Consolidated Financial Statements

1. General Remarks

Under the "PUMA" brand name, PUMA Aktiengesellschaft Rudolf Dassler Sport (hereinafter "PUMA AG") and its subsidiaries are engaged in the development and sales of a broad range of sport and sportlifestyle articles including footwear, apparel and accessories. The company is a joint stock company under German law and has its registered head office in Herzogenaurach, Federal Republic of Germany; its responsible registration court is in Fürth (Bavaria, Germany).

The consolidated financial statements of PUMA AG and its subsidiaries (hereinafter the "Company" or "PUMA"), were prepared in accordance with the "International Financial Reporting Standards (IFRS)" issued by the International Accounting Standards Board (IASB). All IASB standards and interpretations to be complied with as from January 1, 2004 have been applied. The consolidated financial statements are deemed as having an exemptive effect in accordance with Section 292a (2) HGB.

The consolidated financial statements are prepared in Euro currency (EUR or €); they were drawn up in compliance with EU Directive 83/349 on the basis of the Guideline pursuant to DRS 1 of the German Accounting Standards Committee. Preparation in million Euros may lead to rounding-off differences since the calculation of individual items is based on figures presented in thousands.

2. Significant Consolidation, Accounting and Valuation Principles

Consolidation Principles

The consolidated financial statements were prepared on the basis of uniform accounting and valuation methods in accordance with IFRS as of the reporting date of the parent company's annual financial statements on December 31, 2004.

Capital consolidation was based on the book value method, i.e., the capital was consolidated by offsetting acquisition costs against the fair value of the prorated equity attributable to the parent company as of the acquisition date. Associated companies are valued at equity.

Intra-group receivables and liabilities have been offset against one another. Any differences arising from exchange rate fluctuations are included in consolidated earnings to the extent that this occurred during the reporting period. If the differences are long-term in nature, their inclusion is neutral in its effect on profits.

Within the course of income consolidation, inter-company sales and all significant intra-group income were offset against the expenses attributable to them. Interim profits not yet realized within the group are eliminated.