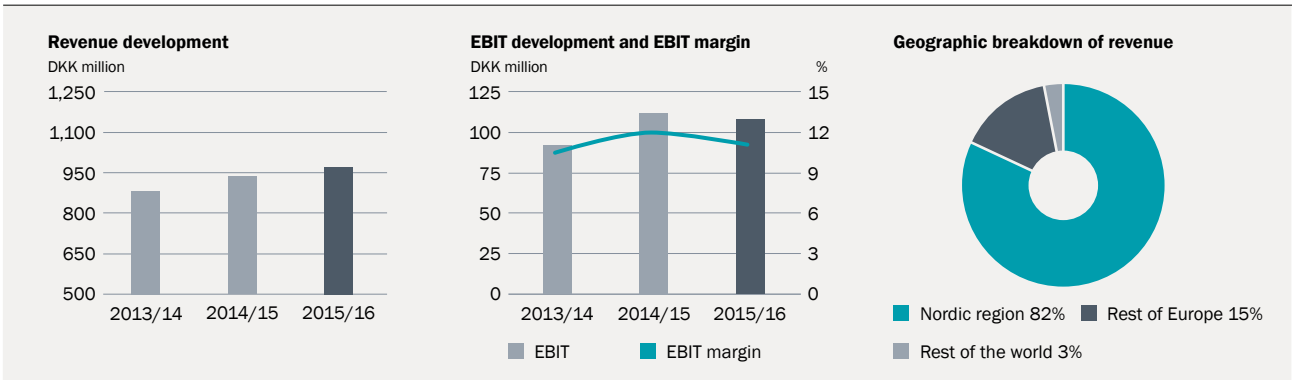
At the same time, for Tiger of Sweden it is important to increase the control of the brand's position in all markets which must take place through increasing the number of branded sales areas – including shop-in-shops and physical stores as well as higher revenue deriving from own e-commerce. Similar to the Group's other Premium brands, Tiger of Sweden is working on creating a better integration between physical stores and the e-commerce channel in order for the consumer to be presented with a consistent brand experience across all sales channels.

At the end of the financial year 2015/16, Tiger of Sweden had 1.029 wholesale customers. Furthermore, distribution comprised 20 own stores, 20 concessions and 11 franchise stores. Tiger of Sweden's products are sold online through selected third party e-commerce channels as well the Group's own e-commerce platform.

tigerofsweden.com

TIGER OF SWEDEN

Financial highlights and key ratios



Development in 2015/16

During the financial year 2015/16, Tiger of Sweden opened 7 new stores – the majority of the stores are located in Sweden – and 1 outlet in Germany. Tiger of Sweden's brand concepts are all well-established in the Nordic markets, and most of the newly opened stores are therefore offering the full range of products.

In April 2016, we opened the first store out of a number of planned stores in Germany offering a product range with focus on Tiger Men and Tiger Jeans. After the end of the financial year 2015/16, we signed a lease agreement for a store located in Stuttgart, which is expected to open during the financial year 2016/17. To gain the maximum effect of the planned store openings, they are supported by targeted, local marketing as well as intensified promotion towards key wholesale customers – both existing and potential customers – and in the brand's own e-commerce channel. By focusing on the specific city, it is the intention to achieve a clustering effect in the entire city to the effect that the store openings generate more revenue than the revenue attributable to their respective own sales areas.

During the financial year 2015/16, we opened a number of small pop-up stores which exclusively offered the Tiger Jeans concept. These pop-up stores form part of the plan from which it is decided whether the Tiger Jeans concept has potentials to stand alone as an independent brand in the market. During the financial year 2016/17, we will decide whether or not to embark on this project.

David Thunmarker resigned as brand CEO in May 2016. While the recruitment process for a new CEO with the right combination of competences and international experience is ongoing, the brand is headed by Mads Ryder.

Performance for the year

During the financial year 2015/16, Tiger of Sweden realized a revenue of DKK 972 million (DKK 943 million) corresponding to a growth rate of 3.1% (4.6% measured in local currency). Revenue from the wholesale channel declined by 1.0% compared to last financial year, which is primarily attributable to lower sales as a consequence of the bankruptcy of a former distributor in Switzerland as well as a shift in deliveries from end June to end July (financial year 2016/17) in respect of a significant amount of products. In spite of a negative development in own stores during H2 2015/16, growth was realized in the retail channel where, in particular, the e-commerce channel contributed with a growth rate of 58.1% and the new stores as well as the new outlet in Germany also contributed positively. Same-store revenue (excluding outlets) rose by 4.0% driven by the strong e-commerce growth.

Revenue from the Nordic region rose by 3.4% driven by Sweden and Denmark whereas revenue from Norway was negatively impacted by a lower exchange rate of the NOK. The revenue growth of 39.2% reported in Germany contributed significantly to the growth rate of 5.9% reported for Rest of Europe whereas revenue from England declined which is unsatisfactory. Revenue from outside Europe suffered a reduction as we decided to scale down the Tiger of Sweden activities in the USA earlier this year.

The gross margin was improved as a consequence of higher margins on sold products. However, the positive impact from an improved gross margin was not able to compensate the development in costs which rose at a proportionally higher level than revenue. The opening of new stores and the management change of the brand CEO during Q4 2015/16 account for the primary reasons of this development. The operating profit (EBIT) amounted to DKK 108 million (DKK 112 million) corresponding to an EBIT margin of 11.1% (11.9%).

TIGER OF SWEDEN

Earnings overview

DKK million	2015/16	2014/15	Change, %
Revenue	972	943	3.1
Wholesale and franchise	611	617	(1.0)
Retail, e-commerce and outlets	361	326	10.7
Revenue growth in local currency (%)	*4.6*		
Operating profit before depreciation and amortization (EBITDA)	123	124	(0.8)
EBITDA margin (%)	*12.7*	*13,1*	
Depreciation, amortization and impairment losses	(15)	(12)	25.0
Operating profit (EBIT)	**108**	**112**	**(3.6)**
EBIT margin (%)	*11.1*	*11.9*	

BY MALENE BIRGER

In its efforts to expand internationally, By Malene Birger is working on supplementing its strong design-driven DNA with a more commercial agenda. This approach is reflected on the product side where a number of initiatives have been launched to strengthen the brand profile, reduce revenue volatility as well as enhance product development efficiency. On the distribution side, the markets in the Nordic region continue to rank as important markets with good growth opportunities whereas London has top priority outside the Nordic region.

By Malene Birger

By Malene Birger is a Danish high-profile design brand with an international appeal offering affordable luxury to women. The brand was founded in 2003 and since then, it has enjoyed continuous progress and achieved significant recognition on the international fashion scene.

The main target for By Malene Birger is to grow in the Nordic region as well as continue its international expansion with primary focus on Europe. To achieve success with its focused expansion in Europe, the brand's strong design-driven DNA must be supplemented with a more commercial agenda. Specifically, this involves a number of initiatives on the product side while branding and distribution will undergo a strengthened and more targeted communication as well as increased control of all of the brand's distribution channels.

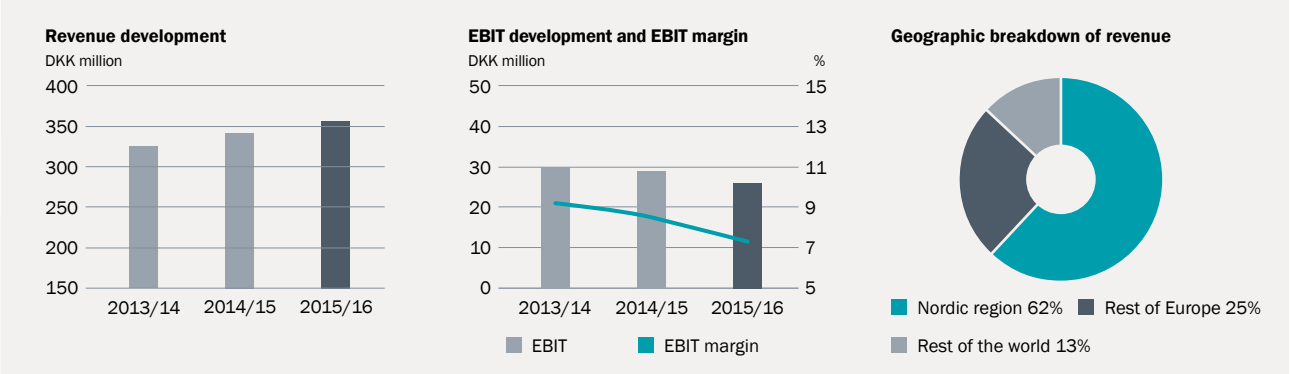
By Malene Birger has always had a strong market position in a number of product categories – in particular, dresses, shirts and tops. Products under these categories as well as certain other categories must be strengthened further to meet consumer demands to a larger extent. At the same time, the brand is working on reducing the collection sizes in order to reduce complexity and enhance product development efficiency. Last but not least, By Malene Birger is working on increasing the share of so-called "basis products" as well as products recurring from collection to collection. A higher share of this type of products will contribute to a solid revenue base which is less sensitive to fashion trends, and it is possible to implement this initiative without affecting the brand's ability to profile itself with more design-driven collection products.

Denmark, Norway and Sweden account for By Malene Birger's largest markets. The brand holds a strong position with further growth potentials in these 3 countries. By Malene Birger will focus on growing through strengthened cooperation with key customers and thereby improve quality and distribution control.

Outside the Nordic region, England – more specifically London – ranks with highest priority. London represents one of the world's largest markets within fashion wear and is a global focal point in terms of international fashion. Besides being an interesting market in itself, London also serves as an important display window for other international markets. Growth in London must take place through both the wholesale channel as well as store openings and own e-commerce. Apart from England, the brand's focus markets in Europe are France and Holland.

BY MALENE BIRGER

Financial highlights and key ratios



At the end of the financial year 2015/16, By Malene Birger had 823 wholesale customers. Furthermore, distribution also included 9 own stores, 6 concessions and 9 franchise stores. By Malene Birger's products are sold online through third party e-commerce channels as well as the Group's own e-commerce platform.

bymalenebirger.com

Development in 2015/16

As mentioned earlier, the brand is focusing, among others, on product development, and a number of initiatives have been launched. During the financial year 2015/16, By Malene Birger has for the first time implemented a programme for basis products. The programme consists of a number of products which the consumers have demanded historically, irrespective of season. We expect that this will lead to reduced revenue volatility, and the intention is to gradually expand the basis programme with more products which will account for a larger part of the brand's annual revenue.

In respect of distribution, main focus has been on England during the financial year 2015/16. Since 2014/15, By Malene Birger has driven its own sales set-up and its store located on Marylebone High Street in London. Since the transition to own sales set-up, the development in London has been favourable – the store has a higher performance and the cooperation with key customers in the wholesale channel has been strengthened, and the customer base has increased. Also the e-commerce business is growing quite well in London.

Finally, By Malene Birger has – like last financial year – reinforced its organization in a number of roles, and Morten Linnet was appointed new brand CEO at the beginning of the financial year.

Performance for the year

By Malene Birger realized a revenue of DKK 357 million (DKK 342 million) corresponding to a growth rate of 4.4% (5.3% measured in local currency). Revenue rose by 2.9% in the wholesale channel and by 7.7% in the retail channel. A particularly positive development in the e-commerce channel contributed to growth in the retail channel whereas the significant growth reported in physical stores during H1 2015/16 was diluted by a negative development during H2 2015/16. Finally, the opening of an outlet during the beginning of the financial year contributed positively to revenue from the retail channel whereas the comparable revenue share derived from the wholesale channel last financial year. Same-store revenue (excluding outlets) rose by 9.2% driven by the strong e-commerce growth as well as the positive development in physical stores during H1 2015/16.

Revenue rose by 8.4% in the Nordic region primarily driven by a positive development in Sweden and Norway whereas revenue in Denmark was at the same level as last financial year. Higher revenue deriving from the market in England represented the primary reason for a revenue increase of 2.2% from Rest of Europe. Outside Europe revenue rose in Japan whereas other markets reported revenue reductions, and consequently revenue declined by 8.0%

The gross margin was marginally improved compared to last financial year whereas costs rose as a consequence of organizational changes executed during the year under review, including the appointment of a new brand CEO during Q1 2015/16. Operating profit (EBIT) amounted to DKK 26 million (DKK 29 million) corresponding to an EBIT margin of 7.3% (8.5%).

BY MALENE BIRGER

Earnings overview

DKK million	2015/16	2014/15	Change, %
Revenue	357	342	4.4
Wholesale and franchise	245	238	2.9
Retail, e-commerce and outlets	112	104	7.7
Revenue growth in local currency (%)	*5.3*		
Operating profit before depreciation and amortization (EBITDA)	33	35	(5.7)
EBITDA margin (%)	*9.2*	*10,2*	
Depreciation, amortization and impairment losses	(7)	(6)	16.7
Operating profit (EBIT)	**26**	**29**	**(10.3)**
EBIT-margin (%)	*7.3*	*8.5*	

OTHER BRANDS

The Group portfolio of brands also includes the 2 brands Saint Tropez and Designers Remix of which Saint Tropez is wholly owned whereas Designers Remix is owned by a 51% equity share. None of the 2 brands have been integrated into IC Group's operational platform.

Other brands

Saint Tropez is a brand in the Fast Fashion segment whereas Designers Remix is a Premium brand. Saint Tropez is wholly owned by IC Group whereas the Group has an equity share of 51% in Designers Remix. The remaining 49% equity share is held by Niels and Charlotte Eskildsen, who is CEO and Chief Designer of the brand, respectively. None of the 2 brands are integrated into IC Group's operational platform, and in all material respects both brands operate independently. Both brands are considered as investments.

Performance

Revenue from Other brands rose by 1.0% compared to the financial year 2014/15 (1.8% measured in local currency). This development was driven by growth reported in Saint Tropez whereas Designers Remix reported lower revenue compared to last financial year. Revenues from both the wholesale channel as well as the retail channel increased – in both cases attributable to the positive development in Saint Tropez. During the financial year 2015/16, Saint Tropez opened 2 new retail stores and 2 outlets which contributed substantially to the development in the retail channel. Same-store revenue (excluding outlets) rose by 1.6% attributable to the positive development reported in Saint Tropez' physical stores during H1 2015/16.

The cost ratio was at the same level as last financial year whereas the gross margin was reduced as a consequence of higher discounts compared to 2014/15. The operating profit (EBIT) amounted to DKK 20 million (DKK 22 million) corresponding to an EBIT margin of 5.0% (5.6%).

OTHER BRANDS
Earnings overview

DKK million	2015/16	2014/15	Change, %
Revenue	398	394	1.0
Wholesale and franchise	213	212	0.5
Retail, e-commerce and outlets	185	182	1.6
Revenue growth in local currency (%)	*1.8*		
Operating profit before depreciation and amortization (EBITDA)	27	31	(12.9)
EBITDA margin (%)	*6.8*	*7.9*	
Depreciation, amortization and impairment losses	(7)	(9)	(22.0)
Operating profit (EBIT)	**20**	**22**	**(9.0)**
EBIT margin (%)	*5.0*	*5.6*	

TIGER OF SWEDEN'S NEW STORE WHICH OPENED IN BERLIN ON NEUE SCHÖNHAUSER STRASSE ON 6 APRIL 2016

FINANCIAL REVIEW

Revenue rose by 1.9% to DKK 2,665 million measured in local currency (DKK 2,638 million). A generally improved gross margin contributed to higher earnings, whereas costs attributable to store openings and organizational changes had the adverse effect. The operating profit (EBIT) amounted to DKK 243 million (DKK 207 million) corresponding to an EBIT margin of 9.1% (7.8%). Profit for the year of continuing operations amounted to DKK 192 million (DKK 154 million).

Revenue

Consolidated revenue amounted to DKK 2,665 million (DKK 2,638 million) corresponding to an increase of 1.0% (1.9% measured in local currency). Generally, the positive revenue development reported in both the retail and e-commerce channels contributed to growth whereas, in particular, the restructuring of the distribution in Peak Performance as well as the bankruptcy of a former distributor in Switzerland together with a shift in the delivery timing at Tiger of Sweden explain the adverse development in the wholesale channel.

Gross margin

Consolidated gross profit of continuing operations amounted to DKK 1,513 million (DKK 1,446 million), and the gross margin was thus improved by 2.0 percentage points to 56.8% (54.8%). The higher gross profit is primarily attributable to improved margins on sold products across all Group Premium brands which to a large extent may be ascribed the initiatives as well as price increases implemented by Group brands during 2015/16. After having adjusted for the case concerning indirect taxes, the gross margin was improved by 1.5%.

Capacity costs

Capacity cost rose by DKK 31 million to DKK 1,270 million for 2015/16, and the cost ratio increased by 0.7 percentage points to 47.7%. This development is primarily attributable to costs in respect of store openings as well as management changes in both the Group and in the Premium brands.

Operating profit (EBIT)

Operating profit of continuing operations amounted to DKK 243 million (DKK 207 million) corresponding to an EBIT margin of 9.1% (7.8%). The improved EBIT margin is attributable to the higher gross margin.

The operating profit for 2014/15 was negatively affected by provisions allocated for a case concerning indirect taxes amounting to DKK 12 million. On the other hand, 2015/16 was positively affected by a partial reversal of a provision amounting to DKK 4 million. Furthermore, the Group recognized a total amount of DKK 26 million in respect of idle capacity costs for 2014/15. After having adjusted for the case concerning indirect taxes as well as the idle capacity costs, the EBIT margin for 2015/16 was 0.3 percentage points lower compared to last financial year.

Profit for the year

Consolidated profit for 2015/16 rose by DKK 55 million to DKK 195 million. Besides the already mentioned factors, the consolidated profit was affected by the proceeds from the sale of shares in DK Company A/S amounting to approx. DKK 9 million recognized in income from investments in associates as well as a profit of DKK 3 million from discontinued operations in respect of the divested Mid Market division.

Net working capital

The working capital amounted to DKK 314 million corresponding to an increase of DKK 46 million compared to last financial year primarily driven by higher inventories (DKK 75 million) attributable to increased pre-order sales of the autumn collections from Peak Performance, opening of a number of new stores as well as higher SSP inventories as a consequence of the new implemented SSP programmes in both Tiger of Sweden and Peak Performance. The working capital constituted 11.8% of the trailing 12 months revenue compared to 10.2% for the same period last financial year.

Net interest-bearing debt and cash flow

Consolidated free cash flow amounted to an inflow of DKK 238 million (inflow of DKK 241 million). Cash flow from operating activities was reduced by DKK 43 million whereas the sale of the head office located Raffinaderivej 10, Copenhagen, and the shares in DK Company A/S contributed positively to the cash flow from investing activities, which amounted to DKK 55 million (net) corresponding to an improvement of DKK 30 million. Sale of securities effectuated during 2014/15 contributed positively to the cash flow from investing activities. Investments in both intangible assets and property, plant and equipment rose by DKK 4 million to DKK 91 million due to investments in new stores.

i See chapter 4 in the consolidated financial statements for further information.

Cash flow from financing activities amounted to an outflow of DKK 319 million (outflow of DKK 172 million). This change is primarily attributable to dividend paid during the financial year 20141/15 which amounted to DKK 146 million as compared to dividend payments of DKK 310 million in 2015/16 of which DKK 137 million was distributed due to the sale of the shares in DK Company A/S. Following this, the net interest-bearing debt amounted to DKK 25 million (DKK 82 million).

Changes in equity and equity ratio

Equity at 30 June 2016 amounted to DKK 740 million (DKK 884 million). This reduction was driven by both ordinary as well as extraordinary dividend payments of DKK 310 million partly offset by the positive comprehensive income for the year. Consequently, the equity ratio at 30 June 2016 amounted to 51.2% (47.5%).

BY MALENE BIRGER, AUTUMN/WINTER 2016

RISK MANAGEMENT

Due to the Group's activities, IC Group is exposed to a number of risks. This entails a variety of risks all inherent in the apparel and fashion industry. The Management of IC Group considers efficient risk management as an integrated part of all Group activities and works continously to minimize uncertainty and thus create value for its stakeholders. Furthermore, the Management regularly assesses the risks in order to dertermine whether the risks have changes or the risk control measures are adequate or relevant. No significant changes have taken place during the financial year under review compared to the financial year 2014/15.

The Group creates stakeholder value by managing and minimizing uncertainty within the core activities. The Group's processes are set up in such a manner that risks are controlled efficiently based on the experiences and competences achieved over time by the Group. It is the Group's policy to take out insurance coverage to hedge against inherent risks where deemed possible. The Board of Directors reviews the Group's insurance annually to ensure that coverage is adequate.

We categorizes the Group's risks into 5 main groups which receive our primary focus. The below schedule describes the risks as well as how we approach and hedge against these risks. The below risks and uncertainties are those which the Management considers to be most significant at the present.

RISKS	DESCRIPTION AS WELL AS IMPACTS ON BUSINESS	COVERAGE
EXTERNAL RISKS		
Macroeconomic trends or changed consumer behaviour	Macroeconomic trends may affect the demand for the Group's products and, consequently, the Group's ability to meet its targets for improved growth and earnings. An unfavourable development in prices of raw materials and production costs poses a risk to the Group's earnings level.	Increased internationalization and diversity on the Group's geographical markets contribute to spreading the risk. As described below, the Group monitors closely the markets of its primary suppliers to be able to respond to any unfavourable macroeconomic trends well in advance.
Political affairs	The Group sources a substantial part of its raw materials and finished products in markets posing not insignificant political risks. The Group's single largest political risk factor concerns reliable supplies from China and Romania which account for 43% (46%) and 22% (16%) of the Group's sourcing, respectively.	The Group's Global Sourcing function is continously monitoring the conditions of the global sourcing markets and is thereby assisting in providing updated reports of the situation. Geographic relocation of sourcing may take place if deemed necessary.

RISKS	DESCRIPTION AS WELL AS IMPACTS ON BUSINESS	COVERAGE
STRATEGIC RISKS		
Fashion and collection risks	Collections change at a minimum 4 times a year and have a long lead time. Consequently, there is a potential risk that the products do not appeal to the customers and cannot be sold at the expected volumes and at the expected prices.	The Group brands develop their collections from a commercial and facts-based approach where sales statistics and analyses of market trends are compared to current fashion trends prior to designing the products. All of the Group brands have so-called SSP programmes which include products that recur from season to season. In particular in Tiger of Sweden, the SSP programme accounts for a significant part of the annual revenue. The SSP products help minimizing the risk of seasonal fluctuations occuring due to changing collections. At Group level there is a certain level of diversification due to the number of different and independent brands in the Group.
Brand value risk	Continous development of the collections carries an inherent risk of errors which may damage the value of the individual brand. Bad publicity in the media or with the core customers may also lead to loss of brand value.	The Group's sourcing function is responsible for a strong control of quality level during the development process as well as the production process of our collections. Distribution channels are adjusted and developed on an on-going bases to support the brand value in the best possible way. Significant internal resources are allocated to brand building and marketing. Pro-active corporate responsibility policy as well as guidelines and stringent requirements for the product development process.
FINANCIAL RISKS		
Financial risks	The Group's financial risks primarily consist of foreign currency exposure risk which may have a negative impact on the Group's financial performance due to the the fluctuations of our primary sales and sourcing currencies.	The Group monitors, hedges and controls all financial risks centrally through the finance function in the Parent Company in accordance with the Finance Policy as adopted by the Board of Directors. i See note 5.4 to the consolidated financial statements for further information on the Group's financial risks
OPERATIONAL RISKS		
Suppliers	The Group's products are solely produced by sub-suppliers, and the cooperation with these sub-suppliers entails a number of risks in regards of correct production of the ordered goods. Any errors or negligence from the individual supplier may have a significant impact on our reputation and earnings.	Compliance control of the Group's business and ethical standards through a systematic scoring of all suppliers. The Group has a total of 148 (148) suppliers of which the 10 largest suppliers account for 49% (47%) of the total production value. The largest individual supplier – Norada in Romania – accounts for 13% (11%) of the total production value.

RISKS	DESCRIPTION AS WELL AS IMPACTS ON BUSINESS	COVERAGE
OPERATIONAL RISKS		
Logistics and ordre handling	Product collections have a limited life-span. If the right products are not available in the stores at the right time, this may result in lost revenues or a potential higher amount of returns and surplus products leading to bad debt. Late, faulty or non-delivery thus poses a risk.	The corporate shared logistics function is continuously working on optimizing and enhancing the planning systems. To ensure timely deliveries to own and customers' stores is a key element of the Group's operational platform.
Sale and distribution	Sale through own stores and the need to carry inventories and supplementary products for retailers result in a risk that products, which during the year have been allocated for sale, remain unsold at the end of the season. In addition, the Group is often liable for sourcing materials until the products reach the stores which is 6-9 months. Both scenarios cause a higher tied-up capital in inventories and as a consequence hereof higher risks. The risk of late or no payment from the Group's wholesale customers poses a significant risk to the Group.	A substantial amount of the total purchase has been pre-ordered by the Group's wholesale customers. The Group has a network of outlets to where surplus products are channelled and are sold continuously. Capacity in this network is increased or reduced as required. Any products that cannot be sold through own outlets are sold to brokers for resale outside the Group's established markets. Customers are always assessed pursuant to the Group's Credit Policy. Credit insurance is typically only taken out in those countries where the credit risk exposure is estimated to be high and where this is feasible.
IT risks	The Group is dependent on efficient and reliable IT systems for the day-to-day business operations as well as to ensure control of product sourcing and to enhance efficiency throughout the Group's supply chain.	The Group's IT function is continuously working on minimizing the risks relating hereto. This work primarily includes development and change management of IT systems as well as the day-to-day operation of these systems.
ORGANIZATIONAL RISKS		
Employees risk	In order to succeed with the corporate strategy, the Group strives at creating a high-performance culture where passionate, committed employees may provide the all-important competitive edge. To attract, develop and retain high-performance employees thus has a high priority to the Group.	The Group has a experienced and professional HR department which supports the development of IC Group. The HR department is responsible for the development and updating of guidelines, tools, processes and training, and conducts employee surveys.

PEAK PERFORMANCE, GOLF SPRING 2017

THE GROUP'S WORK WITH CORPORATE RESPONSIBILITY

As part of the global apparel and fashion industry, IC Group is committed to being a responsible company working with integrity and sustainability. We strive at creating stakeholder value by addressing and solving the different challenges which any company of the apparel and fashion industry faces.

Corporate Responsibility Policy

We are part of an industry with many corporate responsibility challenges both in terms of a complex multi-level supply chain, ranging from suppliers of raw materials to finished goods as well as resource requirements. We take these issues seriously.

IC Group has joined the UN Global Compact, and our corporate responsibility efforts are grounded in the UN Global Compact's 10 principles which are based on internationally adopted declarations and conventions on human rights, labour rights, environmental protection and anti-corruption. Together, the UN Global Compact and the UN Guiding Principles constitute the overall framework to guide corporate responsibility policies and implementation processes in the Group.

By joining the UN Global Compact, we have pledged to work pro-actively internally as well as externally in cooperation with our suppliers to promote compliance with these principles. We strive at making a positive difference and setting up due diligence processes to avoid non-compliance issues. We provide a Compliance Hotline, enabling our employees to report any issues of non-compliance.

To read IC Group's Corporate Responsibility Policy and our specific policies, go to our corporate website at: icgroup.net/responsibility

Diversity

IC Group has signed "Recommendation for more women on supervisory boards", and it is the Group's policy, over the coming years, to work consistently to recruit more female managers in the Company in general. Pursuant to section 99b of the Danish Financial Statement Act, the Group's gender diversity targets and its actual gender distribution are set out below.

The proportionate share of females in IC Group's Board of Directors constituted 17% at 30 June 2016, and the Group works continuously to recruit and develop new female managers. The Group's specific target is to increase the percentage of female board members to 33% within a time span of not more than 3 years – i.e., by 30 June 2019 at the latest. This target must be reached through a continues dialogue within the Board of Directors on how to ensure optimal diversity in the composition of the Board of Directors and in the recruitment pool of new board candidates. In the Annual Report 2014/15, it was reported that the target for female board members was set at 33% within a time span of 4 years. We did not achieve this which is primarily attributable to the recruitment base not allowing for this target to be fulfilled.

The representation of male and female managers is distributed equally at all other organizational levels in the Group. The number of female managers presented in the Group's Global Management team constitutes 17%, and this share is also expected to be increased within the next few years by strengthening the talent pool of female managers from the management level below the Global Management Team.

HIGHLIGHTS IN 2015/16

During the financial year 2015/16, we have focused on 3 main areas within corporate responsibility;

- higher commitment within the BSCI framework;
- thorough analysis and training in connection with due diligence concerning use of chemicals; and
- roll-out of anti-bribery policy as well as e-learning of 700 employees.

For further information of these 3 areas, we refer to our Corporate Responsibility Report which constitutes the Statutory Annual Corporate Responsibility Statement, cf, section 99a of the Danish Financial Statements Act.

To read the Group's Corporate Responsibility Report, go to the corporate website at: icgroup.net/responsibility/corporate-responsibility-report

THE GROUP'S WORK ON CORPORATE GOVERNANCE

Corporate governance is considered to be an inherent and decisive factor in achieving the Group's strategic targets. Consequently, continuous development of the Group Management and follow-up on their performance is an on-going process to ensure an efficient, appropriate and sound management of the Company which is in compliance with the prevailing Recommendations on Corporate Governance.

Protecting shareholders' interests

The Board of Directors considers it its primary task to promote the long-term interests of the Group - and thus of all shareholders. To undertake this task, the Board of Directors holds 6 board meetings a year, and the Chairmanship engages in an on-going dialogue with the Executive Board.

As expressed in the Group's Statutory Annual Corporate Governance Statement, the Board of Directors has reviewed the Group's relationship with its stakeholders and environment as well as the tasks of the Board of Directors and the Executive Board and their interaction with each other. The corporate governance statement describes the framework for Management working procedures which are intended to ensure efficient, appropriate and sound management of IC Group. This framework has been prepared within the scope of IC Group's Articles of Association, business concept, vision, mission and corporate values as well as the prevailing legislation and rules applicable for Danish listed companies.

To read IC Group's Articles of Association, go to the corporate website at: icgroup.net/investors/corporate-governance/articles-of-association/

Board of Directors and board committees

The Board of Directors is composed with emphasis on extensive experience within general management, retail and the fashion industry. It is furthermore emphasized that the Board of Directors collectively has a professional broad spectrum, extensive experience and documented strategic and managerial competences to the effect that the Board of Directors can perform their tasks in the best possible way. All board members are elected for one-year terms.

In compliance with the recommendations from NASDAQ OMX Copenhagen, the Board of Directors has assessed the need for establishing special, permanent board committees. As a result of this, the Board of Directors has appointed an Audit Committee, a Remuneration Committee and an Operations Committee. Furthermore, the Board of Directors will on an on-going basis assess the need for establishing other specific ad hoc committees.

For further information on the Board of Directors and the individual board committees, go to the corporate website at: icgroup.net/investors/corporate-governance/board-directors

Remuneration Policy and incentive pay

With the purpose of promoting common interests between shareholders, the Executive Board and other executives and creating a working environment where focus is on meeting the Group's targets, IC Group has established bonus and share-based incentive programmes. Members of the Board of Directors are not included in the incentive programmes.

For further information on IC Group's Remuneration Policy and incentive pay, go to the corporate website at: icgroup.net/investors/corporate-governance/remuneration-policy

Information on remuneration to the Board of Directors and the Executive Board is presented in note 6.1 to the consolidated financial statements, whereas details on warrants, options and performance shares granted to a number of members of the Executive Board and other executives are presented in note 6.2 to the consolidated financial statements.

Ownership structure and takeover bids

A description of the Group's ownership structure is provided in the section Shareholders Information and Share Performance on page 33. In the event of any takeover bids, no significant agreements will be affected.

CORPORATE GOVERNANCE RECOMMENDATIONS

With 3 exceptions, IC Group complies with all Recommendations on Corporate Governance issued by NASDAQ OMX Copenhagen (which are based on the Recommendations from the Committee on Corporate Governance).

The complete Statutory Annual Corporate Governance Statement for the financial year 2015/16, cf. section 107b of the Danish Financial Statements Act, is available on the corporate website at: icgroup.net/investors/corporate-governance

GLOBAL MANAGEMENT TEAM

MADS RYDER*

Group CEO (2013) as well as acting CEO, Tiger of Sweden, (Born 1963)

Mads Ryder holds an MSc in Business Administration and Commercial Law from Århus BSS. Before Mads Ryder joined IC Group A/S, he served as CEO of Royal Copenhagen and Senior Vice President of Weight Watchers in London, UK. Mads Ryder has spent a major part of his career with LEGO GRUPPEN as, among others, Global Head of HR and CEO of LEGOLAND Parks. Apart from his time in the UK, he has also lived and worked in Japan, Korea, and Germany.

Member of the Board of Directors of Designers Remix A/S and of Ballingslöv International AB.

No. of shares: 21,100 (2014/15: 19,400)
No. of warrants: 25,299 (2014/15: 25,299)
No. of performance shares: 13,150

ALEXANDER MARTENSEN-LARSEN*

Group CFO (2015), (Born 1975)

Alexander Martensen-Larsen holds a BSc in International Business from Copenhagen Business School and has earned an MBA from IMD Business School. Previously, Alexander Martensen-Larsen served as Director in Corporate Business Development at TDC and as a Financial Analyst at Morgan Stanley Investment Banking in London.

Chairman of the Board of Directors of Designers Remix A/S.

No. of shares: 5,000 (2014/15: 6,043)
No. of warrants: 9,730 (2014/15: 14,094)
No. of performance shares: 6,575

LOTTE FRANCH WAMBERG

COO (2014), (Born 1965)

Lotte Franch Wamberg holds a BSc in Engineering. Before Lotte Franch Wamberg joined IC Group A/S, she served as CEO of Royal Copenhagen and as Managing Director of Weight Watchers, Nordic region. Lotte Franch Wamberg has spent a major part of her career with LEGO GRUPPEN in various roles, e.g., as head of LEGOLAND Parks in Billund, Denmark, and in Germany. She has worked and lived in Germany and Sweden.

Member of the Board of Directors of Fredericia Furniture A/S and VIKAN A/S.

No. of shares: nil (2014/15: nil)
No. of warrants: nil (2014/15: nil)
No. of performance shares: 8,016

NICOLAS WARCHALOWSKI

CEO, Peak Performance (2014), (Born 1971)

Nicolas Warchalowski holds a BSc in Business Administration from Jönköping International Business School in Sweden and has also lived and studied in the UK. Before Nicolas joined Peak Performance, he served as CEO of the Swedish sportswear brand Haglöfs. Previously, Nicolas worked as Managing Director of Red Bull's Carpe Diem division in North America and as Business Team Leader of Proctor & Gamble Nordic. He has lived and worked in the USA and Austria and is now based in Stockholm.

No. of shares: nil (2014/15: nil)
No. of warrants: nil (2014/15: nil)
No. of performance shares: 4,505

MORTEN LINNET

CEO, By Malene Birger (2015), (Born 1970)

Morten has served as Vice President of Corporate HR in IC Group where he has worked on various business projects since 2006. Morten holds a B.Com. in Business Finance and has previously held positions with Nordea, GN Store Nord and Mars Inc.

No. of shares: nil (2014/15: nil)
No. of warrants: nil (2014/15: 2,380)
No. of performance shares: 4,471

*) The Executive Board of IC Group A/S

BY MALENE BIRGER'S STORE LOCATED IN ANTONIGADE, COPENHAGEN, WAS THE FIRST STORE TO BE REFURBISHED WITH THE BRAND'S NEW STORE CONCEPT

BOARD OF DIRECTORS

HENRIK HEIDEBY

Chairman
(Born 1949)

Henrik Heideby has acquired extensive national and international management experience and skills in financing, risk management, etc., from his previous roles as Group CEO of PFA Pension, Alfred Berg Bank and FIH Erhvervsbank and as a member of the Board of Directors of other businesses.

Chairman of the Board of Directors of Carlsberg Byen P/S, Kirk & Thorsen Invest A/S, Blue Equity Management A/S and Greystone Capital Partners A/S. Deputy Chairman of the Board of Directors of FIH A/S. Member of the Board of Directors of TK Development A/S and Ahpla ApS.

Member of the Board of Directors: 2005
Chairman of the Board of Directors: 2014
Chairman of the Audit Committee: 2009
Chairman of the Remuneration Committee: 2014

Considered an independent member of the Board of Directors.

No. of shares: 12,500 (2014/15: 12,500)

ANDERS COLDING FRIIS

Deputy Chairman
(Born 1963)
CEO, PANDORA A/S

Anders Colding Friis has acquired extensive national and international management experience from his current role as CEO of PANDORA A/S (former CEO of Scandinavian Tobacco Group) and as a member of the Board of Directors of other businesses.

Deputy Chairman of Industrial Employers in Copenhagen. Member of the Executive Committee and Central Board of the Confederation of Danish Industry (DI).

Member of the Board of Directors: 2005
Dep. Chairman of the Board of Directors: 2014
Member of the Remuneration Committee: 2011

Considered an independent member of the Board of Directors.

No. of shares: 6,925 (2014/15: 6,925)

NIELS MARTINSEN

Deputy Chairman
(Born 1948)
CEO of Friheden Invest A/S

As the founder of InWear and long-time CEO of InWear Group A/S, later IC Companys A/S, Niels Martinsen has acquired extensive national and international management experience and solid knowledge of the international fashion industry. Niels Martinsen also has experience as a member of the Board of Directors of other businesses.

Chairman of the Board of Directors of A/S Sadolinparken and A/S Rådhusparken. Member of the Board of Directors of Friheden Invest A/S.

Member of the Board of Directors: 2001
Dep. Chairman of the Board of Directors: 2014
Member of the Audit Committee: 2009
Member of the Remuneration Committee: 2011

Considered a non-independent member of the Board of Directors.

No. of shares: 7,191,128 (2014/15: 7,191,128) through Friheden Invest A/S controlled by Niels Martinsen.

ANNETTE BRØNDHOLT SØRENSEN

Member of the Board of Directors
(Born 1963)

From her previous roles as Business & Finance Director and member of the Board of Directors of By Malene Birger A/S, Annette Brøndholt Sørensen has acquired experience of the international fashion industry. In addition, Annette Brøndholt Sørensen has gained solid experience in management, strategy, management accounting and process optimization from several previous management positions at the SAS Group

Chairman of the Board of Directors of OffSpring A/S. Member of the Board of Directors of Birger Christensen A/S and SOS Children's Villages.

Member of the Board of Directors: 2010
Member of the Operations Committee: 2014

Considered an independent member of the Board of Directors.

No. of shares: 1,553 (2014/15: 253)

MICHAEL HAUGE SØRENSEN

Member of the Board of Directors
(Born 1973)

Michael Hauge Sørensen has acquired extensive national and international management experience from a closely related industry and therefore has strong business know-how and knowledge in all areas of the value chain, including product development and marketing, international sales, retail and production.

Chairman of the Board of Directors of Fristad Kansas AB, TOP-TOY A/S, TT Holding II A/S and TT Holding III A/S. Member of the Board of Directors of Pandora A/S, Zebra A/S, Michaso Holdings Limited, Elevate Global Limited and Santa Fe Group A/S.

Member of the Board of Directors: 2014
Member of the Operations Committee: 2014

Considered an independent member of the Board of Directors.

No. of shares: 1,350 (2014/15: 1,350)

OLE WENGEL

Member of the Board of Directors
(Born 1949)

As former Director of Corporate Affairs of InWear Group A/S, Ole Wengel has acquired experience in management of a major international fashion business and of the international fashion industry. Throughout his many years of service with the Group, he also has acquired detailed insight into and knowledge of the Group.

Member of the Board of Directors: 2003
Member of the Audit Committee: 2009
Member of the Remuneration Committee: 2011
Chairman of the Operations Committee: 2014

Considered a non-independent member of the Board of Directors.

No. of shares: 43,333 (2014/15: 43,333)

IN MARCH 2016, PEAK PERFORMANCE OPENED A SO-CALLED "LAB STORE" LOCATED IN GÖTGATAN, STOCKHOLM. THE STORE'S VISUAL MERCHANDISING AND RANGE OF PRODUCTS REFLECT THE BRAND'S NEW AND MORE PROGRESSIVE STYLE

SHAREHOLDER INFORMATION AND SHARE PERFORMANCE

We aim to maintain a high and consistent information level - and engage in an open and active dialogue with investors, analysts and other stakeholders. By doing this, we contribute to providing the optimum terms for an effective pricing of the IC Group share.

Share capital and share performance

IC Group is listed on NASDAQ OMX Copenhagen and forms part of the MidCap index.

Share capital	17.1 million shares
Nominal value per share	DKK 10
Closing price at 30 June 2015	DKK 187.5
Closing price at 30 June 2016	DKK 172.0
Change during the year	(8.3)%
Highest closing price during the year (30 December 2015)	DKK 252.0

At the end of the financial year, the market capitalization of IC Group amounted to DKK 2.9 billion.

Treasury shares

At 30 June 2016, the Group owned 442,572 (442,572) shares to cover outstanding share options and performance shares. This number of shares corresponds to 2.6% of the total number of issued shares which is at the same level as at 30 June 2015.

Ownership structure

At 30 June 2016, IC Group had 5,655 registered shareholders who combined held 97.7% of the total share capital. The Group has one share class, and the share of votes is equivalent to the share capital of the Group's shareholders. The breakdown of shareholders is set out in the table below.

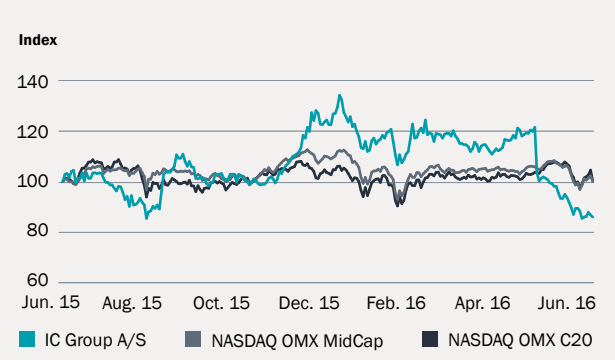
Investor relations

The Group aims to maintain a high and consistent information level in order to contribute to an effective pricing of the IC Group share. To maintain a good dialogue with shareholders, analysts and other stakeholders in respect of the Group's performance, we host webcasts following the announcements of our interim and annual reports, and the Group Management regularly participates in road shows and investor seminars. Furthermore, we set up meetings with individual investors and financial analysts.

For further information on the Group's Investor Relations Policy, financial statements, company announcements, financial calendar, etc., go to the corporate website at icgroup.net/investors

SHARE PERFORMANCE

(1 July 2015 = index 100)



SHAREHOLDERS

Shareholders at 30 June 2016

DKK million	Number of shares	Share capital
Friheden Invest A/S* (Hørsholm, DK)	7,191,128	42.2%
Hanssen Holding (Daugård, DK)	1,820,230	10.7%
ATP (Hillerød, DK)	1,719,973	10.1%
Other Danish institutional investors	3,542,543	20.8%
Danish private investors	1,069,227	6.3%
Foreign institutional investors	775,733	4.5%
Foreign private investors	93,070	0.5%
Treasury shares	442,572	2.6%
Non-registered shareholders	401,771	2.3%
Total	**17.056.247**	**100%**

*Friheden Invest A/S is controlled by Niels Martinsen, Deputy Chairman of the Group's Board of Directors.

INTRODUCTION TO THE FINANCIAL STATEMENTS

The consolidated financial statements and the parent company financial statements for the financial year 2015/16 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies (accounting class D), cf. the Statutory Order on the adoption of IFRS under the Danish Financial Statements Act.

The consolidated financial statements have been divided into 8 sections: primary financial statements, basis for preparation, profit for the year, working capital, invested capital, capital structure, governance as well supplementary notes. Each note to the consolidated financial statements provides information on accounting policies and any accounting estimates.

Furthermore, symbols have been used in the financial statements to provide a clear picture of the interrelation between the different chapters of the consolidated financial statements. The symbols stated below have been used in the notes as reference to the primary financial statements.

- INCOME STATEMENT
- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF CASH FLOWS
- ACCOUNTING POLICIES
- ACCOUNTING ESTIMATES
- INFORMATION
- REFERENCE TO SUPPLEMENTARY INFORMATION IN THE ANNUAL REPORT
- REFERENCE TO WEB PAGE

PEAK PERFORMANCE, URBAN AUTUMN 2016

CONSOLIDATED FINANCIAL STATEMENTS

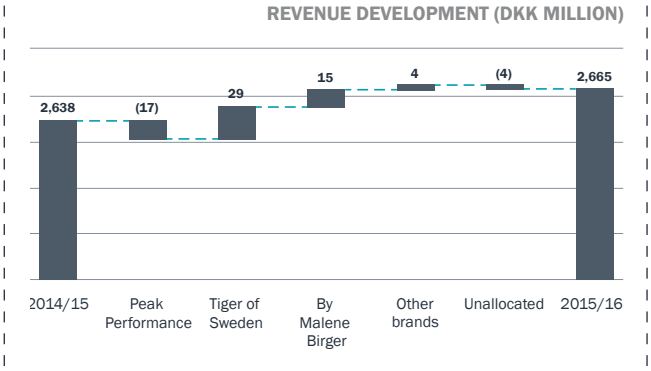
CONSOLIDATED INCOME STATEMENT

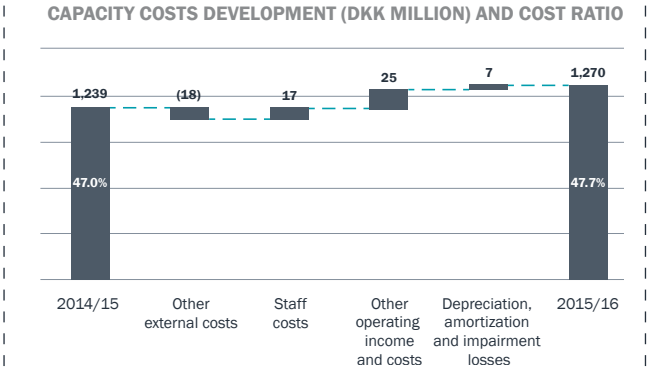
1 JULY – 30 JUNE

Note	DKK million	2015/16	2014/15
2.1	**Revenue**	**2,665**	**2,638**
	Cost of sales	(1,152)	(1,192)
	Gross profit	**1,513**	**1,446**
	Other external costs	(626)	(644)
2.2	Staff costs	(587)	(570)
	Other operating income and costs	6	31
	Operating profit before depreciation and amortization (EBITDA)	**306**	**263**
4.1, 4.2	Depreciation, amortization and impairment losses	(63)	(56)
	Operating profit (EBIT)	**243**	**207**
4.4	Income from investments in associates	11	2
5.6	Financial income	9	7
5.6	Financial costs	(16)	(15)
	Profit before tax	**247**	**201**
2.3	Tax on profit for the year of continuing operations	(55)	(47)
	Profit for the year of continuing operations	**192**	**154**
	Profit/loss for the year of discontinued operations*	3	(14)
	Profit for the year	**195**	**140**
	Profit allocation:		
	Shareholders of IC Group A/S	193	140
	Non-controlling interests	2	-
	Profit for the year	**195**	**140**
5.1	Earnings per share, DKK	11.6	8.5
5.1	Diluted earnings per share, DKK	11.6	8.5
5.1	Earnings per share of continuing operations, DKK	11.4	9.3
5.1	Diluted earnings per share of continuing operations, DKK	11.4	9.3

*This figure includes income of DKK 4 million and costs of DKK 1 million (2014/15: Income of DKK 2 million and costs of DKK 16 million).

FINANCIAL KEY RATIOS





CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 JULY – 30 JUNE

Note	DKK million	2015/16	2014/15
	Profit for the year	**195**	**140**
	OTHER COMPREHENSIVE INCOME		
	Items to be reclassified to the income statement when certain conditions are met:		
	Other comprehensive income from associates	(2)	2
	Hedging transactions:		
	Fair value adjustments, gains/loss on financial instruments related to cash flow hedges	27	48
	Reclassification to the income statement, gains/loss on financial instruments related to realized cash flow hedges	(61)	(6)
	Tax on financial instruments which may be reclassified to the income statement	7	(10)
	Foreign currency translation adjustments:		
	Foreign currency translation adjustments, foreign subsidiaries and intercompany loans	(9)	9
	Items which cannot be reclassified to the income statement:		
	Actuarial adjustments	-	1
	Other comprehensive income after tax	**(38)**	**44**
	Total comprehensive income	**157**	**184**
	Allocation of comprehensive income for the year:		
	Shareholders of IC Group A/S	155	184
	Non-controlling interests	2	-
	Total	**157**	**184**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE

Note	DKK million	2016	2015
	ASSETS		
	NON-CURRENT ASSETS		
4.1	Intangible assets	260	271
4.2	Property, plant and equipment	134	101
4.4	Investments in associates	-	115
5.2	Financial assets	24	36
2.3	Deferred tax	58	46
	Total non-current assets	**476**	**569**
	CURRENT ASSETS		
3.1	Inventories	425	350
3.2	Trade receivables	284	300
2.3	Tax receivable	57	34
	Other receivables	33	124
	Prepayments	85	76
5.3	Cash	84	251
		968	**1,135**
	Assets held-for-sale	-	148
	Total current assets	**968**	**1,283**
	TOTAL ASSETS	**1,444**	**1,852**

Note	DKK million	2016	2015
	EQUITY AND LIABILITIES		
	EQUITY		
5.1	Share capital	171	170
	Reserve for hedging transactions	14	41
	Translation reserve	(62)	(53)
	Retained earnings	610	721
	Equity attributable to shareholders of the Parent Company	**733**	**879**
	Equity attributable to non-controlling interests	**7**	**5**
	TOTAL EQUITY	**740**	**884**
	LIABILITIES		
7.1	Retirement benefit obligations	9	8
2.3	Deferred tax	12	35
7.2	Provisions	6	5
	Total non-current liabilities	**27**	**48**
5.3	Current liabilities to credit institutions	109	193
	Trade payables	317	274
2.3	Tax payable	52	15
	Other liabilities	178	239
7.2	Provisions	21	47
		677	**768**
	Liabilities concerning assets held-for-sale	-	152
	Total current liabilities	**677**	**920**
	Total liabilities	**704**	**968**
	TOTAL EQUITY AND LIABILITIES	**1,444**	**1,852**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 JULY – 30 JUNE

2016

DKK million	Share capital	Reserve for hedging trans-actioner	Trans--lation reserve	Retained earnings	Proposed dividend	Equity owned by share-holders of ICG A/S	Equity owned by non-cont. interests	Total equity
Equity at 1 July 2015	**170**	**41**	**(53)**	**653**	**68**	**879**	**5**	**884**
Profit for the year	-	-	-	108	85	193	2	195
Other comprehensive income after tax	-	(27)	(9)	(2)	-	(38)	-	(38)
Total comhensive income	**-**	**(27)**	**(9)**	**106**	**85**	**155**	**2**	**157**
Transactions with owners:								
Dividend on treasury shares	-	-	-	2	(2)	-	-	-
Ordinary dividend paid	-	-	-	-	(66)	(66)	-	(66)
Extraordinary dividend paid	-	-	-	(244)	-	(244)	-	(244)
Share-based payments	-	-	-	1	-	1	-	1
Exercise of warrants	1	-	-	7	-	8	-	8
Changes in equity during 2015/16	**1**	**-27**	**-9**	**(128)**	**17**	**(146)**	**2**	**(144)**
Equity at 30 June 2016	**171**	**14**	**(62)**	**525**	**85**	**733**	**7**	**740**

2015

DKK million	Share capital	Reserve for hedging trans-actioner	Trans-lation reserve	Retained earnings	Proposed dividend	Equity owned by share-holders of ICG A/S	Equity owned by non-cont. interests	Total equity
Equity at 1 July 2014	**169**	**9**	**(62)**	**663**	**49**	**828**	**5**	**833**
Profit for the year	-	-	-	72	68	140	-	140
Other comprehensive income after tax	-	32	9	3	-	44	-	44
Total comhensive income	**-**	**32**	**9**	**75**	**68**	**184**	**-**	**184**
Transactions with owners:								
Ordinary dividend paid	-	-	-	-	(49)	(49)	-	(49)
Extraordinary dividend paid	-	-	-	(97)	-	(97)	-	(97)
Share-based payments	-	-	-	1	-	1	-	1
Exercise of share options and warrants	1	-	-	11	-	12	-	12
Changes in equity during 2014/15	**1**	**32**	**9**	**(10)**	**19**	**51**	**-**	**51**
Equity at 30 June 2015	**170**	**41**	**(53)**	**653**	**68**	**879**	**5**	**884**

§ ACCOUNTING POLICIES

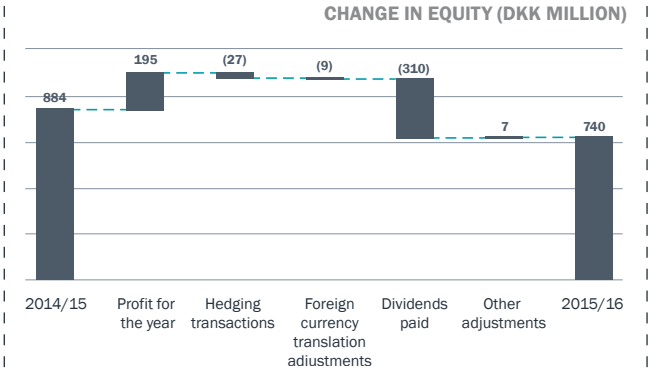
Reserve for hedging transactions

Reserve for hedging transactions comprises the accumulated net change of the fair value of hedging transactions which qualify for recognition as cash flow hedges, and where the hedged transaction has not yet been realized, less tax.

Translation reserve

The translation reserve comprises the shareholders of the Parent Company's share of foreign exchange differences arising in connection with the translation of foreign subsidiaries' financial statements as well as intercompany loans reported in their functional currency into the IC Group's reporting currency (DKK).

FINANCIAL KEY RATIOS



CONSOLIDATED STATEMENT OF CASH FLOWS

1 JULY – 30 JUNE

Note	DKK million	2015/16	2014/15
	CASH FLOW FROM OPERATING ACTIVITIES		
2.1	Operating profit, continuing operations	243	207
	Operating profit/loss, discontinued operations	3	(15)
	Operating profit	**246**	**192**
3.4	Other adjustments	66	35
3.3	Change in working capital	(61)	52
	Cash flow from ordinary operating activities	**251**	**279**
	Financial income received	3	6
	Financial costs paid	(6)	(14)
	Cash flow from operating activities	**248**	**271**
2.3	Tax paid	(65)	(45)
	Total cash flow from operating activities	**183**	**226**
	CASH FLOW FROM INVESTING ACTIVITIES		
4.1	Investments in intangible assets	(10)	(42)
4.2	Investments in property, plant and equipment	(81)	(45)
	Sale of associate and activities	144	-
	Sale of securities	-	101
	Change in other financial assets	2	1
	Total cash flow from investing activities	**55**	**15**
	Total free cash flow	**238**	**241**
	CASH FLOW FROM FINANCING ACTIVITIES		
	Repayment of non-current liabilities	(17)	(17)
	Other liabilities	-	(21)
	Dividends paid	(310)	(146)
	Exercise of share options and warrants	8	12
	Total cash flow from financing activities	**(319)**	**(172)**
	Net cash flow for the year	**(81)**	**69**
	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents at 1 July	58	(13)
	Foreign currency translation adjustments of cash and cash eqivalents at 1 July	(2)	2
	Net cash flow for the year	(81)	69
	Cash and cash equivalents at 30 June	**(25)**	**58**

DKK million	2016	2015
Cash and cash equivalents in the statement of cash flows comprise:		
Cash	84	251
Current liabilities to credit institutions	(109)	(193)
Cash and cash equivalents, cf. statement of cash flows	**(25)**	**58**

§ ACCOUNTING POLICIES

Statement of cash flows

The statement of cash flows shows the cash flows from operating, investing and financing activities for the year, and the net cash flows for the year as well as cash and cash equivalents at the beginning and at the end of the financial year.

The statement of cash flows presents cash flow from operating activities indirectly based on the operating profit.

Cash flow from operating activities is calculated as operating profit adjusted for non-cash operating items, provisions, financials paid, change in working capital as well as taxes paid.

Cash flow from investing activities includes payments regarding acquisition and sale of non-current assets and securities, including investments in businesses.

Cash flow from financing activities includes payments to and from shareholders as well as the raising and repayment of mortgage loans and other non-current liabilities not included in working capital.

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

CHAPTER 1

BASIS FOR PREPARATION

! This chapter describes the significant accounting policies for the Group as a whole. Significant accounting policies which relate to a primary statement, specific accounting item or note are described in the relevant note. Furthermore, this chapter contains a description of the new IFRS standards and interpretations, and how these are expected to affect the Group's financial position and performance.

1.1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and the parent company financial statements for the financial year 2015/16 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies (accounting class D), cf. the Statutory Order on the adoption of IFRS under the Danish Financial Statements Act.

The consolidated financial statements comprise many complex transactions which are classified according to nature or function. If an item in itself is not deemed material, it will be consolidated with other items of a uniform nature in the consolidated financial statements or in the notes.

The disclosure requirements provide specific information on the requirements under IFRS, unless such information is considered to be insignificant to the financial decision-making of the users of these statements or considered irrelevant.

Few reclassifications and adjustments of the comparative figures have been made.

The accounting policies applied in this Annual Report are unchanged as compared to the accounting policies applied in the Annual Report 2014/15 except from the below-mentioned exceptions.

IC Group has implemented all new and amended standards (IFRS) and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 1 July 2015 – 30 June 2016. This implementation has had no impact on the recognition and measurement of the Group's assets and liabilities.

Implementation of new IFRS standards and interpretations
IASB has issued, and the EU has adopted, a number of new standards and has revised some of the existing standards, including IFRS improvement projects for 2012–2014 as well as amendment to IAS 1. IC Group A/S will implement the standards with effect from the financial year beginning 1 July 2016 and these will not have any material impact on the financial statements of IC Group A/S.

New IFRS standards issued, but not yet effective
IASB has issued and the EU has adopted IFRS 9 "Financial Instruments" which is effective for annual periods beginning on or after 1 January 2018. IFRS 9 forms part of IASB's project to replace IAS 39, and with this new standard, classification and measurement of financial instruments as well as hedging requirements will be changed significantly. IC Group is currently assessing the impact of this new standard on financial instruments. The implementation is not expected to have any material impact on the consolidated financial statements.

IASB has issued IFRS 15 "Revenue from Contracts with Customers" which is effective for annual periods beginning on or after 1 January 2018. The standard has not been adopted by the EU yet. IFRS 15 is part of a joint project with FASB and will replace IAS 18 and IAS 11. The new standard provides detailed framework definitions of revenue recognition. IC Group is currently assessing the impact of this new standard on revenue. The implementation is not expected to have any material impact on the consolidated financial statements.

IASB has issued IFRS 16 "Leases" which is effective for annual periods beginning on or after 1 January 2019. The standard has not been adopted by the EU yet. IFRS 16 forms part of IASB's project to replace IAS 17, and with this new standard, recognition and measurement of leases will be changed significantly.
IC Group is currently assessing the impact of this new standard on leases. The implementation is not expected to have any material impact on the consolidated financial statements, since all leases with lease periods more than 12 months must be recognized.
i See note 5.7 for further information of the Group's operating leases.

i The list below specifies the notes that include the detailed accounting policies.

§ ACCOUNTING POLICIES

The significant accounting policies deemed by Management to be material for the understanding of the consolidated financial statements are listed in the statement of changes in equity, statement of cash flows as well as below where they are described in more detail in the relevant notes:

2.1 Segment information
2.2 Staff costs
2.3 Tax
3.1 Inventories
3.2 Trade receivables
4.1 Intangible assets
4.2 Property, plant and equipment
4.3 Sale of business and assets
4.4 Investments in associates
5.1 Equity
5.2 Financial assets
5.3 Net interest-bearing debt
5.4 Financial risks and derivative financial instruments
5.6 Financial income and costs
5.7 Operating leases
6.2 Share-based remuneration
7.1 Retirement benefit obligations
7.2 Provisions
7.3 Contingent liabilities

Basis of consolidation
The consolidated financial statements consist of the financial statements of IC Group A/S (the Parent Company) and its subsidiaries in which the Company's voting rights directly or indirectly exceed 50%, or in which the Company is able to exercise a controlling interest in any other way.

The consolidated financial statements are prepared on the basis of the parent company financial statements and the individual subsidiaries by consolidating items of a uniform nature. Equity interests, intercompany transactions, intercompany balances, unrealized 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 proportionate share of the income from non-controlling interests and associates is recognized in the consolidated income statement for the year.

The proportionate share of associates' equity is recognized in the statement of financial position under non-current assets.

Foreign currency
Functional currency
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.

The consolidated financial statements and the parent company financial statements are reported in Danish Kroner (DKK). DKK is considered the primary currency of the Group's operations and the functional currency of the Parent Company.

Foreign currency translation
On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement under cost of sales or financial income or costs, respectively.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates ruling at the end of the reporting period. The difference between the exchange rate ruling at the end of the reporting period and the exchange rate at the date when the receivable or payable arose or was recorded in the most recent annual report is recognized in the income statement under cost of sales. Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currencies and measured based on historical cost are translated at the exchange rates ruling at the transaction date.

Translation in the consolidated financial statements
The statements of financial position of foreign subsidiaries are translated into DKK at the exchange rate ruling at the end of the reporting period, while income statements are translated into DKK at monthly average exchange rates during the year. Foreign exchange differences arising on the translation of foreign subsidiaries' opening equity using the exchange rates ruling at the end of the reporting period as well as on the translation of the income statements using average exchange rates at the end of the reporting period are recognized under other comprehensive income. Foreign exchange adjustments of receivables in foreign subsidiaries that are considered to be part of the overall investment in subsidiaries are recognized under other comprehensive income in the consolidated financial statements and in the income statement of the parent company financial statements.

Other receivables
On initial recognition, financial receivables are measured at fair value and subsequently at amortized cost which usually corresponds to the nominal value less write-downs for bad debts. All other receivables are due for payment within 1 year and primarily relate to VAT and duties, financial contracts, etc.

Prepayments, assets
Prepayments recognized under assets comprise costs incurred relating to the following financial year, including collection samples, rent, insurance, etc. Prepayments are measured at cost.

Other liabilities
On initial recognition, financial liabilities are measured at fair value less any transaction costs. Subsequently, other liabilities are measured at amortized cost. The nominal value of amounts payable under other liabilities corresponds in all material respect to the fair value of the liabilities.

Other liabilities primarily relate to VAT and duties, staff obligations, other costs payable as well as loss on derivative financial instruments.

Discontinued operations
The Group's discontinued operations comprise the Mid Market division which was divested in 2013/14. For the financial year 2014/15, final adjustments of the acquisition price were made between IC Group A/S and DK Company A/S. Furthermore, in 2014/15, provisions were made to cover costs relating to a potential case concerning indirect taxes since part of these costs was attributable to the Group's previous Mid Market division. The case was settled in 2015/16 which resulted in a settlement and adjustment of the previously mentioned provision.

Discontinued operations are major brands 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 separate items in the income statement, consisting of the operations' operating profit/loss after tax and any gains or losses on fair value adjustment or sale of the related assets. Cash flow from discontinued operations has been included in the consolidated statement of cash flows under cash flows from operating, investing and financing activities and has been explained in the notes. Non-current assets and groups of assets held-for-sale, including assets related to discontinued operations, are presented as separate items in the statement of financial position under current assets. Liabilities directly related to the assets and discontinued operations in question are presented under current liabilities in the statement of financial position. Assets are classified as held-for-sale when their carrying amounts will be recovered principally through a sale transaction within 12 months according to a formal plan rather than through continuing use.

Impairment losses arising at the initial classification of held-for-sale as well as any subsequent gains or losses measured at the lower of the carrying amount or the fair value less costs to sell are recognized in the income statement under the items in question. Gains and losses are explained in the notes.

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

Business combinations
Newly acquired or newly established businesses are recognized in the consolidated financial statements from the acquisition date or incorporation date, respectively. The acquisition date is the date when control of the business actually passes to the Group.

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

Restructuring costs are only recognized in the acquisition's statement of financial position if they represent a liability to the acquired business. The tax effect of revaluations is taken into account.

The cost of a business is the fair value of the consideration paid. If the final determination of the consideration is conditional on one or more future events, these adjustments are recognized at fair value from the acquisition date. Costs directly attributable to acquisitions are recognized directly in the income statement from the date of payment.

Any excess (goodwill) of the cost of an acquired business, the value of the non-controlling interest in the acquired business and the fair value of previously acquired capital interests over the fair value of the acquired assets, liabilities and contingent liabilities is recognized as an asset under intangible assets and tested annually for impairment each year as a minimum. 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 business, the value of the non-controlling interest in the acquired business and the fair value of previously acquired capital interests are reassessed. If the difference is still negative following the reassessment, the difference is then recognized as income in the income statement.

Aquisition of non-controlling interests in subsidiaries is recognized in the cosolidated financial statements as an equity transaction, and the difference between the acquisition price and the carrying amount is allocated to the Parent Company's share of equity.

1.2. SIGNIFICANT ACCOUNTING ESTIMATES

In the preparation of the consolidated financial statements of IC Group A/S, Management makes various significant accounting estimates and assumptions that may affect the reported values of assets, liabilities, income, costs, cash flow and related information at the reporting date.

The significant estimates are based on past experience and other factors deemed reasonable in the circumstances. By their nature, such estimates are subject to some uncertainty and the actual results may deviate from these estimates. The estimates are continuously evaluated and the effect of any changes is recognized in the relevant period.

The significant accounting estimates and assumptions deemed by Management to be material for the preparation and understanding of the consolidated financial statements are listed below and described in more detail in the relevant notes:

≈ SIGNIFICANT ACCOUNTING ESTIMATES

2.3 Tax
3.1 Inventories
3.2 Trade receivables
4.1 Intangible assets
4.2 Property, plant and equipment
6.2 Share-based remuneration
7.2 Provisions

CHAPTER 2

PROFIT FOR THE YEAR

This chapter provides a specification of the consolidated operating profit. The Group segments are based on the 3 Premium brands; Peak Performance, Tiger of Sweden and By Malene Birger, which are measured by their operating profits (EBIT). The financial performance of the individual segments are presented in note 2.1.

CONTENTS

IC Group generated a consolidated revenue of DKK 2,665 million and an operating profit (EBIT) of DKK 243 million for 2015/16. Combined, the Group's 3 Premium brands accounted for 85% of the Group's revenue and 94% of EBIT. IC Group operates within a global tax platform due to its international operations. The Group's tax strategy is to optimize its tax practise proactively both in respect of payment of indirect and direct taxes while operating at all times in accordance with applicable law. The Group's effective tax rate amounted to 22% for 2015/16 (23%).

FINANCIAL KEY RATIOS

REVENUE GROWTH (LOCAL CURRENCY)

1.9%

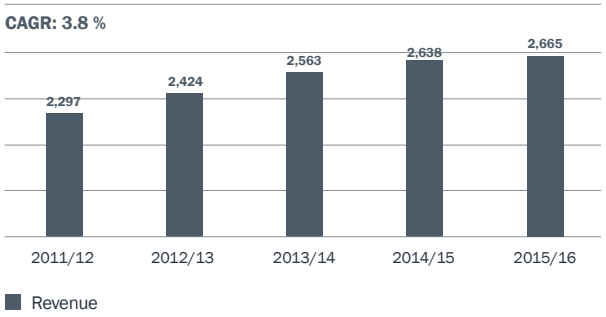
Revenue growth in reported currency amounted to 1.0%

OPERATING PROFIT

DKK 243m

Corresponding to an EBIT margin of 9.1%.

DEVELOPMENT IN REVENUE (DKK MILLION)



2.1 SEGMENT INFORMATION

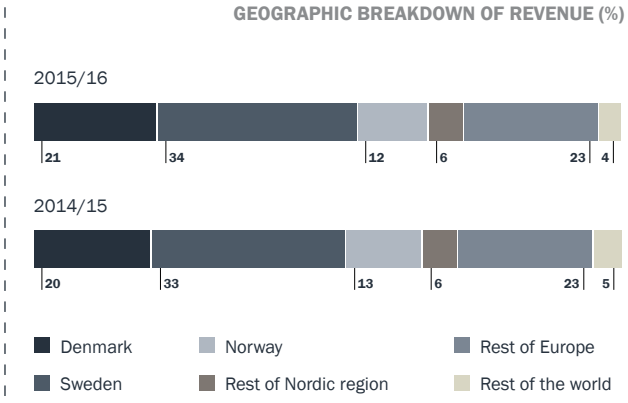
Business segments
Reporting to the Executive Board, which is considered to be the Chief Operating Decision Maker, is based on the Group's 3 core business segments; Peak Performance, Tiger of Sweden and By Malene Birger.

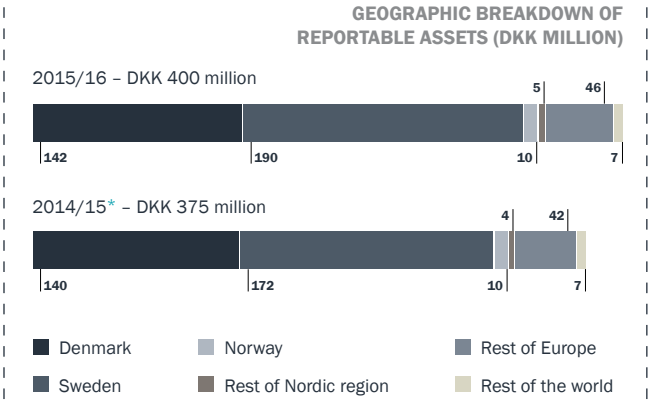
Other brands comprise Saint Tropez and Designers Remix.

Unallocated items and eliminations
In all material respects, unallocated items and eliminations include;

- income and costs in Group functions which are not allocated to the Group's business segments;
- intercompany eliminations; and
- any differences arising between costs invoiced to Group brands and realized costs in the Group's Premium service functions.

Geographic information
Revenue is allocated to the geographic areas based on the customer's geographic location. Allocation of assets is made based on the geographic location of the assets. In all material aspects, geographic breakdowns of Group revenue and assets are as follows:





* Excluding assets held-for-sale.

Segment information

DKK million	Peak Performance 2015/16	Tiger of Sweden 2015/16	By Malene Birger 2015/16	Premium brands 2015/16	Other brands 2015/16	Group 2015/16
Total revenue	**936**	**972**	**357**	**2,265**	**398**	**2,663**
Wholesale and franchise	599	611	245	1,455	213	1,668
Retail, e-commerce and outlets	337	361	112	810	185	995
Growth compared to 2014/15 (%)	*(1.8)*	*3.1*	*4.4*	*1.2*	*1.0*	*1.2*
Growth in local currency compared to 2014/15 (%)	*(1.4)*	*4.6*	*5.3*	*2.2*	*1.8*	*2.1*
Operating profit before depreciation and amortization (EBITDA)	**111**	**123**	**33**	**267**	**27**	**294**
EBITDA margin (%)	*11.9*	*12.7*	*9.2*	*11.8*	*6.8*	*11.0*
Depreciation, amortization and impairment losses	(17)	(15)	(7)	(39)	(7)	(46)
Operating profit (EBIT)	**94**	**108**	**26**	**228**	**20**	**248**
EBIT margin (%)	*10.0*	*11.1*	*7.3*	*10.1*	*5.0*	*9.3*
Reconciliation of segment information of continuing operations						
Operating profit (EBIT), reportable segments						248
Unallocated items and eliminations						(5)
Operating profit (EBIT)						**243**
Income from investments in associates						11
Financial income						9
Financial costs						(16)
Profit before tax						**247**
Tax on profit for the year						(55)
Profit for the year						**192**

DKK million	Peak Performance 2014/15	Tiger of Sweden 2014/15	By Malene Birger 2014/15	Premium brands 2014/15	Other brands 2014/15	Group 2014/15
Total revenue	**953**	**943**	**342**	**2,238**	**394**	**2,632**
Wholesale and franchise	652	617	238	1,507	212	1,719
Retail, e-commerce and outlets	301	326	104	731	182	913
Operating profit before depreciation and amortization (EBITDA)	**122**	**124**	**35**	**281**	**31**	**312**
EBITDA margin (%)	*12.8*	*13.1*	*10.2*	*12.6*	*7.9*	*11.9*
Depreciation, amortization and impairment losses	(15)	(12)	(6)	(33)	(9)	(42)
Operating profit (EBIT)	**107**	**112**	**29**	**248**	**22**	**270**
EBIT margin (%)	*11.2*	*11.9*	*8.5*	*11.1*	*5.6*	*10.3*
Reconciliation of segment information of continuing operations						
Operating profit (EBIT), reportable segments						270
Unallocated items and eliminations						(37)
Idle capacity costs						(26)
Operating profit (EBIT)						**207**
Income from investments in associates						2
Financial income						7
Financial costs						(15)
Profit before tax						**201**
Tax on profit for the year						(47)
Profit for the year						**154**

DKK million	2015/16	2014/15
Segment revenue (reportable segments)	**2,663**	**2,632**
Unallocated items and eliminations	2	6
Total revenue, cf. income statement	**2,665**	**2,638**

§ ACCOUNTING POLICIES

Segment information
Segment information has been prepared in accordance with the Group's applied accounting policies and is consistent with the Group's internal reporting to the Executive Board.

The Executive Board evaluates operating profits of business segments separately in order to make decisions in relation to resource allocation and performance measurement. The segment results are evaluated on the basis of operating results, which are calculated by the same methods as in the consolidated financial statements. Financial income, costs and corporate taxes are calculated at Group level and are not allocated to operating segments.

Segment income and costs comprise income and costs that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis. No material trade or other transactions take place between the business segments. Revenue from external customers, which is reported to Management, is measured by the same methods as in the income statement. Cost allocation between business segments is made on an individual basis. No individual customer accounts for more than 10% of revenue.

No information has been provided as to the segments' share of items concerning financial position or cash flows as the Executive Board does not use this segmentation in the internal reporting of the statement of financial position or the statement of cash flows.

Management has concluded that Saint Tropez and Designers Remix meet the criteria for aggregation as set out in IFRS 8, since the two segments have similarities in the nature of the products, the production processes, the type or class of customers, the methods used to distribute products and the nature of the level of earnings.

Revenue
Revenue from the sale of goods is recognized 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 less expected returns and discounts related to sales.
i See note 7.2 for further information on accounting estimates concerning returns and discounts.

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

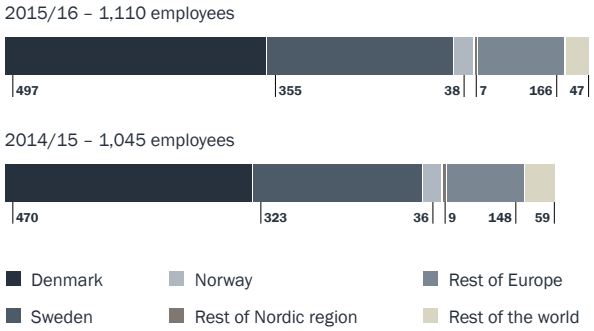
Cost of sales
Cost of sales includes direct costs incurred when generating the revenue for the year. The Company recognizes cost of sales as revenue is earned.

Other external costs
Other external costs comprise other purchase and selling costs and administrative costs, agents' commissions to external sales agents, bad debts, etc. Lease costs relating to operating lease agreements are recognized by using the straight-line method in the income statement under other external costs.

2.2 STAFF COSTS

DKK million	2015/16	2014/15
Total salaries, remuneration, etc. may be specified as follows:		
Remuneration to the Board of Directors, cf. note 6.1	4	4
Salaries and remuneration	464	470
Defined contribution plans, cf. note 7.1	29	23
Defined benefit plans, cf. note 7.1	1	1
Other social security costs	62	54
Share-based payments	1	1
Other staff costs	26	17
Total staff costs	**587**	**570**
Average number of Group employees	**1,110**	**1,045**

GEOGRAPHICAL BREAKDOWN OF AVERAGE NUMBER OF EMPLOYEES



§ ACCOUNTING POLICIES

Staff costs include salaries, remuneration, retirement benefit schemes, share-based payments and other staff costs to the Group's employees, including to the members of the Executive Board and Board of Directors.

Staff costs are recognized in the financial year in which the employee renders the related service. Costs related to long-term employee benefits, e.g., share-based payments, are allocated and recognized in the period to which they relate.

i See note 6.1 for further information on remuneration to the Executive Board and the Board of Directors and note 6.2 for further information on the Group's share-based incentive programmes.

2.3 TAX

Tax for the year

DKK million	2015/16	2014/15
Current tax		
Current tax for the year	53	36
Prior-year adjustments, current tax*	27	2
Foreign non-income dependent taxes	1	1
Total current tax	**81**	**39**
Deferred tax		
Change in deferred tax	(10)	17
Prior-year adjustments, deferred tax*	(23)	(3)
Adjustments regarding changes in tax rates, deferred tax	-	2
Total deferred tax	**(33)**	**16**
Tax for the year	**48**	**55**

* Primarily relates to the release of tax allocation reserves in some of the Group's Swedish companies.

DKK million	2015/16	2014/15
Recognized as follows:		
Tax on profit for the year of continuing operations	55	47
Tax on discontinued operations	-	(2)
Tax on other comprehensive income	(7)	10
Tax for the year	**48**	**55**
Net tax receivable at 1 July	**19**	**13**
Tax payable on profit for the year	(80)	(38)
Tax paid during the year	65	45
Foreign currency translation adjustments, etc.	1	(1)
Net tax receivable at 30 June	**5**	**19**
Recognized as follows:		
Tax receivable	57	34
Tax payable	(52)	(15)
Net tax receivable at 30 June	**5**	**19**

Breakdown on tax on profit for the year of continuing operations is as follows:

DKK million	2015/16	2014/15
Calculated tax on profit before tax, 22% (23.5%)	54	47
Effect of other non-taxable income and other non-deductible costs	(1)	2
Effect of adjustment regarding changes in tax rates, deferred tax	-	2
Effect of net deviation on tax in foreign subsidiaries relative to 22% (23.5%)	-	(2)
Foreign non-income dependent taxes	1	1
Prior-year adjustments	4	(1)
Revaluation of tax losses, etc.	(3)	(2)
Total tax on profit for the year	**55**	**47**
Effective tax rate for the year (%)	**22.2**	**23.2**
Tax on other comprehensive income		
Fair value adjustment on financial instruments held as cash flow hedges	7	(10)
Total tax on other comprehensive income	**7**	**(10)**

Deferred tax

DKK million	2016	2015
Deferred tax at 1 July	**13**	**29**
Prior-year adjustments	23	3
Adjustments regarding changes in tax rates	-	(2)
Disposal in connection with sale	(2)	-
Deferred tax on other comprehensive income	7	(10)
Change in deferred tax on profit for the year	5	(7)
Net deferred tax at 30 June	**46**	**13**
Recognized as follows:		
Deferred tax assets	58	46
Deferred tax assets concerning assets held-for-sale	-	2
Deferred tax liabilities	(12)	(35)
Net deferred tax at 30 June	**46**	**13**
Breakdown of deferred tax at 30 June is as follows:		
Gross deferred tax assets and liabilities	100	74
Unrecognized tax assets	(54)	(61)
Net deferred tax at 30 June	**46**	**13**

Temporary differences and changes during the year are specified as follows:

DKK million	Net deferred tax at 1 July 2015	Recognized in profit for the year	Disposal in connection with sale	Recognized in other comprehensive income	Net deferred tax at 30 June 2016
Intangible assets	1	-	-	-	1
Property, plant and equipment	27	11	(2)	-	36
Receivables	3	(5)	-	-	(2)
Inventories	4	-	-	-	4
Provisions	10	(7)	-	-	3
Other liabilities	(32)	33	-	-	1
Financial instruments	(10)	-	-	7	(3)
Tax losses	71	(11)	-	-	60
Unrecognized tax assets	(61)	7	-	-	(54)
Total	**13**	**28**	**(2)**	**7**	**46**

DKK million	Net deferred tax at 1 July 2014	Recognized in profit for the year	Disposal in connection with sale	Recognized in other comprehensive income	Net deferred tax at 30 June 2015
Intangible assets	-	1	-	-	1
Property, plant and equipment	13	14	-	-	27
Receivables	3	-	-	-	3
Inventories	6	(2)	-	-	4
Provisions	11	(1)	-	-	10
Other liabilities	(28)	(4)	-	-	(32)
Financial instruments	-	-	-	(10)	(10)
Tax losses	86	(15)	-	-	71
Unrecognized tax assets	(62)	1	-	-	(61)
Total	**29**	**(6)**	**-**	**(10)**	**13**

Unrecognized tax assets relate to tax losses that are assessed not to be sufficiently likely to be utilized in the foreseeable future.

In all material respects, the unrecognized tax losses are not limited in time.

§ ACCOUNTING POLICIES

Tax for the year

Tax for the year consists of current tax for the year and adjustments in deferred tax. Tax for the year relating to the profit/loss for the year is recognized in the income statement, and tax for the year relating to items recognized under other comprehensive income or directly in equity is recognized under other comprehensive income or directly in equity, respectively. Foreign currency translation adjustments of deferred tax are recognized as part of the adjustment of deferred tax for the year.

Deferred tax is measured using the tax rates and tax rules that, based on legislation in force or in reality in force at the end of the reporting period, are expected to apply in the respective countries when the deferred tax is expected to crystallize as current tax. Changes in deferred tax as a result of changed tax rates or tax rules are recognized in the income statement unless the deferred tax is attributable to transactions which have been recognized previously under other comprehensive income or directly in equity.

The Parent Company is taxed jointly with all consolidated wholly owned Danish subsidiaries. The current tax expense 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.

≈ ACCOUNTING ESTIMATES

Deferred tax assets, including the tax base of deferrable tax losses, are recognized at the expected value of their utilization of future taxable income and are set off 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 realization.

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

IC Group is subject to tax legislation in the countries in which it operates. Any significant accounting estimates relating to the statements of current tax, deferred tax and pending tax matters in the individual countries have been provided.

Risks relating to transfer pricing, disagreement(s) with local tax authorities, etc. arise as a result of global activity. Based on an assessment and review of the outcome of pending matters, Management considers that the provisions made for uncertain tax positions recognized in deferred tax are adequate.

CHAPTER 3

WORKING CAPITAL

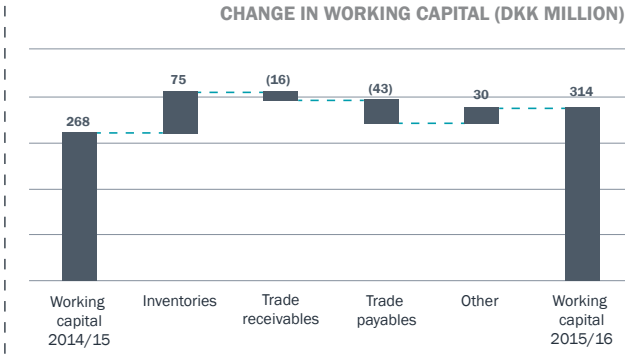
This chapter specifies the tied-up working capital which represents the assets and liabilities supporting the day-to-day operations of the Group. The working capital is defined as current assets less current liabilities excluding the net interest-bearing items, provisions and financial instruments, which help ensure the working capital.

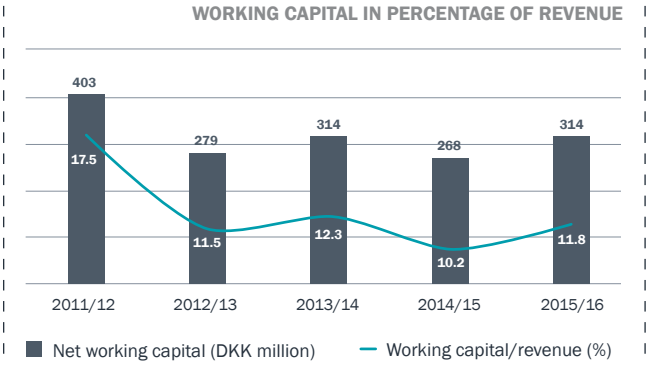
CONTENTS

An important focus area is to minimize the tied-up working capital, and, therefore, we continously work on several initiatives which include improved sales and operational planning, strict inventory management and credit policy as well as extended payment terms to our suppliers.

It is our ambition that the working capital constitutes approx. 10-12% of the annual revenue, however, it may during periods with high growth exceed this level.

FINANCIAL KEY RATIOS





3.1 INVENTORIES

DKK million	2016	2015
Raw material and consumables	54	49
Finished goods and goods for resale	295	253
Goods in transit	133	101
Total inventories, gross	**482**	**403**
Changes in inventory write-downs:		
Inventory write-downs at 1 July	**53**	**63**
Write-downs for the year, addition	30	26
Write-downs for the year, reversal	(26)	(36)
Total inventory write-downs	**57**	**53**
Total inventories, net	**425**	**350**
Write-downs (%)	**12**	**13**

Inventories recognized at net realizable value amounted to DKK 63 million (DKK 57 million) at 30 June 2016.

§ ACCOUNTING POLICIES

Inventories are measured at cost using the FIFO method. Inventories are written down to the lower of cost and net realizable 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. The net realizable value of finished products is determined as the expected selling price less costs incurred to execute the sale.

≈ ACCOUNTING ESTIMATES

By nature, product collections have a limited life-span. If the right products are not available in the stores at the right time, this may result in lost revenues or a potential higher amount of returned and surplus products leading to write-downs. The measurement of inventories is based on an individual assessment of season and age and on the realization risk assessed to exist for individual product items.

3.2 TRADE RECEIVABLES

DKK million	2016	2015
Not yet due	226	253
Due, 1–60 days	36	25
Due, 61–120 days	6	13
Due more than 120 days	16	9
Total trade receivables, net	**284**	**300**
Change in write-downs of trade receivables for the year:		
Trade receivables write-downs at 1 July	**39**	**50**
Change in write-downs for the year	2	9
Realized for the year	(15)	(20)
Total trade receivables write-downs	**26**	**39**

The most significant write-down for bad debt is attributable to a franchise partner in Switzerland. This write-down amounted to DKK 10 million for 2014/15. The loss was realized during the financial year 2015/16. In general, the receivables do not carry interest until between 30 and 60 days after the invoice date. After this date, interest is charged on the outstanding amount. The Group has recognized DKK 2 million (DKK 2 million) in connection with interest on overdue trade receivables for 2015/16.

§ ACCOUNTING POLICIES

On initial recognition, receivables are measured at fair value and subsequently at amortized cost which usually corresponds to the nominal value less provision for bad debts.

Receivables are written down to net realizable value corresponding to the amount of expected future net payments received on the receivables. Write-downs are calculated on the basis of individual assessments of the receivables.

≈ ACCOUNTING ESTIMATES

Loss on trade receivables are written down by Management as a result of expected inability to pay by customers. When assessing whether Group write-downs are adequate, Management makes an analysis of the age distribution, past payment patterns/ payment behaviour and customers credit worthiness and any change of customer terms and conditions of payment. Credit periods vary according to customs of the individual markets.

3.3 CHANGE IN WORKING CAPITAL

DKK million	2016	2015
Inventories	425	350
Trade receivables	284	300
Other receivables excluding derivative financial instruments	14	36
Prepayments	85	76
Total assets	**808**	**762**
Trade payables	317	274
Other liabilities excluding derivative financial instruments	177	220
Total liabilities	**494**	**494**
Working capital	**314**	**268**

DKK million	2015/16	2014/15
Change in inventories	(75)	46
Change in receivables excluding derivative financial instruments	29	52
Change in current liabilities excluding derivative financial instruments	-	(52)
	(46)	**46**
Foreign currency translation adjustments	(15)	6
Total change in working capital	**(61)**	**52**

3.4 OTHER ADJUSTMENTS, STATEMENT OF CASH FLOWS

DKK million	2015/16	2014/15
Reversed depreciation and impairment losses and gains/loss on sale of non-current assets	63	56
Share-based payments recognized in profit and loss	1	1
Provisions	(25)	(1)
Other adjustments	27	(21)
Total other adjustments	**66**	**35**

CHAPTER 4

INVESTED CAPITAL

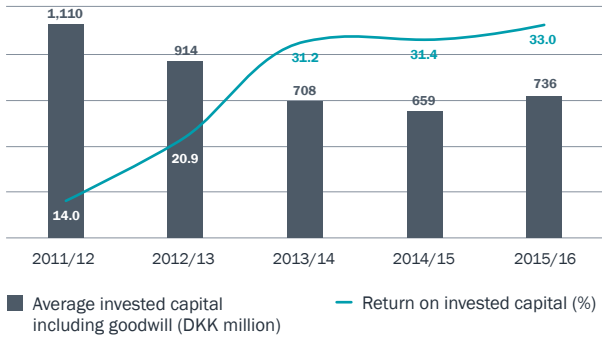
! This chapter describes the operating assets forming the basis of the Group's business. The future investment level must support the expansion plans of our Premium brands. We expect to realize increasingly higher growth through expansion of our network of stores. Investments in new stores will include particularly selected locations in our focus markets.

CONTENTS

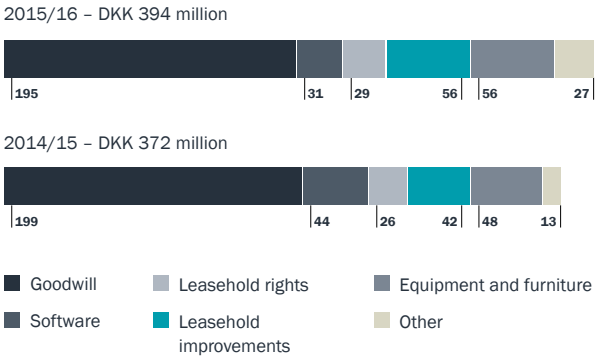
We continue to invest in the development of the Group's infrastructure in order to ensure optimal support of the 3 Premium brands. Depending on the speed of executing these plans, the investment level may vary year on year. It is our target that the Group's investments will attain a level of 3–5% of the annual revenue. For the financial year 2015/16 IC Group A/S invested a total of DKK 91 million (3%) (2014/15: DKK 87 million (3%)) primarily for store openings in the Nordic region. In total, 23 stores and outlets were opened. In 2016, IC Group divested its equity share in DK Company A/S as well as its headquarters located Raffinaderivej 10, Copenhagen.

FINANCIAL KEY RATIOS

DEVELOPMENT IN INVESTED CAPITAL



BREAKDOWN OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (DKK MILLION)



4.1 INTANGIBLE ASSETS

2016

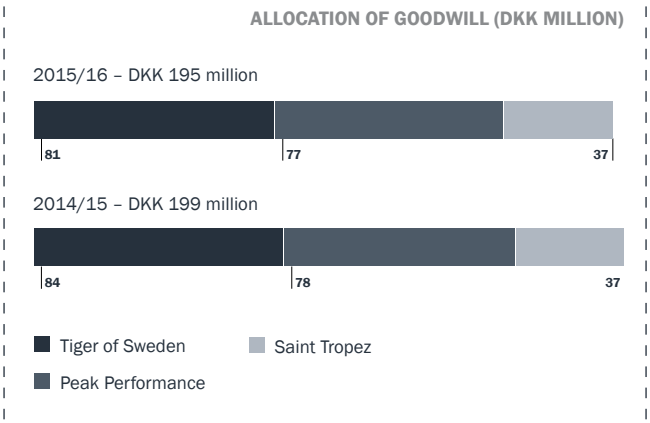
DKK million	Goodwill	Software and IT systems	Leasehold rights	Other intangible assets	Total intangible assets
Cost at 1 July 2015	**199**	**118**	**49**	**2**	**368**
Foreign currency translation adjustments	(4)	-	(1)	-	(5)
Reclassification	-	(4)	-	4	-
Addition	-	3	7	-	10
Disposal	-	(23)	-	-	(23)
Cost at 30 June 2016	**195**	**94**	**55**	**6**	**350**
Accumulated amortization and impairment losses at 1 July 2015	**-**	**(74)**	**(23)**	**-**	**(97)**
Foreign currency translation adjustments	-	2	(1)	-	1
Amortization and impairment losses on disposals	-	23	-	-	23
Amortization and impairment losses for the year	-	(14)	(2)	(1)	(17)
Accumulated amortization and impairment losses at 30 June 2016	**-**	**(63)**	**(26)**	**(1)**	**(90)**
Carrying amount at 30 June 2016	**195**	**31**	**29**	**5**	**260**

2015

DKK million	Goodwill	Software and IT systems	Trademark rights	Leasehold rights	Other intangible assets	Total intangible assets
Cost at 1 July 2014	**199**	**260**	**8**	**40**	**5**	**512**
Addition	-	26	-	15	1	42
Disposal	-	(168)	(8)	(6)	(4)	(186)
Cost at 30 June 2015	**199**	**118**	**-**	**49**	**2**	**368**
Accumulated amortization and impairment losses at 1 July 2014	**-**	**(233)**	**(8)**	**(28)**	**-**	**(269)**
Foreign currency translation adjustments	-	3	-	-	-	3
Amortization and impairment losses on disposals	-	168	8	3	-	179
Amortization and impairment losses for the year	-	(12)	-	(2)	-	(14)
Reversed prior-year impairment losses	-	-	-	4	-	4
Accumulated amortization and impairment losses at 30 June 2015	**-**	**(74)**	**-**	**(23)**	**-**	**(97)**
Carrying amount at 30 June 2015	**199**	**44**	**-**	**26**	**2**	**271**

Allocation of goodwill

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



§ ACCOUNTING POLICIES

Goodwill
On initial recognition, goodwill is measured and recognized as described under the section Business combinations (chapter 1). Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized but tested at least once a year for impairment. 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.

Leasehold rights
Payments to take over leases ("key money") are classified as leasehold rights. Leasehold rights are amortized over the lease period or the useful life if this is shorter. The basis of amortization is reduced by any write-downs. Leasehold rights with an indeterminable useful life are not amortized, but tested for impairment annually.

Software and IT
Software and IT development are amortized over the useful life of 3-7 years. Cost includes the acquisition price as well as costs arising directly in connection with the acquisition and until the point of time where the asset is ready for use. Amortization is provided on a straight-line basis over the expected useful life.

≈ ACCOUNTING ESTIMATES

Impairment test
Goodwill
The recoverable amounts of the individual cash-generating units to which the goodwill amounts have been allocated are calculated based on the unit's present value, i.e. the expected discounted future cash flows, compared with the carrying amounts.

Future cash flows are based on the entities' business plans and budgets during the strategy period for 2016/17 and onwards. The most important parameters in the calculation of the net present value are revenue, EBITDA, working capital investments as well as the applied discount rate. The business plans are based on Management's specific assessment of the business units' expected performance during the strategy period.

Revenue and earnings growth is based on the approved budget for 2016/17. The budget assumptions are based on an increased order intake as well as a higher earnings margin. Expected investments are fixed at a level corresponding to depreciation and amortization for the year under review which is deemed to be necessary in order to maintain the existing capital structure. Consequently, the included investments are not considered to be a factor improving the total earnings capacity.

A discount rate of 10.23% before tax/7.98% after tax using a risk-free interest rate and with added interest based on the Company's business areas has been applied. For the financial year 2014/15 the applied discount rate was 10.50% before tax/8.19% after tax, which is at the same level as 2015/16.

Impairment tests of the carrying amount of goodwill were conducted at 30 June 2016, and Management assessed that it was not necessary to write down the Group's goodwill neither for the financial year 2015/16 nor the financial year 2014/15 as the net present values were considerably higher than the carrying amounts.

Leasehold rights
Impairment tests were conducted at 30 June 2016, and Management assessed that it was not necessary to write down the Group's leasehold rights. Consequently, leasehold rights have not been written down for the financial years 2014/15 and 2015/16. In 2014/15, prior-year write-downs amounting to DKK 4 million were reversed as the recoverable amount was higher than the carrying amount.

Intangible assets with indeterminable useful life
Intangible assets which are not amortized amounted to DKK 19 million (DKK 17 million).

4.2 PROPERTY, PLANT AND EQUIPMENT

2016

DKK million	Land and buildings	Leasehold improve-ments	Equip-ment and furniture	Assets under con-struction	Total property, plant and equipment
Cost at 1 July 2015	**16**	**177**	**225**	**5**	**423**
Foreign currency translation adjustments	1	(4)	(5)	-	(8)
Addition	-	36	35	10	81
Disposal	(1)	(11)	(19)	-	(31)
Cost at 30 June 2016	**16**	**198**	**236**	**15**	**465**
Accumulated depreciation and impairment losses at 1 July 2015	**(10)**	**(135)**	**(177)**	**-**	**(322)**
Foreign currency translation adjustments	1	2	4	-	7
Depreciation and impairment losses on disposals	-	11	19	-	30
Depreciation and impairment losses for the year	-	(20)	(26)	-	(46)
Accumulated depreciation and impairment losses at 30 June 2016	**(9)**	**(142)**	**(180)**	**-**	**(331)**
Carrying amount at 30 June 2016	**7**	**56**	**56**	**15**	**134**

2015

DKK million	Land and buildings	Leasehold improve-ments	Equip-ment and furniture	Assets under con-struction	Total property, plant and equipment
Cost at 1 July 2014	**16**	**206**	**270**	**6**	**498**
Foreign currency translation adjustments	-	1	3	-	4
Addition	1	17	27	-	45
Disposal	(1)	(47)	(75)	(1)	(124)
Cost at 30 June 2015	**16**	**177**	**225**	**5**	**423**
Accumulated depreciation and impairment losses at 1 July 2014	**(9)**	**(162)**	**(219)**	**-**	**(390)**
Foreign currency translation adjustments	-	-	(2)	-	(2)
Depreciation and impairment losses on disposals	-	47	69	-	116
Depreciation and impairment losses for the year	(1)	(20)	(25)	-	(46)
Accumulated depreciation and impairment losses at 30 June 2015	**(10)**	**(135)**	**(177)**	**-**	**(322)**
Carrying amount at 30 June 2015	**6**	**42**	**48**	**5**	**101**

§ ACCOUNTING POLICIES

Property, plant and equipment primarily consist of leasehold improvements and equipment, which are measured at 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 net present value of estimated costs in respect of demounting and disposal of the asset and of restoring the place where the asset was used is added to cost. The difference between cost and the expected scrap value is depreciated on a straight-line basis over the expected economic lives of the assets.

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 recognized in the income statement under other operating income or costs.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

≈ ACCOUNTING ESTIMATES

The depreciation period is determined on the basis of Management's experience in the Group's business area, and Management believes the following estimates to be the best estimate of the economic lives of the assets:

Leasehold improvements	up to 12 years
Buildings	25-50 years
Equipment and furniture	3-5 years

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

Impairment test

Property, plant and equipment in Group stores

The Group's property, plant and equipmeent, which are located in Group stores, are tested together with any leasehold rights for impairment when indication of impairment is identified. The recoverable amounts of the individual stores (cash-generating units) are calculated based on the store's net present value. Future cash flows are based on the individual store's budget for a period corresponding to the average expected useful life of the store's assets.

≈ ACCOUNTING ESTIMATES - CONTINUED

The most important parameters in the calculation of the net present value are revenue, EBITDA, store investments, the value of leasehold rights as well as the applied discount rate. The business plans are based on Management's specific assessment of the stores' expected performance during the strategy period.

A discount rate of 10.23% before tax/7.98% after tax using a risk-free interest rate and with added interest based on the Company's business areas has been applied. For the financial year 2014/15 the applied discount rate was 10.50% before tax/8.19% after tax, which is at the same level as 2015/16. In general, the applied growth rate has been 0% (0%). When indications of impairment are identified, these are further analyzed and growth rates based on growth reported from the stores and the brands in question may be applied. A total amount of DKK 1 million (DKK nil) has been written down for the financial year 2015/16.

The total carrying amount of property, plant and equipment in respect of own stores amounted to DKK 61 million (DKK 48 million).

4.3 SALE OF BUSINESS AND ASSETS

DKK million	2016
Land and buildings	146
Cash	10
Non-current liabilities to credit institutions	(140)
Deferred tax	(2)
Other liabilities	(2)
Carrying amount of net disposals	**12**
Consideration received in cash	17
Sales costs	(1)
Consideration received in cash, net	**16**
Proceeds from sale	**4**
Liquidity effect:	
Cash received	16
Cash paid, cf. above	(10)
Liquidity effect, net	**6**

In June 2015, IC Group entered into an agreement to sell its head office located 10 Raffinaderivej, Copenhagen, to Øens Invest ApS for a total amount of DKK 150 million. The Group's mortgage loan of DKK 140 million taken out on the property formed part of the transaction. The transfer of the property took place at 1 January 2016. The proceeds from the sale amounted to DKK 4 million which has been recognized under other operating income.

§ ACCOUNTING POLICIES

Businesses sold or liquidated are recognized up to the date of disposal or liquidation. The date of disposal is the date when control of the business actually passes to a third party.

Gains or losses on disposal or liquidation of subsidiaries are stated as the difference between the disposal or liquidation amount and the carrying amount of net assets at the date of disposal or liquidation and anticipated disposal or liquidation costs. The disposal or liquidation amount is measured as the fair value of the consideration received.

4.4 INVESTMENTS IN ASSOCIATES

DKK million	2016	2015
Cost at 1 July	**111**	**111**
Disposals	(111)	-
Cost at 30 June	**-**	**111**
Adjustments at 1 July	**4**	**-**
Share of comprehensive income	-	2
Share of profit for the year	2	2
Disposal	(6)	-
Adjustments at 30 June	**-**	**4**
Carrying amount at 30 June	**-**	**115**

On 5 February 2016, the equity share in DK Company A/S, which has its registered office in Ikast, Denmark, was divested. The proceeds from the sale amounted to DKK 9 million which has been recognized under income from investments in associates.

DKK million	2015/16	2014/15
DK Company A/S		
Income statement		
Revenue	n.a.	2,156
Profit for the year	n.a.	24
Other comprehensive income	n.a.	20
Total comprehensive income	n.a.	44
Statement of financial position		
Non-current assets	n.a.	1,253
Current assets	n.a.	554
Non-current liabilities	n.a.	161
Current liabilities	n.a.	509
Equity	n.a.	1,137

The financial information for 2014/15 is based on estimates and includes the allocation of the acquisition price. The transaction was concluded in 2014/15 leading to costs of DKK 4 million which have been recognized under discontinued operations.

DKK million	2016	2015
Reconciliation of carrying amount		
IC Group A/S' share of DK Company A/S' equity	n.a.	20
Goodwill in respect of DK Company A/S	n.a.	71
Other intangible assets	n.a.	24
Carrying amount at 30 June	**n.a.**	**115**

§ ACCOUNTING POLICIES

Investments in associates are recognized and measured in the consolidated financial statements in accordance with the equity method. This means that the investments are measured at the proportionate share of the entities' equity value less or plus the proportionate intercompany gains and losses and plus the carrying amount of goodwill.

Investments in associates with a negative equity value are measured at DKK nil. Acquisitions of investments in associates are accounted for using the acquisition method, cf. chapter 1.

CHAPTER 5

CAPITAL STRUCTURE

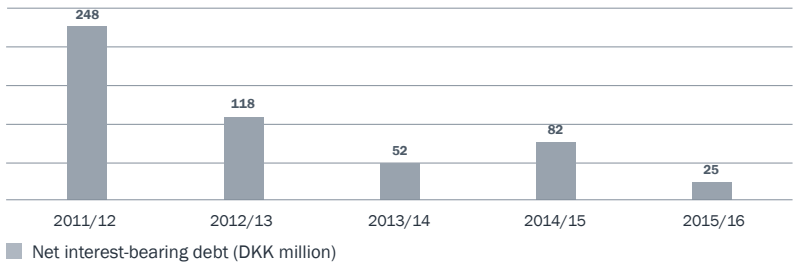
This chapter specifies the Group's capital structure, including cash flow and related financial risks. The capital structure forms a solid foundation for executing the corporate strategy which pursues the target of generating growth and increasing earnings through international expansion. The Group aims at maintaining low financial gearing, since we, among others, operate in a market which is sensitive to economic fluctuations . Furthermore, the Group's store leases represent significant operational gearing.

CONTENTS

To maintain the highest possible degree of flexibility in the future and thereby support the growth strategies pursued in the Group's Premium brands in the best possible way, we have specifically decided to retain the level of net interest-bearing debt at zero for the financial year as a whole. IC Group is partly financed by equity and partly by external financing. The ratio between these two elements is expressed through the equity ratio which amounted to 51.2% at 30 June 2016. Furthermore, the Group has significant operating leases primarily in respect of store leases. At 30 June 2016, operating leases amounted to DKK 324 million (DKK 281 million) and are specified in note 5.7.

FINANCIAL KEY RATIOS

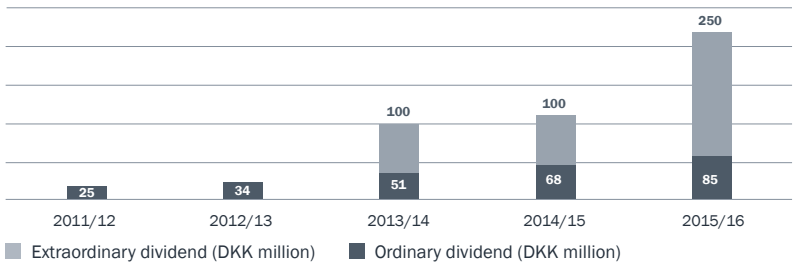
CHANGE IN NET INTEREST-BEARING DEBT



CAPITAL STRUCTURE TARGET

- Our target is to retain the level of net interest-bearing debt at zero. During a financial year seasonal fluctuations may arise as a consequence of the tied-up working capital.
- To maintain strategic flexibility we allow the net interest-bearing debt including operating leases to attain a level 3 times higher than EBITDA. At 30 June 2016, this key ratio amounted to 1.1 (1.4)

DEVELOPMENT IN DIVIDEND PAYMENTS*



CAPITAL ALLOCATION AND DIVIDEND POLICY

- Value-adding investments – e.g., maintaining assets as well as retail expansion
- Reducing the net interest-bearing debt if the level exceeds the agreed target
- Dividend distribution to the Group's shareholders

* including dividend on treasury shares

5.1 EQUITY

	Number
Share capital at 1 July 2015	**17,007,657**
Share capital increase	48,590
Share capital at 30 June 2016	**17,056,247**

Treasury shares may be specified as follows:	% of share capital	Number	Nominal value DKK thousands
Treasury shares at 1 July 2014	**2.8**	**467,372**	**4,674**
Employed in connection with exercise of share options	(0.2)	(24,800)	(248)
Treasury shares at 30 June 2015	**2.6**	**442,572**	**4,426**
Employed in connection with exercise of share options	-	-	-
Treasury shares at 30 June 2016	**2.6**	**442,572**	**4,426**

The share capital consists of 17,056,247 shares with a nominal value of DKK 10 each. No shares carry any special rights. The share capital is fully paid up.

As stated in Company Announcement no. 13/2015, the share capital was increased by 48,590 shares.

Pursuant to a resolution passed by the shareholders at the Company's general meeting, the Company may acquire treasury shares equivalent to a maximum of 10% of the share capital. The Company has not engaged in any share buy-back for the financial year 2015/16. The value of the Company's treasury shares at market price at 30 June 2016 amounted to DKK 76 million (DKK 83 million).

Dividend

See note 16 to the parent company financial statements.

Earnings per share

DKK million/1,000 shares	2015/16	2014/15
Profit for the year:		
Profit for the year attributable to shareholders of IC Group A/S	193	140
IC Group A/S' profit share of continuing operations	192	154
Average number of shares		
Number of issued shares	17,044	16,991
Treasury shares	(443)	(448)
Average number of outstanding shares	**16,601**	**16,543**
Diluted effect of share-based remuneration	77	7
Number of shares excluding treasury shares, diluted	**16,678**	**16,550**

Diluted effect

DKK million/1,000 shares	2015/16	2014/15
Earnings per share (EPS)		
Earnings per share, DKK	11.6	8.5
Diluted earnings per share, DKK*	11.6	8.5
Earnings per share of continuing operations, DKK	11.4	9.3
Diluted earnings per share of continuing operations, DKK*	11.4	9.3

* When calculating diluted earnings per share, 129,532 (262.737) share options, performance shares and warrants have not been included as they are out-of-the-money, but they may, however, dilute earnings per share in the future.

§ ACCOUNTING POLICIES

Dividends

Proposed dividends are recognized 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 retained earnings.

5.2 FINANCIAL ASSETS

DKK million	Shares and bonds	Deposits, etc.	Other	Total financial assets
Carrying amount at 30 June 2014	**6**	**18**	**12**	**36**
Net additions, disposals, and foreign currency translation adjustments for the year	1	(1)	-	-
Carrying amount at 30 June 2015	**7**	**17**	**12**	**36**
Net additions, disposals, and foreign currency translation adjustments for the year	-	-	(12)	(12)
Carrying amount at 30 June 2016	**7**	**17**	**-**	**24**

The carrying amount of the financial assets corresponds to the fair value.

§ ACCOUNTING POLICIES

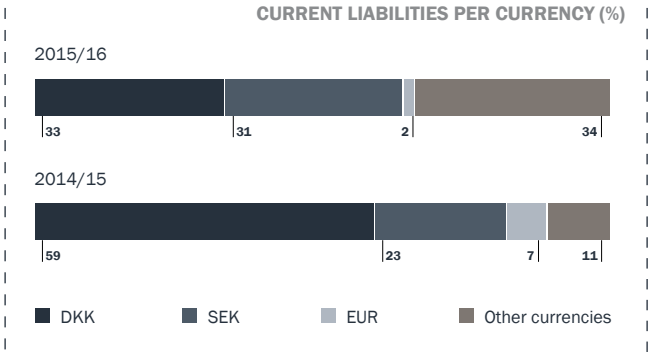
Deposits etc. are part of the category loans and receivables which are financial assets with fixed or definable payments and which are not listed on an active market nor derivative financial instruments. Other financial assets are measured at cost or at fair value at the end of the reporting period if this is lower.

5.3 NET INTEREST-BEARING DEBT

DKK million	2016	2015
Net interest-bearing debt comprises:		
Current liabilities to credit institutions	109	193
Liabilities concerning assets held-for-sale	-	140
Gross interest-bearing debt	**109**	**333**
Cash	84	251
Net interest-bearing debt	**25**	**82**

Non-current liabilities to credit institutions
The Group's headquarters have been sold at 1 January 2016.
See note 4.3 for further information.

Current liabilities to credit instituions
The Group's total current liabilities to credit institutions comprise Danish and foreign overdraft facilities. Current liabilities are repayable on demand, and therefore the carrying amount corresponds to the fair value. Current liabilities to credit institutions are denominated in the currencies as follows:



§ ACCOUNTING POLICIES

Financial liabilities
On initial recognition, financial liabilities, including bank loans and mortgage loans, are measured at fair value. In subsequent periods, financial liabilities are measured at amortized cost, applying the effective interest method, to the effect that the difference between the proceeds and the nominal value is recognized in the income statement as financial costs over the term of the loan.

5.4 FINANCIAL RISKS AND DERIVATIVE FINANCIAL INSTRUMENTS

Foreign exchange risk

The Group's foreign exchange risk (transaction risk) is handled centrally by the Group's Finance Department. The Parent Company's functional currency is DKK, and foreign exchange positions are generally hedged vis-à-vis DKK. The Group's subsidiaries are not exposed to any significant foreign exchange risks. The Group's primary transaction risk relates to the buying and selling of goods in foreign currencies. The main part of the Group's sourcing is made in Asia and denominated in HKD, USD and USD-related currencies while the main part of the revenues and capacity costs are denominated in DKK, SEK, NOK, EUR and other European currencies. The natural currency hedge in the Group's transactions is thus limited. Hedge accounting as well as hedging of operational risks take place by means of forward contracts and/or options. The foreign exchange risk of EUR is deemed to be insignificant since the Danish Krone is pegged to EUR. Other foreign exchange positions are hedged at 30 June 2016.

The hedging of the Group's transaction exposure is made from an estimate of the cash flow demand for the future 15-21 months. As a general rule, cash flows in all currencies are hedged except from EUR.

Foreign exchange contracts only relate to hedging of selling and buying of goods as well as costs pursuant to the Group's policy hereto. The hedging of the Group's transaction exposure is made from an estimate of the cash flow demand for the future 15-21 months.

At 30 June 2016, the Group's risks for the coming 0-21 months may be specified as follows:

At 30 June 2016 Million (local currency)	Expected inflow	Expected outflow	Hedges 0-6 m.	Hedges 7-12 m.	Hedges 13-18 m.	Hedges 19-21 m.	Net position	Net position, DKK	Average hedging rate
EUR	146	(103)	-	-	-	-	43	320	-
USD	7	(131)	57	37	24	6	-	-	657
HKD	-	(165)	60	67	26	12	-	-	85
SEK	739	(52)	(321)	(248)	(72)	(46)	-	-	80
NOK	427	(10)	(157)	(168)	(62)	(30)	-	-	79
GBP	5	-	(1)	(2)	(1)	(1)	-	-	985
CHF	14	-	(7)	(4)	(2)	(1)	-	-	694
CAD	7	-	(2)	(3)	(1)	(1)	-	-	502

At 30 June 2015 Million (local currency)	Expected inflow	Expected outflow	Hedges 0-6 m.	Hedges 7-12 m.	Hedges 13-18 m.	Hedges 19-21 m.	Net position	Net position, DKK	Average hedging rate
EUR	75	(46)	-	-	-	-	29	218	-
USD	5	(122)	57	38	22	-	-	-	605
HKD	-	(237)	111	84	44	-	-	-	79
SEK	594	(8)	(275)	(221)	(90)	-	-	-	80
NOK	368	(3)	(167)	(150)	(48)	-	-	-	86
GBP	6	-	(3)	(3)	(1)	-	-	-	955
CHF	15	-	(8)	(5)	(2)	-	-	-	652
CAD	8	-	(4)	(4)	(1)	-	-	-	519

Hedge accounting of future cash flows

Net outstanding foreign exchange contracts for the Group and the Parent Company designated and qualifying as hedge accounting of future cash flow are as follows:

DKK million	Notial principal*	2016 fair value adjustments recognized in statement of other compr. income	Maturity in months	Notial principal*	2015 fair value adjustments recognized in statement of other compr. income	Maturity in months
USD	109	6	0-21	107	56	0-15
HKD	149	1	0-21	200	11	0-15
SEK	(687)	6	0-21	(586)	(5)	0-15
NOK	(417)	(1)	0-21	(365)	7	0-15
Other currencies	(26)	5	0-21	(29)	(18)	0-15
Total at 30 June		**17**			**51**	
Tax		(3)			(10)	
Reserve for hedging transactions at 30 June, after tax		**14**			**41**	

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

Net costs of DKK 2.0 million relating to ineffective cash flow hedges have been recognized in the income statement for 2015/16 (net cost of DKK 1 million). Ineffective cash flow hedges are recognized in the income statement under financial income/costs.

Foreign exchange hedges of recognized assets and liabilities
Open foreign exchange contracts for the Group and the Parent Company qualifying as hedges of recognized assets and liabilities are as follows:

DKK million	2016 Notial principal*	2016 fair value adjustments recognized in income statement	2016 Maturity in months	2015 Notial principal*	2015 fair value adjustments recognized in income statement	2015 Maturity in months
USD	15	2	0-21	10	11	0-15
HKD	16	-	0-21	37	5	0-15
Total at 30 June		**2**			**16**	

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

Fair value adjustments in respect of realized hedge transactions have been recognized in the consolidated income statement under cost of sales. The fair values have been calculated based on current interest rate curves and foreign exchange rates at 30 June 2016. Neither the Group nor the Parent Company has any open foreign exchange contracts that do not qualify for hedge accounting at 30 June 2016 or at 30 June 2015.

The recognized positive/negative market values under equity have been treated in accordance with the rules for hedging of future cash flows and are closed/adjusted during the year according to the hedge accounting principles.

The net position of the Group will as a maximum result in a loss of DKK 15 million (DKK 24 million). The calculation is made by using a change of 1%/(1)% in the EUR exchange rate and a change of 10%/(10)% for other currencies.

The existing categories of financial assets and liabilities are as follows:

DKK million	2016	2015
Unlisted shares and bonds recognized under non-current assets (shares)	7	7
Derivative financial instruments (trading portfolio)	-	12
Financial assets at fair value recognized in the income statement	**7**	**19**
Derivative financial instruments for hedging of recognized assets and liabilities, recognized under current assets (other receivables)	2	16
Derivative financial instruments for hedging of future cash flows, recognized under current assets (other receivables)	18	74
Financial assets for hedging purposes	**20**	**90**
Deposits (financial assets)	17	17
Trade receivables	284	300
Other receivables	14	36
Cash	84	251
Loans and receivables	**399**	**604**
Total financial assets	**426**	**713**
Liabilities to credit institutions (current liabilities)	109	193
Trade payables	317	274
Share of other liabilities recognized at amortized cost (current liabilities)	177	220
Financial liabilities measured at amortized cost	**603**	**687**
Derivative financial instruments for hedging of future cash flows, recognized under current liabilities (other liabilities)	1	23
Financial liablities for hedging purposes	**1**	**23**
Total financial liabilities	**604**	**710**

Liquidity risk
IC Group secures a sufficient liquidity reserve by a combination of liquidity control and non-guaranteed credit facilities. Please see below for maturity profiles on financial assets and liabilities.

At 30 June 2016, the Group's total credit facilities amounted to DKK 817 million (DKK 957 million) in terms of withdrawal rights. Of this amount, DKK 109 million has been drawn in relation to current and non-current liabilities to credit institutions and DKK 214 million has been drawn in relation to trade finance facilities and guarantees. Accordingly, undrawn credit facilities thus amounted to DKK 493 million (DKK 430 million). All credit facilities are standby credits which may be drawn and terminated with a day's notice. Management considers the short-term credit facilities to be sufficient for hedging of the Group's liquidity risks.

Interest rate risk
The Group's interest rate risk is continuously monitored by the Finance Department 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 2 months. Potential interest rate risks are hedged by means of FRAs and/or interest rate swaps.

The Company's interest rate risk for 2014/15 was attributable to the interest-bearing debt. The Company's loan portfolio consisted of current bank debt and a long-term loan financing the properties which the Company owned (held-for-sale). The sensitivity of an interest rate change of 1%/(1%) amounted to approximately DKK 1.1/(1.1) million calculated by using the BPV method. The Group has no non-current liabilties to credit institutions for 2015/16 and thereby no significant interest rate risk on the current liabilities.

Re-assessment/maturity profile

At 30 June 2016 in DKK million	0-1 year	1-5 years	Above 5 years	Fixed interest rate	Effective interest rate
Trade receivables	284	-	-	No	2-24%
Trade payables	317	-	-	No	-
Current liabilities to credit institutions	109	-	-	No	1.00%
Total	**710**				

At 30 June 2015 in DKK million	0-1 year	1-5 years	Above 5 years	Fixed interest rate	Effective interest rate
Trade receivables	300	-	-	No	2-24%
Trade payables	274	-	-	No	-
Current liabilities to credit institutions	193	-	-	No	1.24%
Non-current liabilities to credit institutions*	140	-	-	No	1.24%
Total	**907**				

*The re-assessment profile is within 1-5 years. The loan is reclassified as liabilities concerning assets held-for-sale.

Default on loans
The Group has not defaulted any loan during the year under review or last financial year.

Credit risk
The Group solely uses internationally recognized banks with a high credit rating (minimum single-A rating from either Moody's or Standard & Poor's). 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 Group is not represented through an independent sales company. The credit insurance covering trade receivables constituted DKK 37 million at 30 June 2016 (DKK 37 million).

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

Capital structure
The Company's Management considers on a regular basis whether the Group's capital structure is in the best interest of the Company and its shareholders. The general target is to ensure a capital structure which supports long-term financial growth and at the same time increases the return on investment for the Group's stakeholders by optimizing the ratio between equity and debt. The Group's capital structure consists of debt which includes financial liabilities such as mortgage loan, bank loans and cash and equity which includes share capital, other reserves as well as retained earnings.

To maintain the highest possible degree of flexibility in the future and thereby support the growth strategies in the Group's core business in the best possible way, the Group has decided to retain the level of net interest-bearing debt at zero for the financial year as a whole. The Group's credit facilities will then primarily be employed to fund seasonal fluctuations in the working capital during the year. At 30 June 2016, the net interest-bearing debt amounted to DKK 25 million (DKK 82 million).

To maintain a certain degree of strategic flexibility, the Group has decided that the net interest-bearing debt, adjusted for seasonal fluctuations and including its operating leases, may constitute a level 3 times higher than EBITDA should such measures be required. At 30 June 2016, this key ratio amounted to 1.1 (1.4).

When distributing dividends to the shareholders, it is the Group's policy that the total distribution reflects the Group's earnings performance. In concrete terms, this means that, as a minimum, 30% of the consolidated profit after tax will be distributed as an ordinary dividend in connection with the annual general meeting. Any additional surplus liquidity will then be distributed to the shareholders through share buy-backs or extraordinary dividends during the financial year. During the past 3 years, the Group has distributed extraordinary dividends totalling the amount of approx. DKK 450 million (including dividend on treasury shares).

§ ACCOUNTING POLICIES

On initial recognition in the statement of financial position, derivative financial instruments are measured at their fair value. Positive and negative fair values of derivative financial instruments are recognized under other receivables and other liabilities, respectively, as unrealized gain on financial instruments and unrealized loss on financial instruments, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as cash flow hedges are recognized under other comprehensive income. Gains and losses relating to such hedge transactions are reclassified from other comprehensive income on realization of the hedged item and recognized in the same line item as the hedged item.

For derivative financial instruments not qualifying as hedges, changes in the fair value are recognized in the income statement under financial income or costs.

5.5 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value measurement
Financial instruments measured at fair value in the statement of financial position must be categorized in one of the 3 levels below:

- **Level 1** Listed prices in active markets for identical instruments.
- **Level 2** Listed prices in an active markets for identical assets and liabilities or other methods of measurement where all substantial inputs are based on market observables.
- **Level 3** Method of measurement where substantial inputs may not be based on market observables.

DKK million	Item	2016 Level 1	2016 Level 2	2016 Level 3	2015 Level 1	2015 Level 2	2015 Level 3
Unlisted shares and bonds	Financial assets	-	-	7	-	-	7
Derivative financial instruments (trading portfolio)	Financial assets	-	-	-	-	-	12
Financial assets at fair value recognized in the income statement		**-**	**-**	**7**	**-**	**-**	**19**
Financial assets used for hedging purposes	Other receivables	-	20	-	-	90	-
Financial liabilities used for hedging purposes	Other liabilities	-	1	-	-	23	-

Derivative financial instruments
The fair value of derivative financial instruments is calculated based on market observables by using generally accepted methods. Internally calculated fair values are used and these are compared to externally calculated fair values on a monthly basis.

Derivative financial instruments (trading portfolio)
The market value of the asset at level 3 (non-market observables) has been calculated by using the Black & Scholes model.

The expected volatility is based on the volatility over the past years for a group of comparable companies. The price applied was the average trading share price during the past 3 months prior to 30 June 2015 of DK Company A/S which was listed on NASDAQ OMX First North at that time. The option has been terminated in connection with the divestment of the equity share in DK Company A/S.

The risk-free interest rate has been set according to the yield of a government bond with a similar maturity terms.

5.6 FINANCIAL INCOME AND COSTS

DKK million	2015/16	2014/15
Financial income:		
Interest on bank deposits	1	2
Interest on receivables	2	2
Interest income from financial assets not measured at fair value	**3**	**4**
Interest income on securities	-	1
Fair value adjustements on financial assets	1	-
Realized gain on ineffective derivative financial instruments	5	2
Total financial income	**9**	**7**
Financial costs:		
Interest on liabilities to credit institutions	(3)	(4)
Interest on mortgage loans	(1)	(2)
Other interest costs	(3)	(4)
Interest costs from financial liabilities not measured at fair value	**(7)**	**(10)**
Fair value adjustments on financial assets	-	(1)
Realized loss on ineffective derivative financial instruments	(7)	(3)
Net loss on foreign currency translation	(2)	(1)
Total financial costs	**(16)**	**(15)**
Net financials	**(7)**	**(8)**

§ ACCOUNTING POLICIES

Financial income and costs include interest, realized and unrealized foreign currency translation adjustments, fair value adjustments of derivative financial instruments which do not qualify for hedge accounting and supplements, deductions and allowances relating to the payment of tax.

Interest income and costs are 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.

5.7 OPERATING LEASES

DKK million	2016	2015
Store leases and other land and buildings:		
0–1 year	122	107
1–5 years	175	135
More than 5 years	13	25
Total	**310**	**267**
Operating equipment, etc.:		
0–1 year	7	7
1–5 years	7	7
Total	**14**	**14**
Total operating leases	**324**	**281**

An amount of DKK 168 million (DKK 164 million) relating to operating leases has been recognized in the consolidated income statement for 2015/16.

A number of the store leases contain a rent level based on turnover amounting to DKK 55 million (DKK 48 million) for 2015/16.

§ ACCOUNTING POLICIES

Lease costs are recognized using the straight-line method over the term of the lease starting from the date the lease enters into force.

The Group leases properties under operating leases. The lease period is typically between 3-5 years with an option to extend upon expiry. Many of the lease contracts contain rules regarding revenue based lease.

The Group leases cars and other operating equipment under operating leases. The lease period is typically between 3-5 years with an option to extend upon expiry.

CHAPTER 6

GOVERNANCE

This chapter contains governance-related information, including remuneration to the Executive Board and the Board of Directors as well as share-based remuneration to Group employees. Furthermore, this chapter contains information on transactions with related parties and fee to auditors elected at the annual general meeting.

CONTENTS

6.1 REMUNERATION TO THE EXECUTIVE BOARD AND BOARD OF DIRECTORS

Remuneration to the Board of Directors, Executive Board and other executives is as follows:

DKK thousands	Board of Directors 2015/16	Executive Board 2015/16	Other executives 2015/16	Total 2015/16	Board of Directors 2014/15	Executive Board 2014/15	Other executives 2014/15	Total 2014/15
Remuneration to the Board of Directors	3,200	-	-	3,200	2,981	-	-	2,981
Remuneration to the Audit Committee	395	-	-	395	390	-	-	390
Remuneration to the Remuneration Committee	200	-	-	200	196	-	-	196
Remuneration to the Operations Committee	395	-	-	395	297	-	-	297
Salaries and remuneration, etc.	-	8,044	20,044	28,088	-	7,939	21,557	29,496
Severance payments	-	2,019	5,106	7,125	-	-	2,841	2,841
Bonus payments	-	271	1,069	1,340	-	1,333	4,784	6,117
Retirement contributions	-	-	1,669	1,669	-	-	1,003	1,003
Share-based payments	-	885	199	1,084	-	423	58	481
Total	**4,190**	**11,219**	**28,087**	**43,496**	**3,864**	**9,695**	**30,243**	**43,802**

Total remuneration to the Board of Directors

DKK thousands	2015/16	2014/15
Henrik Heideby (Chairman)	1,195	1,059
Niels Martinsen (Deputy Chairman)	795	752
Anders Colding Friis (Deputy Chairman)	690	649
Ole Wengel	660	616
Michael Hauge Sørensen (appointed to the Board of Directors on 24 September 2014)	425	319
Annette Brøndholt Sørensen	425	394
Per Bank (retired from the Board of Directors on 24 September 2014)	-	75
Total remuneration to the Board of Directors	**4,190**	**3,864**

The board fees to the Chairman and Deputy Chairmen of the Board of Directors have been increased by a factor 3 and a factor 2 compared to the basic fee, respectively.

Hereof remuneration distributed on Committees

DKK thousands	Audit Committee 2015/16	Remune-ration-Committee 2015/16	Operations Committee 2015/16	Total 2015/16	Audit Committee 2014/15	Remune ration-Committee 2014/15	Operations Committee 2014/15	Total 2014/15
Henrik Heideby (Chairman)	185	50	-	235	182	38	-	220
Niels Martinsen (Deputy Chairman)	105	50	-	155	104	50	-	154
Anders Colding Friis (Deputy Chairman)	-	50	-	50	-	50	-	50
Ole Wengel	105	50	185	340	104	58	139	301
Michael Hauge Sørensen (appointed on 24 September 2014)	-	-	105	105	-	-	79	79
Annette Brøndholt Sørensen	-	-	105	105	-	-	79	79
Total	**395**	**200**	**395**	**990**	**390**	**196**	**297**	**883**

Total remuneration to the Executive Board

DKK thousands	2015/16	2014/15
Mads Ryder (Group Chief Executive Officer)	5,840	6,073
Alexander Martensen-Larsen (Group Chief Financial Officer)	2,100	-
Former members of the Executive Board*	3,279	3,622
Total remuneration to the Executive Board	**11,219**	**9,695**

*Former members of the Executive Board consist of the former Group Chief Financial Officer, Rud Trabjerg Pedersen

Members of the Executive Board have a notice period of up to 24 months. The statement of remuneration to the Executive Board and the Board of Directors is prepared pursuant to the Companys' Remuneration Policy.

Please see the Company's Remuneration Policy on the corporate website icgroup.net/investors/corporate-governance/remuneration-policy.

The category other executives comprises members of the Global Management Team, Vice Presidents and brand CEOs. Other executives are together with the Executive Board responsible for planning, executing and supervising the operations of the Group. 11 employees were defined as other executives (13 employees) in 2015/16.

See page 96 for a complete list of other executives.

The remuneration paid to the members of the Executive Board consists of a cash salary, an annual bonus, share-based incentive programmes, a company car and the usual other benefits. The overall composition of the Executive Board's remuneration is in general expected to be unchanged for 2016/17.

6.2 SHARE-BASED REMUNERATION

Share option programmes

Under the programmes, share options were most recently granted in 2009. The share options granted represent the right, against payment in cash, to subscribe for a number of new shares equivalent to the share options granted. The new shares may be acquired during a pre-defined period after the granting of share options and following the Company's announcement of the annual report.

The last share options granted under the programmes expired during the financial year 2015/16.

	Executive Board (no.)	Other executives/ former members of the Executive Board (no.)	Total (no.)	Average exercise price per option (DKK)
Outstanding share options at 1 July 2014	**-**	**101,000**	**101,000**	**158**
Exercised	-	(24,800)	(24,800)	139
Expired/void	-	(56,200)	(56,200)	139
Outstanding share options at 30 June 2015	**-**	**20,000**	**20,000**	**244**
Number of share options exercisable at 30 June 2015	**-**	**20,000**	**20,000**	**244**
Outstanding share options at 1 July 2015	**-**	**20,000**	**20,000**	**244**
Expired/void	-	(20,000)	(20,000)	244
Outstanding share options at 30 June 2016	**-**	**-**	**-**	**-**

No share options have been exercised in 2015/16 (24,800). The average weighted share price at the exercise date amounted to DKK 181 in 2014/15 and the average contractual term to maturity of outstanding share options was approx. 0.3 years.

Warrant programme

The warrant programme is offered to the Group's Executive Board and other executives. The size of the specific grants is determined by the Company's Board of Directors. The warrants granted represent the right, against payment in cash, to subscribe for a number of new shares equivalent to the warrants granted. The new shares may be acquired following the Company's announcement of its annual report 3, 4 or 5 years, respectively, after the warrant grant date. In case a member of the Executive Board or an employee chooses to resign from IC Group A/S, the warrants granted become void if they are not exercisable at the date of resignation.

In connection with distribution of extraordinary dividend in 2015/16 the exercise prices have been adjusted in respect of the part of the extraordinary dividend directly attributable to the proceeds from the divestment of the shares in DK Company A/S.

	Executive Board (no.)	Other executives/ former members of the Executive Board (no.)	Total (no.)	Average exercise price per warrant (DKK)
Outstanding warrants at 1 July 2014	**-**	**314,073**	**314,073**	**184**
Granted	37,948	-	37,948	182
Exercised	-	(64,850)	(64,850)	136
Expired/void	-	(3,338)	(3,338)	264
Outstanding warrants at 30 June 2015	**37,948**	**245,885**	**283,833**	**194**
Number of warrants exercisable at 30 June 2015	**-**	**245,885**	**245,885**	**195**
Outstanding warrants at 1 July 2015	**37,948**	**245,885**	**283,833**	**194**
Transferred	(12,649)	12,649	-	-
Exercised	-	(48,590)	(48,590)	155
Expired/void	-	(85,430)	(85,430)	264
Outstanding warrants at 30 June 2016	**25,299**	**124,514**	**149,813**	**155**
Number of warrants exercisable at 30 June 2016	**-**	**111,865**	**111,865**	**149**

	Financial year	Outstanding warrants	Exercise price per warrant (DKK)	Exercise period 2-4 weeks after announcement of annual report	
Other executives and former members of the Executive Board	2011/12	77,254	158	From 2013/14	to 2015/16
Other executives and former members of the Executive Board	2011/12	34,611	128	From 2013/14	to 2015/16
Total warrants		**111,865**	**149**		

48,590 warrants have been exercised in 2015/16 (64,850) and the average weighted share price on the exercise date amounted to DKK 203 (DKK 180). The average weighted term to maturity for outstanding warrants is approx. 1.0 year (1.3 years).

Performance shares
Pursuant to the authorization in the Remuneration Policy as adopted on the Annual General Meeting on 30 September 2015, the Board of Directors of IC Group A/S has decided to initiate a programme granting performance shares to members of the Group's Global Management Team as well as other selected executives. The programme is offered to a total number of 23 participants.

The participants' opportunity for receiving performance shares is dependent on the achievement of specific goals in respect of the Group's financial results achieved in those financial years during which the programme runs ("Performance Period"). 25% of the performance shares granted is calculated based on the realized revenue growth whereas 75% of the performance shares granted is calculated based on realized earnings growth (EBIT).

The Performance Period covers the financial years 2015/16, 2016/17, 2017/18, and, consequently, the grant may, at the earliest, take place following the announcement of the Annual Report 2017/18. The grant of performance shares is free of charge.

The number of shares granted is based on meeting the set criteria. Therefore, the total number of performance shares granted under the programme may vary from 0 to 61,113. The members of the Group's Global Management Team may, as a maximum, be granted a number of performance shares corresponding to 50% of their fixed annual salary (based on the monthly salary on 1 October 2015) calculated by using the average closing price of the share of the 5 previous trading days before 1 October 2015 deducted expected dividends. The remaining participants of the programme may, as a maximum, be granted a number of performance shares corresponding to 25% of their fixed annual salary calculated by using the same method.

	Executive Board (no.)	Other executives (no.)	Total (no.)
Outstanding performance shares at 1 July 2015	-	-	-
Granted	19,725	41,388	61,113
Expired/void	-	(4,385)	(4,385)
Outstanding performance shares at 30 June 2016	**19,725**	**37,003**	**56,728**
Number of performance shares exercisable at 30 June 2016	-	-	-

The average weighted term to maturity for outstanding performance shares is approx. 2.2 year.

§ ACCOUNTING POLICIES

With the purpose of motivating and retaining employees, other executives and members of the Executive Board, IC Group has established incentive programmes consisting of performance shares, share options and warrants. Furthermore, these programmes are to ensure common interest between the employees and the shareholders. The Group applies IFRS 2, pursuant to which the fair value of the warrants granted on the grant date is recognized as costs in the income statement during the earnings period. Such costs represent the calculated value of the warrants granted and are not to be considered cash costs. An equivalent amount is recognized in equity since the warrant program is classified as an equity-based scheme.

The programmes may only be exercised through cash payment of the shares by the employees. The obligation regarding the incentive programmes is partly settled by IC Group's holding of treasury shares.

≈ ACCOUNTING ESTIMATES

The market value of IC Group A/S' performance shares, share options and warrants is calculated by using the so-called Black-Scholes model for valuation of options. The assumptions applied are stated in the table below:

DKK million	2015/16	2014/15
Black-Scholes value	165	39
Share price	190	182
Exercise price	-	182
Expected volatility	25%	34%
Expected dividend rate in proportion to the share price	4.6%	2.5%
Risk-free interest (based on Danish government bonds in respect of maturity)	0.06%	0.36%
Maturity	3 years	4 years

- The exercise price is determined as the higher of either the closing price of the IC Group A/S share on the grant date or the average closing price of the preceding 5 trading days.
- The volatility is calculated based on the daily closing prices during the past 3 financial years. The calculation term corresponds to the minimum term to maturity of the performance shares and warrants granted.
- The expected dividend rate is estimated on the basis of the historical ordinary and extraordinary dividend payments.
- The risk-free interest rate is determined on the basis of 4-year (5-year) Danish government bonds.
- Based on previous experience, the date of exercise is assumed to be in the middle of the exercise period, and maturity is therefore assumed to be 3 years (4 years).

The total fair value of the performance shares granted in 2015/16 amounted to DKK 10 million at the grant date (2014/15: DKK 1.5 million (warrants)).

6.3 RELATED PARTIES

IC Group A/S has no related parties with controlling influence.

IC Group A/S' related parties with significant influence include associates, their board of directors, executive boards and other executives as well as their related family members. Related parties also comprise businesses in which the individuals mentioned above have material interest.

Associates
IC Group undertook to provide transition services to its associate DK Company A/S during the financial year 2015/16. In 2015/16, the Group provided transition services to DK Company A/S amounting to DKK 1 million (DKK 34 million) recognized under revenue, DKK nil (DKK 29 million) recognized under other operating income and DKK nil (DKK 0.3 million) recogized as net receivables. The equity share was divested on 5 February 2016.

Board of Directors, the Executive Board and other executives
At 30 June 2016, the Group accepted a loan from one of its executives amounting to DKK 2 million (DKK nil). Besides this, no transactions with the Board of Directors, the Executive Board and other executives have taken place other than payment of ordinary remuneration.

6.4 FEE TO THE AUDITORS ELECTED AT THE ANNUAL GENERAL MEETING

DKK million	2015/16	2014/15
Statutory audit	4	3
VAT and tax consultancy	2	-
Other services	1	4
Total fee to the auditors elected at the annual general meeting	**7**	**7**

CHAPTER 7

OTHER NOTES

Chapter 7 contains other statutory notes considered to be less significant to the overall understanding of IC Group's Annual Report.

CONTENTS

7.1 RETIREMENT BENEFIT OBLIGATIONS

The Group has used external and independent actuaries for the statement of retirement benefit obligations.

DKK million	2015/16	2014/15
Recognized in profit and loss:		
Contributions for defined contributions plans	29	23
Total amount recognized for defined benefit plans	1	1
Total recognized obligations in profit and loss	**30**	**24**

The retirement benefit obligations are specified as follows:

DKK million	2016	2015
Present value of defined benefit plans	56	43
Fair value of the assets of the plans	(54)	(42)
Total net retirement benefit obligations	**2**	**1**
Other retirement benefit obligations, cf. below	7	7
Total retirement benefit obligations	**9**	**8**

The development of the present value of defined benefit plans is specified as follows:

DKK million	2016	2015
Retirement benefit obligations at 1 July	**43**	**46**
Recognized in profit and loss:		
Retirement benefit obligations for the year	1	-
Calculated interest on obligations	1	-
Actuarial gains/losses (other comprehensive income):		
Demographic changes recognized in other comprehensive income	-	(5)
Economic changes recognized in other comprehensive income	11	2
Present value of defined benefit plans	**56**	**43**

Furthermore, an amount of DKK 7 million (DKK 7 million) attributable to retirement benefit obligations in one of the Group companies has been included which has been hedged by shares recognized under financial assets. The development of the fair value of the assets of the plans is specified as follows:

DKK million	2016	2015
Retirement benefit asset at 1 July	**(42)**	**(43)**
Recognized in profit and loss:		
Calculated interest on assets of the plans	(1)	(1)
Actuarial gains/losses (other comprehensive income):		
Demographic changes	-	3
Economic changes	(11)	(1)
Fair value of the assets of the plans	**(54)**	**(42)**

§ ACCOUNTING POLICIES

Obligations relating to defined contribution plans are recognized in the income statement in the period in which the employees render the related service, and contributions due are recognized in the statement of financial position under other liabilities. For defined benefit plans, an annual actuarial assessment is 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, e.g., salary, interest, inflation and mortality rates. The net present value is only calculated for those benefits to which the employees have earned the right through their past service for the Group. The actuarial calculation of the net present value less the fair value of any assets related to the plan is included in the statement of financial position as retirement benefit obligations, however, please see below.

Differences between the expected development of assets and liabilities in connection with retirement benefit schemes and the realized values are termed actuarial gains or losses. Subsequently, all actuarial gains or losses are recognized in the comprehensive income. If a retirement plan represents a net asset, the asset is only recognized to the extent that it offsets future contributions from the plan, or it will reduce future contributions to the plan.

The assumptions used for the actuarial calculations and valuations may vary from country to country due to local, economic and social differences. The average assumptions for the actuarial calculations at the end of the reporting period were as follows:

Stated in %	2016	2015
Average discount rate applied	1.9	3.0
Expected future pay increase rate	2.1	2.5

7.2 PROVISIONS

Provisions primarily include provisions for expected discounts, claims and return of products as well as other provisions. Other provisions primarily relate to indirect taxes, restoration obligations in respect of the Group's store leases as well as agency agreements. From time to time the Group is involved in court litigations of various kinds. Management considers that pending litigation poses no significant financial risks.

The case concerning indirect taxes for which the Group had allocated a total provision of DKK 25 million in 2014/15 and of which DKK 12 million was related to discontinued operations was settled. The outcome of this case resulted in a reversal of DKK 10 million of the original provision of which DKK 5 million relates to the continuing operations whereas DKK 5 million relates to the discontinued operations. The gross profit of continuing operations was affected positively by DKK 3 million, the operating profit was affected by DKK 4 million whereas DKK 1 million related to financial items.

2016 DKK million	Provisions for expected discounts, claims and return of products	Provisions for loss-making contracts	Provisions for restructurings	Other provisions	Total provisions
Provisions at 1 July 2015	**23**	**3**	**1**	**25**	**52**
Provisions employed for the year	(22)	(3)	(1)	(15)	(41)
Provisions for the year	19	-	-	4	23
Reversed provisions	(1)	-	-	(6)	(7)
Provisions at 30 June 2016	**19**	**-**	**-**	**8**	**27**
Provisions specified in the statement of financial position are as follows:					
Non-current liabilities	-	-	-	6	6
Current liabilties	19	-	-	2	21
Provisions at 30 June 2016	**19**	**-**	**-**	**8**	**27**

2015 DKK million	Provisions for expected discounts, claims and return of products	Provisions for loss-making contracts	Provisions for restructurings	Other provisions	Total provisions
Provisions at 1 July 2014	**18**	**27**	**8**	**12**	**65**
Provisions employed for the year	(18)	(24)	(7)	-	(49)
Provisions for the year	23	-	-	17	40
Reversed provisions	-	-	-	(4)	(4)
Provisions at 30 June 2015	**23**	**3**	**1**	**25**	**52**
Provisions specified in the statement of financial position are as follows:					
Non-current liabilities	-	-	-	5	5
Current liabilities	23	3	1	20	47
Provisions at 30 June 2015	**23**	**3**	**1**	**25**	**52**

§ ACCOUNTING POLICIES

Provisions are recognized 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 end of the reporting period.

Provisions with an expected term of more than a year at end of the reporting period are measured at present value.

In connection with planned restructurings of the Group, provisions are only made for liabilities relating to the restructurings that have been set out in a specific plan at the end of the reporting period and where the parties affected have been informed of the overall plan.

≈ ACCOUNTING ESTIMATES

The accounting estimates applied in respect of provisions are especially based on Management's best estimates of assumptions and judgments. The majority of the provisions are expected to be settled within one year. Due to uncertainty in the closing down process these estimates could be affected significantly by changes in these assumptions and judgments applied.

IC Group A/S makes provisions to cover expected discounts, claims and return of products. These estimates are based on existing contractual obligations and past experience. Based on the information available, IC Group A/S considers the provisions to be at adequate.

7.3 CONTINGENT LIABILITIES

DKK million	2016	2015
Guarantees and other collateral security	578	560

The Company has entered into binding agreements with suppliers on the delivery of collections until 31 December 2016 of which the majority is tied to sales orders entered into with pre-order customers. At 30 June 2016, the Group was not involved in any pending litigation which may have a material effect on the Group's financial position.

§ ACCOUNTING POLICIES

Contingent liabilities comprise potential liabilities which have not yet been confirmed as to whether these will cause an outflow of the Group's resources or actual liabilities which are not possible to measure with sufficient reliability.

7.4 EVENTS AFTER THE REPORTING PERIOD

No material events have taken place after the reporting period that have not been recognized or included in this Annual Report.

PEAK PERFORMANCE, URBAN SPRING 2016

PARENT COMPANY FINANCIAL STATEMENT

INCOME STATEMENT

1 JULY – 30 JUNE

Note	DKK million	2015/16	2014/15
2	**Revenue**	**1,070**	**1,049**
	Cost of sales	(956)	(972)
	Gross profit	**114**	**77**
	Other external costs	(70)	(99)
4	Staff costs	(125)	(133)
5	Other operating income and costs	96	99
	Operating profit/loss before depreciation and amortization (EBITDA)	**15**	**(56)**
8, 9	Depreciation, amortization and impairment losses	(17)	(14)
	Operating loss (EBIT)	**(2)**	**(70)**
10	Income from investments in subsidiaries and associates	510	39
6	Financial income	19	19
6	Financial costs	(26)	(28)
	Profit/loss before tax	**501**	**(40)**
7	Tax on profit/loss for the year	4	14
	Profit/loss for the year	**505**	**(26)**
	Profit allocation:		
16	Proposed dividend	85	68
	Retained earnings	420	(94)
	Profit/loss for the year	**505**	**(26)**

STATEMENT OF COMPREHENSIVE INCOME

1 JULY – 30 JUNE

Note	DKK million	2015/16	2014/15
	Profit/loss for the year	**505**	**(26)**
	OTHER COMPREHENSIVE INCOME		
	Items to be reclassified to the income statement when certain conditions are met:		
	Hedging transactions:		
	Fair value adjustments, gains/loss on financial instruments related to cash flow hedges	(50)	48
	Reclassification to income statement, gains/loss on financial instruments related to realized cash flow hedges	16	(6)
	Tax on financial instruments which may be reclassified to the income statement	7	(10)
	Total other comprehensive income after tax	**(27)**	**32**
	Total comprehensive income	**478**	**6**

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE

Note	DKK million	2016	2015
	ASSETS		
	NON-CURRENT ASSETS		
8	Intangible assets	29	40
9	Property, plant and equipment	18	7
10	Investments in subsidiaries	1,417	1,426
10	Investments in associates	-	111
11	Financial assets	35	46
7	Deferred tax	25	23
	Total non-current assets	**1,524**	**1,653**
	CURRENT ASSETS		
12	Inventories	251	202
13	Trade receivables	10	12
	Receivables from subsidiaries	252	272
7	Tax receivable	30	20
	Other receivables	25	96
	Prepayments	14	12
14	Cash	28	56
	Total current assets	**610**	**670**
	TOTAL ASSETS	**2,134**	**2,323**

Note	DKK million	2016	2015
	EQUITY AND LIABILITIES		
	EQUITY		
15	Share capital	171	170
	Reserve for hedging transactions	11	38
	Retained earnings	1,162	959
	TOTAL EQUITY	**1,344**	**1,167**
	LIABILITIES		
17	Provisions	1	-
	Total non-current liabilities	**1**	**-**
14	Liabilities to credit institutions	56	108
	Trade payables	33	26
	Payables to subsidiaries	655	896
	Other liabilities	43	94
17	Provisions	2	32
	Total current liabilities	**789**	**1,156**
	Total liabilities	**790**	**1,156**
	TOTAL EQUITY AND LIABILITIES	**2,134**	**2,323**

STATEMENT OF CHANGES IN EQUITY

1 JULY – 30 JUNE

2016

DKK million	Share capital	Reserve for hedging transactions	Retained earnings	Proposed dividend	Total equity
Equity at 1 July 2015	**170**	**38**	**891**	**68**	**1,167**
Profit for the year	-	-	420	85	505
Other comprehensive income after tax	-	(27)	-	-	(27)
Total comprehensive income	**-**	**(27)**	**420**	**85**	**478**
Transactions with owners:					
Dividend on treasury shares	-	-	2	(2)	-
Dividend paid	-	-	-	(66)	(66)
Extraordinary dividend paid	-	-	(244)	-	(244)
Share-based payments	-	-	1	-	1
Exercise of share options and warrants	1	-	7	-	8
Changes in equity during 2015/16	**1**	**(27)**	**186**	**17**	**177**
Equity at 30 June 2016	**171**	**11**	**1,077**	**85**	**1,344**

2015

DKK million	Share capital	Reserve for hedging transactions	Retained earnings	Proposed dividend	Total equity
Equity at 1 July 2014	**169**	**6**	**1,070**	**49**	**1,294**
Profit for the year	-	-	(94)	68	(26)
Other comprehensive income after tax	-	32	-	-	32
Total comprehensive income	**-**	**32**	**(94)**	**68**	**6**
Transactions with owners:					
Dividend paid	-	-	-	(49)	(49)
Extraordinary dividend paid	-	-	(97)	-	(97)
Share-based payments	-	-	1	-	1
Exercise of share options and warrants	1	-	11	-	12
Changes in equity during 2014/15	**1**	**32**	**(179)**	**19**	**(127)**
Equity at 30 June 2015	**170**	**38**	**891**	**68**	**1,167**

STATEMENT OF CASH FLOWS

1 JULY – 30 JUNE

Note	DKK million	2015/16	2014/15
	CASH FLOW FROM OPERATING ACTIVITIES		
	Operating loss	(2)	(70)
20	Other adjustments	(14)	21
19	Change in working capital	(290)	144
	Cash flow from ordinary operating activities	**(306)**	**95**
	Financial income received	8	5
	Financial costs paid	(10)	(9)
	Cash flow from operating activities	**(308)**	**91**
7	Tax recovered/paid	(1)	21
	Total cash flow from operating activities	**(309)**	**112**
	CASH FLOW FROM INVESTING ACTIVITIES		
8	Investments in intangible assets	(3)	(26)
9	Investments in property, plant and equipment	(14)	(1)
	Investments in subsidiaries	-	(47)
	Sale of associate and operations	156	-
	Sale of securities	-	101
	Change in deposits and other financial assets	-	-
	Dividend received, proceeds in connection with liquidation, etc.	513	54
	Total cash flow from investing activities	**652**	**81**
	Total free cash flow	**343**	**193**
	CASH FLOW FROM FINANCING ACTIVITIES		
	Repayment of non-current liabilities	(17)	(17)
	Dividend paid	(310)	(146)
	Exercise of share options and warrants	8	12
	Total cash flow from financing activities	**(319)**	**(151)**
	Net cash flow for the year	**24**	**42**
	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents at 1 July	(52)	(94)
	Net cash flow for the year	24	42
	Cash and cash equivalents at 30 June	**(28)**	**(52)**

DKK million	2016	2015
Cash and cash equivalents in statement of cash flows comprise:		
Cash	28	56
Current liabilities to credit institutions	(56)	(108)
Cash and cash equivalents, cf. statement of cash flows	**(28)**	**(52)**

NOTES

1. BASIS FOR PREPARATION

Basis for preparation
The parent company financial statements are expressed in Danish Kroner (DKK) which is the functional currency of the Parent Company.

Changes in accounting policies
The accounting policies for the Parent Company are consistent with those used in the previous financial year. The accounting policies for the Parent Company are the same as those applied for the Group with the exception of the items stated in the below notes.
i Please see note 1.1. to the consolidated financial statements for further information on accounting policies.

New IFRS standards and interpretations
IASB has issued amendment to IAS 27 "Equity Method in Separate Financial Statements" which is effective for the financial year beginning on or after 1 January 2016. This amendment makes it possible to use the equity method as an accounting option for investments in subsidiaries and associates in the parent company financial statements. IC Group's investments in subsidiaries and associates are measured at cost.

Significant accounting estimates
i Please see note 1.2 to the consolidated financial statements.

2. REVENUE

DKK million	2015/16	2014/15
Sale of goods to subsidiaries	888	880
Sale of goods to non-Group related parties	182	169
Total revenue	**1,070**	**1,049**

3. FEE TO AUDITORS ELECTED AT THE ANNUAL GENERAL MEETING

DKK million	2015/16	2014/15
Statutory audit	3	3
Tax consultancy	2	-
Other services	1	3
Total fee to auditors elected at the annual general meeting	**6**	**6**

4. STAFF COSTS

DKK million	2015/16	2014/15
Total salaries, remuneration, etc., may be specified as follows:		
Remuneration to the Board of Directors	4	4
Salaries and remuneration	106	119
Defined contribution plans	6	6
Share-based payments	1	1
Other staff costs	8	3
Total staff costs	**125**	**133**
Average number of employees of the Parent Company	**140**	**141**

i Remuneration to the Board of Directors and the Executive Board of the Parent Company as well as share-based incentive programmes for the Executive Board and other executives are disclosed in notes 6.1 and 6.2 to the consolidated financial statements.

5. OTHER OPERATING INCOME AND COSTS

DKK million	2015/16	2014/15
Services provided to subsidiaries	78	74
Loss on sale of non-current assets	-	(1)
Sales proceeds and other operating income and costs	18	26
Total other operating income and costs	**96**	**99**

Administration fees paid by subsidiaries to the Parent Company covering their share of the Group's overheads are recognized as other operating income under other operating income and costs.

§ ACCOUNTING POLICIES

Other operating income and costs comprise items of a secondary nature in respect of the main activities, including gains and losses on sale of intangible assets and property, plant and equipment.

6. FINANCIAL INCOME AND COSTS

DKK million	2015/16	2014/15
Financial income:		
Interest on bank deposits	1	2
Interest on receivables from subsidiaries	9	14
Interest income from financial assets not measured at fair value	**10**	**16**
Interest income on securities	-	1
Fair value adjustments on financial assets	1	-
Realized gain on ineffective derivative financial instruments	5	2
Net gain on foreign currency translation	3	-
Total financial income	**19**	**19**
Financial costs:		
Interest on liabilities to credit institutions	(2)	(6)
Interest on payables to subsidiaries	(14)	(16)
Other interest costs	(3)	(1)
Interest costs from financial liabilities not measured at fair value	**(19)**	**(23)**
Fair value adjustments on securities	-	(1)
Realized loss on ineffective derivative financial instruments	(7)	(3)
Net loss on foreign currency translation	-	(1)
Total financial costs	**(26)**	**(28)**
Net financials	**(7)**	**(9)**

7. TAX

Tax for the year

DKK million	2015/16	2014/15
Current tax		
Current tax for the year	(9)	(19)
Prior-year adjustments, current tax	-	(3)
Total current tax	**(9)**	**(22)**
Deferred tax		
Change in deferred tax	(6)	16
Prior-year adjustments, deferred tax	4	1
Adjustments regarding changes in tax rates	-	1
Total deferred tax	**(2)**	**18**
Tax for the year	**(11)**	**(4)**
Recognized as follows:		
Tax on profit/loss for the year	(4)	(14)
Tax on other comprehensive income	(7)	10
Tax for the year	**(11)**	**(4)**
Net tax receivable at 1 July	**20**	**20**
Tax payable on profit/loss for the year	9	21
Tax recovered/paid during the financial year	1	(21)
Net tax receivable at 30 June	**30**	**20**
Recognized as follows:		
Tax receivable	30	20
Net tax receivable at 30 June	**30**	**20**

Breakdown of tax on profit/loss for the year of continuing operations is as follows:

DKK million	2015/16	2014/15
Calculated tax on profit/loss before tax, 22% (23.5%)	110	(9)
Effect of other non-taxable income and non-deductable costs	(115)	(9)
Effect of adjustment regarding changes in tax rates, deferred tax	-	1
Prior-year adjustments	4	(2)
Revaluation of tax losses, etc.	(3)	6
Other adjustments	-	(1)
Total	**(4)**	**(14)**
Effective tax rate for the year (%)	**neg.**	**neg.**

Deferred tax

DKK million	2016	2015
Deferred tax at 1 July	**23**	**41**
Prior-year adjustments	(4)	(1)
Adjustments regarding changes in tax rates	-	(1)
Deferred tax on other comprehensive income	7	(10)
Change in deferred tax on profit/loss for the year	(1)	(6)
Net deferred tax at 30 June	**25**	**23**
Recognized as follows:		
Deferred tax	25	23
Net deferred tax at 30 June	**25**	**23**
Breakdown of deferred tax at 30 June is as follows:		
Gross deferred tax	35	36
Unrecognized tax assets	(10)	(13)
Net deferred tax at 30 June	**25**	**23**

Changes to temporary differences during the year are as follows:

DKK million	Net deferred tax at 1 July 2015	Recognized in profit/loss for the year	Recognized in other comprehensive income	Net deferred tax at 30 June 2016
Property, plant and equipment	16	5	-	21
Provisions	8	(6)	-	2
Financial instruments	(11)	1	7	(3)
Tax losses	23	(8)	-	15
Unrecognized tax assets	(13)	3	-	(10)
Total	**23**	**(5)**	**7**	**25**

DKK million	Net deferred tax at 1 July 2014	Recognized in profit/loss for the year	Recognized in other comprehensive income	Net deferred tax at 30 June 2015
Property, plant and equipment	6	10	-	16
Provisions	9	(1)	-	8
Other liabilities	1	(1)	-	-
Financial instruments	-	(1)	(10)	(11)
Tax losses	31	(8)	-	23
Unrecognized tax assets	(6)	(7)	-	(13)
Total	**41**	**(8)**	**(10)**	**23**

Unrecognized tax assets relate to tax losses that are assessed not to be sufficiently likely to be utilized in the foreseeable future.

The unrecognized tax losses are not limited in time.

8. INTANGIBLE ASSETS

2016

DKK million	Software and IT systems	Total intangible assets alt
Cost at 1 July 2015	**110**	**110**
Addition	3	3
Disposal	(23)	(23)
Cost at 30 June 2016	**90**	**90**
Accumulated amortization and impairment losses at 1 July 2015	**(70)**	**(70)**
Amortization and impairment losses on disposals	23	23
Amortization and impairment losses for the year	(14)	(14)
Accumulated amortization and impairment losses at 30 June 2016	**(61)**	**(61)**
Carrying amount at 30 June 2016	**29**	**29**

2015

DKK million	Software and IT systems	Trademark-rights	Total intangible assets
Cost at 1 July 2014	**252**	**8**	**260**
Addition	26	-	26
Disposal	(168)	(8)	(176)
Cost at 30 June 2015	**110**	**-**	**110**
Accumulated amortization and impairment losses at 1 July 2014	**(227)**	**(8)**	**(235)**
Amortization and impairment losses on disposals	168	8	176
Amortization and impairment losses for the year	(11)	-	(11)
Accumulated amortization and impairment losses at 30 June 2015	**(70)**	**-**	**(70)**
Carrying amount at 30 June 2015	**40**	**-**	**40**

9. PROPERTY, PLANT AND EQUIPMENT

2016

DKK million	Leasehold improvements	Equipment and furniture	Assets under construction	Total property, plant and equipment
Cost at 1 July 2015	**1**	**31**	**3**	**35**
Addition	1	7	6	14
Disposal	-	(7)	-	(7)
Cost at 30 June 2016	**2**	**31**	**9**	**42**
Accumulated depreciation and impairment losses at 1 July 2015	**(1)**	**(27)**	**-**	**(28)**
Depreciation and impairment losses on disposals	-	7	-	7
Depreciation and impairment losses for the year	(1)	(2)	-	(3)
Accumulated depreciation and impairment losses at 30 June 2016	**(2)**	**(22)**	**-**	**(24)**
Carrying amount at 30 June 2016	**-**	**9**	**9**	**18**

2015

DKK million	Leasehold improvements	Equipment and furniture	Assets under construction	Total property, plant and equipment
Cost at 1 July 2014	**4**	**51**	**5**	**60**
Addition	-	1	-	1
Disposal	(3)	(21)	(2)	(26)
Cost at 30 June 2015	**1**	**31**	**3**	**35**
Accumulated depreciation and impairment losses at 1 July 2014	**(4)**	**(45)**	**-**	**(49)**
Depreciation and impairment losses on disposals	3	21	-	24
Depreciation and impairment losses for the year	-	(3)	-	(3)
Accumulated depreciation and impairment losses at 30 June 2015	**(1)**	**(27)**	**-**	**(28)**
Carrying amount at 30 June 2015	**-**	**4**	**3**	**7**

10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

2016

DKK million	Subsidiaries	Associates
Cost at 1 July 2015	**1,725**	**111**
Reclassification	(8)	-
Disposal	(10)	(111)
Cost at 30 June 2016	**1,707**	**-**
Write-downs at 1 July 2015	**(299)**	**-**
Reclassification	8	-
Addition	(15)	-
Disposal	16	-
Write-downs at 30 June 2016	**(290)**	**-**
Carrying amount at 30 June 2016	**1,417**	**-**

2015

DKK million	Subsidiaries	Associates
Cost at 1 July 2014	**1,767**	**111**
Reclassification	(86)	-
Addition	44	-
Cost at 30 June 2015	**1,725**	**111**
Write-downs at 1 July 2014	**(359)**	**-**
Reclassification	86	-
Addition	(26)	-
Write-downs at 30 June 2015	**(299)**	**-**
Carrying amount at 30 June 2015	**1,426**	**111**

An overview of the Group's subsidiaries may be found on page 94 in this Annual Report.

Income from investments in subsidiaries amounted to net DKK 499 million (income of DKK 39 million) and comprises dividends from subsidiaries deducted write-downs of investments and receivables for the year. An amount of DKK 16 million for 2015/16 was recognized in the income statement regarding prior-year write-downs of investments and short-term receivables from subsidiaries (write-down of DKK 11 million).

§ ACCOUNTING POLICIES

Investments in subsidiaries and associates are measured at cost. An impairment test is conducted when the carrying amount of the investments exceeds the carrying amount of the net assets recognized in the consolidated financial statements. Where the recoverable amount is lower than cost, the investments are written down to such lower value.

11. FINANCIAL ASSETS

DKK million	Long-term receivables from subsidiaries	Deposits, etc.	Other	Total financial assets
Carrying amount at 30 June 2014	**33**	**4**	**-**	**37**
Net additions, disposals and foreign currency translation adjustments for the year	(2)	(1)	12	9
Carrying amount at 30 June 2015	**31**	**3**	**12**	**46**
Net additions, disposals and foreign currency translation adjustments for the year	-	1	(12)	(11)
Carrying amount at 30 June2016	**31**	**4**	**-**	**35**

All intercompany loans are interest-bearing.

§ ACCOUNTING POLICIES

On initial recognition, receivables from subsidiaries in the parent company financial statements are measured at fair value and subsequently at amortized cost which usually corresponds to the nominal value less write-downs for bad debts. No security has been received for the loans. The carrying amount of the financial assets corresponds to the fair value.

12. INVENTORIES

DKK million	2016	2015
Finished goods and goods for resale	133	117
Goods in transit	130	99
Total inventories, gross	**263**	**216**
Changes in inventory write-downs for the year:		
Inventory write-downs at 1 July	**14**	**7**
Write-downs for the year, addition	10	12
Write-downs for the year, disposal	(12)	(5)
Total inventory write-downs	**12**	**14**
Total inventories, net	**251**	**202**
Write-downs (%)	**5**	**6**

Inventories recognized at net realizable value amounted to DKK 21 million at 30 June 2016 (DKK 24 million).

13. TRADE RECEIVABLES

DKK million	2016	2015
Not yet due	-	9
Due, 1-60 days	9	3
Due, 61-120 days	-	-
Due more than 120 days	1	-
Total trade receivables, net	**10**	**12**
Changes in trade receivables write-downs for the year:		
Trade receivables write-downs at 1 July	**2**	**1**
Change in write-downs for the year	(1)	1
Total trade receivables write-downs	**1**	**2**

In all material respect, the carrying amounts of trade receivables correspond to their fair values. In general, trade receivables do not carry interest until between 30 and 60 days after the invoice date. After this date, interest is charged on the outstanding amount.

14. NET INTEREST-BEARING DEBT

DKK million	2016	2015
Net interest-bearing debt comprises:		
Current liabilities to credit institutions	56	108
Gross interest-bearing debt	**56**	**108**
Cash	28	56
Net interest-bearing debt	**28**	**52**

15. SHARE CAPITAL

For information on the share capital distribution on number of shares, etc., please see note 5.1 to the consolidated financial statements.

16. DIVIDENDS

Dividends from investments in subsidiaries are recognized in the income statement for the financial year in which the dividends are declared.

IC Group A/S distributed to its shareholders DKK 68 million (DKK 51 million) in ordinary dividend in respect of the financial year 2014/15. Furthermore, IC Group A/S distributed to its shareholders an extraordinary dividend of DKK 250 million (DKK 100 million) during the financial year 2015/16. The Board of Directors has resolved to recommend a total ordinary dividend of DKK 85 million corresponding to DKK 5.00 per eligible share in respect of the financial year 2015/16 (DKK 4.00 per ordinary share) pursuant to the Company's dividend policy.

17. PROVISIONS

2016

DKK million	Provisions for expected discounts, claims and return of products	Provisions for loss-making contracts	Other provisions	Total provisions
Provisions at 1 July 2015	**3**	**3**	**26**	**32**
Provisions employed for the year	(3)	(3)	(17)	(23)
Provisions for the year	2	-	1	3
Reversed provisions	-	-	(9)	(9)
Provisions at 30 June 2016	**2**	**-**	**1**	**3**
Provisions specified in the statement of financial position are as follows:				
Non-current liabilities	-	-	1	1
Current liabilities	2	-	-	2
Provisions at 30 June 2016	**2**	**-**	**1**	**3**

2016

DKK million	Provisions for expected discounts, claims and return of products	Provisions for loss-making contracts	Other provisions	Total provisions
Provisions at 1 July 2014	**2**	**12**	**3**	**17**
Provisions employed for the year	(2)	(9)	(3)	(14)
Provisions for the year	3	-	26	29
Provisions at 30 June 2015	**3**	**3**	**26**	**32**
Provisions specified in the statement of financial position are as follows:				
Current liabilities	3	3	26	32
Provisions at 30 June 2015	**3**	**3**	**26**	**32**

Please see note 7.2 to the consolidated financial statements.

18. OPERATING LEASES

DKK million	2016	2015
Store leases and other land and buildings		
0-1 year	14	13
1-5 years	27	3
Total	**41**	**16**
Lease of equipment and furniture, etc.		
0-1 year	1	2
Total	**1**	**2**
Total operating leases	**42**	**18**

The Parent Company leases properties under operating leases. The lease period is typically between 3-5 years with an option to extend upon expiry.

In addition, the Parent Company leases cars and other operating equipment under operating leases. The lease period is typically between 3-5 years with an option to extend upon expiry.

An amount of DKK 16 million (DKK 13 million) relating to operating leases has been recognized in the income statement of the Parent Company for 2015/16.

19. CHANGE IN WORKING CAPITAL

DKK million	2016	2015
Inventories	251	202
Trade receivables	10	12
Receivables from subsidiaries	252	272
Other receivables excluding derivative financial instruments	5	8
Prepayments	14	12
Total assets	**532**	**506**
Trade payables	33	26
Payables to subsidiaries	655	896
Other liabilities excluding derivative financial instruments	42	72
Total liabilities	**730**	**994**
Working capital	**(198)**	**(488)**

DKK million	2015/16	2014/15
Change in inventories	(49)	44
Change in net payables to subsidiaries excluding dividends receivable	(221)	139
Change in receivables excluding derivative financial instruments	3	(9)
Change in current liabilities excluding derivative financial instruments	(23)	(30)
Total change in working capital	**(290)**	**144**

20. OTHER ADJUSTMENTS, STATEMENT OF CASH FLOWS

DKK million	2015/16	2014/15
Reversed depreciation and impairment losses and gain/loss on sale of non-current assets	17	14
Share-based payments recognized in profit and loss	1	1
Provisions	(19)	16
Other adjustments	(13)	(10)
Total other adjustments	**(14)**	**21**

21. CONTINGENT LIABILITIES

DKK million	2016	2015
Guarantees and other collateral security in respect of subsidiaries	383	368

The Parent Company has issued letters of comfort in respect of certain subsidiaries. IC Group A/S (administration company) is taxed jointly with all Danish subsidiaries and is consequently jointly and severally liable for corporate and witholding taxes through the joint taxation.

22. FINANCIAL RISKS AND DERIVATIVE FINANCIAL INSTRUMENTS

Please see note 5.4 to the consolidated financial statements.

23. RELATED PARTIES

Please see note 6.3 to the consolidated financial statements.
The Parent Company's transactions with subsidiaries are disclosed in the relevant notes to the parent company financial statements.

24. EVENTS AFTER THE REPORTING PERIOD

Please see note 7.4 to the consolidated financial statements.

TIGER OF SWEDEN, WOMAN AUTUMN/WINTER 2016

STATEMENTS

STATEMENT BY THE MANAGEMENT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of IC Group A/S for the financial year 1 July 2015 – 30 June 2016.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU. Moreover, the Annual Report is prepared in accordance with additional Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position at 30 June 2016 of the Group and the Parent Company and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 July 2015 – 30 June 2016.

In our opinion, the Management Commentary includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Copenhagen, 1 September 2016

Executive Board:

MADS RYDER
Group CEO

ALEXANDER MARTENSEN-LARSEN
Group CFO

Board of Directors:

HENRIK HEIDEBY
Chairman

NIELS ERIK MARTINSEN
Deputy Chairman

ANDERS COLDING FRIIS
Deputy Chairman

ANNETTE BRØNDHOLT SØRENSEN

MICHAEL HAUGE SØRENSEN

OLE WENGEL

THE INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF IC GROUP A/S

Report on the consolidated financial statements and parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of IC Group A/S for the financial year 1 July 2015 to 30 June 2016 which comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation of the consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of the consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the consolidated financial statements and parent company financial statements that give a true and fair view 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 Company'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 consolidated financial statements and the parent company financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 30 June 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 July 2015 to 30 June 2016 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on Management's Commentary

We have read the Management's Commentary in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the consolidated financial statements and the parent company financial statements. On this basis, in our opinion, the information provided in the Management's Commentary is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 1 September 2016

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Business Registration No. (CVR): 33771231

Mogens Nørgaard Mogensen
State Authorised Public Accountant

Kim Tromholt
State Authorised Public Accountant

GROUP STRUCTURE AT 30 JUNE 2016

Company	Country	Currency	Share capital 1,000 units
Subsidiaries, wholly owned			
IC Group Denmark A/S	Denmark	DKK	500
Saint Tropez af 1993 A/S	Denmark	DKK	500
By Malene Birger A/S	Denmark	DKK	500
IC Group Norway AS	Norway	NOK	9,450
Tiger of Sweden AB	Sweden	SEK	501
IC Group Sweden AB	Sweden	SEK	50,000
Vingåker Factory Outlet AB	Sweden	SEK	200
Peak Performance Production AB	Sweden	SEK	400
S T Sweden AB	Sweden	SEK	100
By Malene Birger AB	Sweden	SEK	100
IC Group Finland Oy	Finland	EUR	384
IC Group Netherlands Holding BV	Netherlands	EUR	2,269
IC Group Netherlands BV	Netherlands	EUR	16
IC Group Netherlands Administration BV	Netherlands	EUR	39
IC Group UK Ltd.*	UK	GBP	4,350
IC Group Germany G.m.b.H.	Germany	EUR	26
IC Group Verwaltungs G.m.b.H.	Germany	EUR	1,432
IC Group Austria G.m.b.H.	Austria	EUR	413
IC Group Switzerland AG	Switzerland	CHF	3,101
IC Group Spain S.A.	Spain	EUR	1,400
IC Group France SARL	France	EUR	457
IC Group Poland Sp. Z o.o.	Poland	PLN	126
IC Group CZ s.r.o. (in liquidation)	Czech Rep.	CZK	2,000
IC Group Hong Kong Ltd.	Hong Kong	HKD	10,000
IC Companys (Shanghai) Ltd. (in liquidation)	China	CNY	24,828
IC Group Romania Sourcing SRL	Romania	ROL	650
Peak Performance Italy SRL	Italy	EUR	10
IC Group Belgium N.V.	Belgium	EUR	63
IC Group Canada INC.	Canada	CAD	750
Subsidiary, equity share of 51%			
Designers Remix A/S	Denmark	DKK	500

* The company is qualified for audit exemption in the UK, cf. the clauses regarding exemption set out in section 479A of the British Companies Act 2006.
In addition, the Company has a branch office in Ireland (IC Group Ireland).

DEFINITION OF KEY RATIOS

Revenue growth (%)	=	Revenue for the year – revenue last financial year / Revenue last financial year
Gross margin (%)	=	Gross profit / Revenue
EBITDA margin (%)	=	Operating profit before depreciation and amortization / Revenue
EBIT margin (%)	=	Operating profit / Revenue
Return on equity (%)	=	Profit for the year excluding non-controlling interests / Average equity excluding non-controlling interests
Equity ratio (%)	=	Equity year-end excluding non-controlling interests / Total assets year-end
Average invested capital	=	Net average working capital plus intangible assets and property, plant and equipment less provisions. Goodwill included represents total purchased goodwill after write-down for impairment.
Return on invested capital (%)	=	Operating profit / Average invested capital including goodwill
Net working capital in proportion to 12 months trailing revenue	=	Net working capital year-end / Revenue
Cash conversion	=	Free cash flow / Operating profit (EBIT)
Net interest-bearing debt	=	Current and non-current liabilities to credit institutions and lease debt less cash and cash equivalents
Financial gearing (%)	=	Net interest-bearing debt / Equity at year-end
Earnings per share	=	Profit attributable to shareholders of the Parent Company / Average number of shares excluding treasury shares
Diluted earnings per share	=	Profit attributable to shareholders of the Parent Company / Average number of shares excluding treasury shares, diluted
Diluted cash flow per share	=	Cash flow from operating activities / Average number of shares excluding treasury shares, diluted
Diluted net asset value per share	=	Equity at year-end excluding non-controlling interests / Number of shares at year-end excluding treasury shares, diluted
Diluted price/earnings	=	Market price per share at year-end / Diluted earnings per share
Same-store definition	=	A store measured on same-store data has an unchanged location, sales area and name on shop for a full financial year of comparable sales data.

INFORMATION ON THE GROUP

OTHER EXECUTIVES

Frederik Aakerlund	Vice President, IT
Anders Boelskift	Vice President, Finance & Accounting
Martin Christiansen	Vice President, Group Legal & Retail Expansion
Niels Eskildsen	CEO, Designers Remix
Hans-Peter Henriksen	CEO, Saint Tropez
Christian Heireth Levorsen	Vice President, Logistics
Morten Linnet	CEO, By Malene Birger
Andrea Niess	Vice President, Global Sourcing
Mads Ohlsen	Vice President, HR
Lotte Franch Wamberg	Chief Operations Officer
Nicolas Warchalowski	CEO, Peak Performance

AUDITOR

PricewaterhouseCoopers	Statsautoriseret Revisionspartnerselskab

ACCOUNTING PERIOD

The accounting period of the Group and the Parent Company runs from 1 July to 30 June.

FINANCIAL CALENDAR

AGM	Q1	Q2	Q3	AR
28 September 2016	15 November 2016	2 March 2017	17 May 2017	31 August 2017

IC GROUP A/S' CORPORATE INFORMATION

Share capital	170,562,470	**Address**	IC Group A/S	
Number of shares	17,056,247		12D Adelgade	
Share class	one class		1304 Copenhagen K	
ISIN code	DK0010221803		Denmark	
Business Reg. No. (CVR)	62816414		Phone:	+45 32 66 77 88
			Fax:	+45 32 66 77 03
Reuter ticker	IC.CO		E-mail:	info@icgroup.net
Bloomberg ticker	IC DC		Homepage:	icgroup.net

INVESTOR RELATIONS CONTACT

Jens Bak-Holder	Phone: +45 21 28 58 32
Head of Investor Relations	E-mail: jeba@icgroup.net

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements, including statements regarding the Group's future operating profit, financial position, inventory, cash flows, Group and brand strategies as well as plans for the future. Forward-looking statements include, without limitation, any statement that may predict, indicate or imply future results, performance or achievements, and may contain the words "believes", "expects", "estimates", "projects", "plans", "anticipates", "continues" and "intends" or any variations of such words or other words with similar meaning. The statements are based on Management's reasonable expectations and forecasts at the time of disclosure of this Annual Report. Any such statements are subject to risks and uncertainties and a number of different factors, of which many are beyond IC Group A/S' control, can mean that the actual development and actual result will differ significantly from the expectations contained in this Annual Report. Without being exhaustive, such factors include general economics and commercial factors, including market and competitive matters, supplier issues and financial issues. Accordingly, forward-looking statements should not be relied on as a pre-diction of actual results.

The English version of the Annual Report 2015/16 is a translation from the Danish language. In the event of any discrepancy between the Danish and English versions, the Danish version shall prevail.

EDITOR: INVESTOR RELATIONS · ANNOUNCEMENT DATE: 1 SEPTEMBER 2016 · DESIGN: AMO DESIGN · PRINT: KAILOW A/S